Registered number: 03382348

OUTDOOR AND CYCLE CONCEPTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY INFORMATION

Directors	G M Nieuwenhuys F D Ball (resigned 1 February 2017) M P Smith (appointed 1 February 2017)
Company secretary	M P Smith
Registered number	03382348
Registered office	Unit 11 Kemble Business Park Crudwell Malmesbury Wiltshire SN16 9SH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Bankers	Lloyds TSB Bank Pendeford Business Park Wobaston Road Wolverhampton WV9 5HA
Solicitors	Osborne Clarke Apex Plaza Forbury Road Reading RG1 1AX

CONTENTS

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present the Strategic Report of Outdoor and Cycle Concepts Limited (the "Company") for the year ended 31 December 2017.

Business review

The principal activity of the company during the year was the retailing of outdoor pursuits clothing and equipment through physical stores, on-line and via mail order/call center. The business comprises four fascia (Cotswold Outdoor, Snow and Rock, Runners Need and Cycle Surgery).

Despite trading conditions being challenging, caused by a variety of reasons including macro-economic conditions and direct competition applying a discount led strategy, total revenue grew by +3% to £197.3m (2016 £191.6m). Cotswold Outdoor, the largest fascia within the Company traded flat on a LFL basis during the year, whilst the Snow and Rock Group fascia saw an increase in LFL revenue of +5%. During the year, two new Cotswold Outdoor / Runners Need dual stores (Biggleswade and Bagshot) were opened, next to a Snow + Rock flagship store in Bluewater, in combination with a Runners Need. On the other hand, due to challenging trade and pressure on property costs, especially across the Cycle Surgery fascia, 5 stores were closed during the later stages of the year.

The integration of the Snow and Rock Group has continued to be a focal point for the business, with particular attention now on our employees within the stores: terms and conditions of employment have been aligned with a clear focus on offering a competitive compensation and benefits package across all fascia. To support the ongoing transition, the executive team was completed and a broader management team was installed, with significant experience from both within the Outdoor industry and from wider industries. With these leadership foundations and committed experts in place, the company is in a strong position to progress and meet its aspirations and uphold the key values of the business which are focused around its Customers, People and Culture.

In the second half of the year, the Cotswold Outdoor website changed platform to bring it in line with the other UK fascia sites and moved to Adobe Experience Manager (AEM). Following the launch of this platform, Cotswold Outdoor has experienced typical challenges with trade that are linked to such a transition, many of which have proactively been addressed. However we have to acknowledge that trading for Black Friday was still impacted. After the transition, in 2018, a strengthened ecommerce team was put in place to continue to enhance the platform and react to market changes in a proactive way.

Principal risks and uncertainties

As an omni-channel retailer, we are relatively vulnerable to macro-economic circumstances in the UK. With 'Brexit' looming ahead, and the high level of uncertainty which accompanies this, consumer confidence has been negatively impacted with a "self-imposed austerity" among consumers and pessimism about the economy in the lead up to 'Brexit'. The business has carried out initial assessments on potential impacts, with particular reference to impacts on staff and foreign currency movements, at this point the business deems the risk to be relatively low in terms of staff impact and from a foreign currency impact understands the need to carry out further review on purchasing terms from suppliers and adoption of a more detailed currency hedging mechanism.

Acknowledging the dynamic nature of our business environment, the Company intends to mitigate the relevant risks. However, circumstances can be unpredictable in which risks can materialise, having an impact on the Company's results. For strategic, operational, compliance and financial risks, the risk appetite is low and comparable to last year. The Company adapts its risk management in a pragmatic and workable manner. The risks are managed by our strategy, control environment, budgeting / forecasting and policies. Within the company cost control and tight monitoring between incoming and outgoing cash flows are key focus areas.

Finally, long-standing relationships with our main suppliers have proven to be powerful tools to reduce the impact of these strategic risks.

Financial key performance indicators

The company defined its key performance indicators as:

- like-for-like sales growth in each of its business channels;
- company turnover growth; and
- Adjusted REBITDA (recurring earnings before interest, tax, depreciation and amortisation). This is after adjusting for non-cash and one-off costs.

Operating results 2017

Despite a challenging trading environment revenue performance combined across all fascia grew by + 3% in total, and a LFL growth of +1.7%. Online sales penetration has increased by +1.6% to 17.8% of total revenue.

Cotswold Outdoor turnover grew by +2.6% to £132m, with zero growth noted on a LFL basis. The on-line business (+9.2%) has contributed to this growth in overall turnover. Revenue included two new Cotswold Outdoor stores being opened during the year (Biggleswade and Bagshot).

The results of the Snow and Rock Group have delivered a full year revenue of £65.2m (+3.8%), with strong LFL growth coming from Snow + Rock +3%, of which e-commerce saw a growth of +14.3%. In addition to this, a flagship store in Bluewater was opened in November 2017.

Gross margin percentage has reduced by -1.1%pts to 44.1% in 2017. This reduction was primarily driven by increased activity to cleanse the stock profile by pushing out older stock, which subsequently carried a greater level of discount. As a result of this stock clearance, Days Inventory on Hand (DioH) has reduced from 168 days to 160 days.

During the year a significant focus was placed upon the opportunity in terms of early settlement discounts, which has resulted not only in a lower cost, it has reduced the Trade Creditor balance at 31 December 2017 by almost £12m and reduced our Days Payable Outstanding (DPO) from 69 days at December 2016 to 30 days at December 2017. Key suppliers have also reacted positively to this, which further strengthened the relationships.

Overall distribution and non-exceptional administrative expenses reduced by - £1.48m representing 44.9% of revenue, a reduction of -2.1% compared to prior year. Distribution expenses have been reduced by -0.9%pts and non-exceptional administrative expenses reduced by -1.2%pts. This has been achieved via a combination of cost initiatives, closure of 5 stores and a change in Depreciation and Amortisation profile. The cost initiatives and closures will continue to have an additional effect on future profitability.

As a result, the Adjusted Rebitda ended in 2017 at £7.1m, compared to £7.2m in 2016.

Future developments

The final stage of integration following the acquisition of Snow + Rock Group has been to integrate the two head office locations of Kemble and Guildford, as announced in 2018 and to be completed by the Summer of 2018. This will position Kemble as the primary location (Basecamp) for the business, with all warehousing in this location and the majority of head office functions. In addition to the Kemble location, a new satellite office has been created in Central London, accommodating the commercial teams for Cycle Surgery and Runners Need, placing them in the heart of their market, both from a stores and customers perspective.

We continue to develop initiatives to improve customer experience, not only in store but also on the web. Alongside the focus on the online customer experience, the business continues to look for new opportunities to add to the store portfolio as part of our continued omnichannel strategy. In 2018, 2 new stores are planned (Leicester and Rushden Lakes): these stores will have Cotswold Outdoor as primary fascia, with both having a Runners Need shop-in-shop.

Finally, in 2018, the business has entered into a new strategic relationship with Close Brothers Retail Finance to enhance the offering of Finance to customers across Outdoor and Cycle Concepts and having obtained FCA approval the business is able to offer Finance on terms in excess of 12 months. It is highly believed that this relationship will have a positive effect in particular on Cycle Surgery, however will also have the ability to be offered across wider fascia within the business.

We believe that all of these initiatives will contribute to the four core values of the business, especially to the value "Customer at the heart".

This report was approved by the board on and signed on its behalf.

M P Smith 28TH September 2018

M P Smith
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited financial statements of Outdoors and Cycle Concepts (the "Company") for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £6,769,000 (2016: £49,035,000 Loss). The directors do not propose the payment of a dividend (2016: £nil).

Financial risk management

The Company uses various financial instruments these include loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance to fund the company's operations.

The main risks arising from the Company's financial instruments are currency risk, cash flow interest rate risk, credit risk and liquidity risk. No transactions of a speculative nature are undertaken. The Director reviews and agrees policies for minimising each of these risks and they are summarised below.

Currency risk
The Company has a low level of exposure to translation and transaction foreign exchange risk. Transactions with the parent company are denominated in sterling. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Statement of Comprehensive Income of the Company.

Cash flow interest rate risk
Due to its borrowings, the Company is exposed to a cash flow risk resulting from the variable portion of the interest (LIBOR). The Company has an interest policy aimed at reducing volatility in its interest expense. For this purpose, the Company took out a floating to fixed interest rate swap.

Credit risk
The Company's financial assets include trade debtors. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk
The Company manages its financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by a combination of overdraft facilities and short-term loans.

Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. There is a performance related bonus scheme for management based on their performance as well as the overall performance of the Company.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Environment

The Company recognises its responsibilities towards the management of the impact of the business on the environment. Our customers' outdoor activities using the products we sell demand that we adopt a proactive stance to the sustainability of the environment for all outdoor users.

The Board continues to review all the major areas where positive action can be taken to reduce the impact of the Company's activities on the environment. The review includes the actions required to achieve carbon neutrality and our plans for achieving that aim. Included in the review are energy, transport, waste and packaging. We aim to continue to make substantial progress over the course of the year.

Paper and other waste recycling is already undertaken at our stores and head-office. Our staff are encouraged to participate in recycling and to provide ideas where the Company could reduce any potential impacts on the environment.

Matters covered in the strategic report

Future developments are discussed in the strategic report on page 2.

Directors

The Directors who served during the year and up to the date of approval of these financial statements, unless otherwise stated, were:

G M Nieuwenhuys
F D Ball (resigned 1 February 2017)
M P Smith (appointed 1 February 2017)

Going Concern

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern and have gained confirmation from the parent undertaking that they will continue to support the Company for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Director's and Officers' liability insurance in respect of itself and the Company.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors'Following a competitive audit tender at a group level, PricewaterhouseCoopers LLP were not reappointed and therefore Deloitte LLP will be appointed for the coming year

This report was approved by the board on 28th September 2018 and signed on its behalf.

M P Smith

M P Smith
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTDOOR AND CYCLE CONCEPTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Outdoor and Cycle Concepts Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTDOOR AND CYCLE CONCEPTS LIMITED

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sarah Phillips

Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note		**2017** **£000**	£000	2016 £000
Turnover	4		197,327		191,620
Cost of sales			(110,209)		(104,963)
Gross profit			87,118		86,657
Distribution costs			(66,594)		(66,390)
Administrative expenses		(22,093)		(23,773)	
Exceptional administrative expenses	13	(874)		(42,609)	
Administrative expenses			(22,967)		(66,382)
Other operating income	5		1,198		1,018
Adjusted REBITDA			7,112		7,229
Less: Depreciation and Amortisation			(6,450)		(8,542)
Less: Exceptional administrative expenses *	13		(875)		(42,609)
Less: Finance Costs **			(514)		(833)
Less: Preopening expenses ***			(518)		(342)
Operating loss			(1,245)		(45,097)
Other Interest receivable and similar income	10		2		2
Interest payable and similar expenses	11		(5,489)		(5,240)
Loss before taxation			(6,732)		(50,335)
Tax on Loss	12		(37)		1,300
Loss for the financial year			(6,769)		(49,035)
Other comprehensive income/(expense) for the year					
Gain/(loss) on fair value of derivative financial instrument			126		(126)
Total comprehensive loss for the year			(6,643)		(49,161)

* Exceptional administrative expenses
** Foreign Exchange, bank charges and similar charges
*** Store preopening expenses

The notes on pages 11 to 27 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Intangible assets	14		22,063		23,726
Tangible assets	15		20,837		21,209
Investments	16		20,094		20,094
			62,994		65,029
Current assets					
Stocks	17	47,366		46,508	
Debtors: amounts falling due within one year	18	6,157		8,333	
Cash at bank and in hand	19	7,164		7,954	
		60,687		62,795	
Creditors: amounts falling due within one year	20	(82,851)		(80,076)	
Net current liabilities			(22,164)		(17,281)
Total assets less current liabilities			40,830		47,748
Creditors: amounts falling due after more than one year	21		(62,276)		(62,276)
Provisions for liabilities					
Deferred tax	22		(2,915)		(3,190)
Net liabilities			(24,361)		(17,718)
Capital and reserves					
Called up share capital	23		3,626		3,626
Reserves			(27,987)		(21,344)
			(24,361)		(17,718)

The financial statements on pages 8 to 27 were approved and authorised for issue by the board and were signed on its behalf on 28th September 2018

M P Smith

M P Smith
Director

The notes on pages 11 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	**3,626**	**(21,344)**	**(17,718)**
Comprehensive Loss for the year			
Loss for the year	-	(6,769)	(6,769)
Other comprehensive Loss for the year	-	126	126
Total comprehensive loss for the year	**-**	**(6,643)**	**(6,643)**
At 31 December 2017	**3,626**	**(27,987)**	**(24,361)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	3,626	27,817	31,443
Comprehensive Loss for the year			
Loss for the year	-	(49,035)	(49,035)
Other comprehensive Loss for the year	-	(126)	(126)
Total comprehensive loss for the year	-	(49,161)	(49,161)
At 31 December 2016	3,626	(21,344)	(17,718)

The notes on pages 11 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Outdoor and Cycle Concepts Limited (the "Company"), is a private limited company incorporated and domiciled in the United Kingdom.

The Company's registered office is Unit 11, Kemble Business Park, Crudwell, Malmesbury, Wiltshire, England, SN16 9SH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006.

The financial statements are presented in GBP and rounded to the nearest thousand unless otherwise stated.

The company has taken advantage of the exemption permitted by section 400 of the Companies Act 2006 and not produced consolidated financial statements as, at 31 December 2017, it was itself a wholly owned subsidiary of Retail Concepts N.V and its ultimate parent company AS Adventure Coöperatief U.A. whose consolidated financial statements are publicly available from Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands. The financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AS Adventure Coöperatief U.A. as at 31 December 2017 and these financial statements may be obtained from Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life which is considered to be 20 years.

The brand name intangible has been recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Company and that its cost can be measured reliably. The intangible has been valued based on discounted future net cash flows. The cost of the asset is amortised through the statement of comprehensive income on a straight line basis over its estimated economic life of 15 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over the life of the lease
Fixtures and fittings	- 2 to 5 years
Computer equipment	- 3 years
Assets in the course of construction	- Not depreciated

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment Review

The recoverable amount of the Snow & Rock cash generating unit is determined based on fair value less costs to sell calculations. These calculations use cash flow projections covering an indefinite period and are based on budgets approved by management. Cash flows beyond this period are extrapolated using estimated growth rate that do not exceed the long-term average growth rate for the retail trade business in which the cash-generating unit operates and is consistent with forecasts included in industry reports. Approximately 11% was used to discount the projected cash flows, which reflects specific risks relating to the Company and relevant cash generating unit. The main assumptions for the cash flow projections are a like-for-like cumulative aggregate growth rate over the period of 5 years up to 2021 of 4.7% (incl online), opening one new store per year and an inflation rate at 3% per annum. The impact of the Brexit is considered to be limited. All of the intangible assets represented by legal titles or of similar status have been pledged to secure borrowings of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Stock provisioning

Stock is included in the Statement of Financial Position at the lower of cost and net realizable value. The assessment of net realisable value for old and obsolete stock requires the use of estimates and future changes to the assumptions used would results in different effects on the Statement of Comprehensive Income and Statement of Financial Position.

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	2017 **£000**	2016 £000
United Kingdom	191,971	187,319
Rest of Europe	3,953	2,773
Rest of World	1,403	1,528
	197,327	191,620

5. Other operating income

	2017 **£000**	2016 £000
Other operating income	1,198	1,018
	1,198	1,018

6. Operating loss

The operating loss is stated after charging/(crediting):

	2017 **£000**	2016 £000
Depreciation of tangible fixed assets	4,787	4,560
Amortisation of intangible assets, including goodwill	1,663	3,982
Exchange differences	328	601
Other operating lease rentals	17,504	17,653
(Credit)/charge to stock provision	(120)	(191)
Charge/(Credit) to debtor provision	30	(58)
Loss on sale of fixed asset	457	253
Inventory usage included in cost of sales	109,122	103,138

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Auditors ' remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	66	63
Fees payable to the Company's auditors and its associates in respect		
Other services relating to taxation	20	30
	86	93

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2017	2016
	£000	£000
Wages and salaries	28,834	29,103
Social security costs	2,077	2,000
Other pension costs	320	318
	31,231	31,421

The average monthly number of employees, including the Directors, during the year was as follows:

	2017	2016
	No.	No.
Selling and distribution	1,838	1,910
Administration	186	185
	2,024	2,095

9. Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	385	226
Company contributions to defined contribution pension schemes	19	15
	404	**241**

During the year retirement benefits were accruing to 2 Directors (2016 : 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £279,894 (2016: £132,531).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £16,749 (2016 : £11,437).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Other interest receivable and similar income

	2017 £000	2016 £000
Other interest receivable	2	2

11. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	2,601	2,684
Other loan interest payable	141	140
Loans from group undertakings	2,747	2,416
	5,489	5,240

12. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on loss for the year	315	-
Adjustments in respect of previous periods	(3)	(34)
Total current tax	312	(34)
Deferred tax		
Current period charge	(443)	(676)
Changes to tax rates	-	(455)
Adjustments in respect of previous periods	168	(135)
Total deferred tax	(275)	(1,266)
Taxation on loss on ordinary activities	37	(1,300)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 : higher than) the standard rate of corporation tax in the UK of 19.25% (2016 : 20%). The differences are explained below:

	2017 **£000**	2016 £000
Loss on ordinary activities before tax	(6,731)	(50,334)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 : 20%)	(1,296)	(10,067)
Effects of:		
Deferred tax rate change	-	(454)
Adjustments to tax charge in respect of prior periods	165	(169)
UK GAAP permanent disallowance	1,109	9,271
Deferred tax recognition	59	119
Total tax charge for the year	37	(1,300)

Factors that may affect future tax charges

The 2016 Budget Statement announced changes to the UK Corporation tax regime which will reduce the main rate of corporation tax to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date and deferred tax has been measured at these substantively enacted rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Exceptional administrative expenses

	2017	2016
	£000	£000
Impairment of Goodwill	-	41,499
Impairment of tangible assets	-	406
Re-Organisation expenses	875	704
	875	42,609

14. Intangible assets

	Goodwill	**Brand Name**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 January 2017	**55,271**	**19,749**	**75,020**
At 31 December 2017	**55,271**	**19,749**	**75,020**
Accumulated Amortisation and Impairment			
At 1 January 2017	**49,758**	**1,536**	**51,294**
Charge for the year	347	1,316	1,663
At 31 December 2017	**50,105**	**2,852**	**52,957**
Net book value			
At 31 December 2017	**5,166**	**16,897**	**22,063**
At 31 December 2016	5,513	18,213	23,726

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 January 2017	**39,860**	**23,702**	**6,424**	**264**	**70,250**
Additions	2,902	1,698	51	221	4,872
Disposals	(985)	(143)	(25)	-	(1,153)
Transfers between classes	-	39	191	(230)	-
At 31 December 2017	**41,777**	**25,296**	**6,641**	**255**	**73,969**
Depreciation					
At 1 January 2017	**22,883**	**20,557**	**5,601**	-	**49,041**
Charge owned for the period	3,173	1,152	462	-	4,787
Disposals	(552)	(131)	(13)	-	(696)
At 31 December 2017	**25,504**	**21,578**	**6,050**	-	**53,132**
Net book value					
At 31 December 2017	**16,273**	**3,718**	**591**	**255**	**20,837**
At 31 December 2016	16,977	3,145	823	264	21,209

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	20,094
At 31 December 2017	20,094
Net book value	
At 31 December 2017	20,094
At 31 December 2016	20,094

17. Stocks

	2017 £000	2016 £000
Goods for resale	47,346	46,422
Non-trading stock	20	86
	47,366	46,508

18. Debtors: amounts falling due within one year

	2017 £000	2016 £000
Trade debtors	222	1,396
Amounts owed by group undertakings	623	764
Other debtors	1,369	729
Prepayments and accrued income	3,943	5,444
	6,157	8,333

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Financial instruments included above are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. Cash at bank and in hand

	2017 £000	2016 £000
Cash at bank and in hand	7,164	7,954

20. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	16,922	28,733
Amounts owed to group undertakings	40,097	33,274
Taxation and social security	4,035	4,147
Other creditors	2,490	3,377
Derivative financial instrument	-	126
Revolving Facility	8,500	-
Accruals and deferred income	10,807	10,419
	82,851	80,076

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Financial instruments included above are measured at amortised cost.

21. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Bank loans	40,000	40,000
Amounts owed to group undertakings	22,276	25,276
	62,276	65,276

Bank loans and overdrafts

In order to fund the acquisition of Snow + Rock Group Holdings Ltd, a £40m facility which Interest accrues at 5.58% and the loan is secured against assets across the Group and is repayable in 2022

Amounts owed to group undertakings

Amounts owed to group undertakings are in the form of three unsecured loans. £14.5m is repayable in 2021 and accrues interest at 10.4%, £2.5m accrues interest at 10.4 % with no repayment date and £5.3m accrues interest at 10.7% with no repayment date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

22. Deferred tax

	2017 £000
At beginning of year	3,190
Charged to the profit or loss	(275)
	2,915

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	54	105
Intangible assets	2,873	3,096
Other	12	11
	2,915	3,190

23. Called up Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
362,569,578 (2016: 362,569,578) Ordinary shares of £0.01 each	3,626	3,626

24. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

25. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	165	150

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £317,612 (2016: £226,457).

27. Derivative Financial instruments

Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Creditor at 1 January 2017	(126)	-
Changes in value dealt with through other comprehensive expense	126	(126)
Creditor at 31 December 2017	-	(126)

On 31 December 2015, a floating to fixed interest rate swap was agreed with a notional amount of £20m and a maturity of 2 years. All other conditions are similar to the hedged item. At the balance sheet date the interest rate swap had matured.

28. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£000	£000
Not later than 1 year	16,963	16,521
Later than 1 year and not later than 5 years	50,259	51,327
Later than 5 years	36,285	32,078
	103,507	99,926

29. Controlling party

The immediate parent undertaking is Retail Concepts N.V.

The ultimate parent undertaking and controlling party is AS Adventure Coöpertief U.A., a company incorporated in the Netherlands.

AS Adventure Holding B.V. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2017. AS Adventure Coöpertief U.A. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017.

The consolidated financial statements of AS Adventure Holding B.V. and AS Adventure Coöpertief U.A. are available from Prins Bernhardplein 200, 1097 JB AMSTERDAM, Netherlands.

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of Shares	Holding	Principal activity
Cotswold Camping Limited	England	Ordinary	100%	Dormant
AS Adventure (UK) Limited	England	Ordinary	100%	Dormant
Snow + Rock Group Holdings Limited	England	Ordinary	100%	Dormant
Snow + Rock Group Limited	England	Ordinary	100%	Dormant
Snow & Rock Sports Limited	England	Ordinary	100%	Dormant
Snow & Rock Limited	England	Ordinary	100%	Dormant
Runners Need Limited	England	Ordinary	100%	Dormant
Cycle Surgery Limited	England	Ordinary	100%	Dormant

The registered addresses of the above companies are as follows;

1. Unit 11 Kemble Business Park, Crudwell, Malmesbury, Wiltshire, SN16 9SH