Columbia Sportswear Company Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Registered number 03854251

Contents

Company Information

Director

Matthieu Schegg

Secretary

Pierre Ulrich

Registered office

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United Kingdom

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United Kingdom

Strategic Report

The Director of Columbia Sportswear Company Limited (the "Company") presents his annual report and audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is sales of group products in the United Kingdom through retail outlets, wholesale and E-commerce.

Business review

The result for the year and the financial position at the year ended 31 December 2020 were considered satisfactory by the Director. The Company's figures have continued to grow.

During the year, the Company impaired the Carnaby store due to low profitability; the impairment of the store has been discussed further in the accompanying notes.

Key performance indicators

Management considers the key performance indicators of the Company to be Turnover and operating costs.

Turnover has increased by 8.91% in 2020 *(2019: 47.28%)*. Increase in turnover is mainly due to internal Ecom and Web Accounts, partly offset by a decrease in brick and mortar sales.

Cost of sales have also increased by 10.84% in 2020 *(2019: 55.79%)*. The Company is satisfied that KPI targets have been achieved in 2020 and the Directors believe the Company is well placed to continue trading profitably in 2021 and beyond.

Principal risks and uncertainties

In 2020, the Company has been impacted by the COVID-19 outbreak. This impacted the Company's operational and financial performance and at the end of the second quarter of the financial year ended 2020 the Company recognised an impairment loss on the fixed assets for the Carnaby store. This is due to the store performance during its first years of activity which had shown trading activity be lower than expected forecast.

The company's business is exposed to a variety of risks and uncertainties, both internal and external, of a commercial and financial nature that are monitored and managed by Management.

An examination of the main types of risk is proposed below.

Credit risk

The credit risk derives mainly from the exposure to customers for which Management assesses the solvency of each individual customer, considering the specific financial situation, the information available, as well as past experience. The Company, although it does not have significant concentrations of credit risk in its trade receivables, has put in place for years a specific insurance policy with a company specialised in the sector which covers, even with the application of deductibles, all trade receivables.

Due to the pandemic crisis and the general difficulties of the economy, there was an increased focus on this credit insurance coverage in 2020.

Liquidity risk

The company has financial debts only towards the companies of the group to which it belongs and the operational management is in any case able to produce a sufficient level of liquidity to honour the financial commitments at maturity.

The solidity of the group to which the Company belongs guarantees adequate financial support to the Company.

External and market risks

In the current context, the main external risk is represented by the medium-long term consequences that may arise in the reference market following the closure periods linked to the prolongation of the Covid-19 health emergency during the current year and the possible repercussions in terms of internal consumption.

Competitive pressure in all of the Company's core markets is a constant risk which could result in the loss of sales to its key competitors. The Company manages this risk by having a wide range of products of the highest quality.

Cash flow risk

Any interest bearing assets and liabilities are held at variable rate, i.e. calculated based on ECB (European Central Bank) + 0.5%.

Strategic Report (continued)

Section 172 (1) Statement

The Director has a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. The Director ensures he has suitable access to information to allow him to make informed business decisions and he considers whether he possesses sufficient information regarding the stakeholder interests which are affected by his actions. In instances when the Director does not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

The Director will continue to promote a culture which considers the interest of all stakeholders. The Director needs to manage the Company's relationships with suppliers, customers, HM Revenue and Customs. This is achieved by:

- Clearly outlining the expectations, and agree legal contracts between the Company and its suppliers
- Creating products, processes, policies and culture to support customers with a great experience; and
- Being compliant, have a transparent and close relationship with HM Revenue and Customs.

The Company invests in initiatives that have a positive impact on the people they reach, the places they touch and the products they make. At Columbia, we are committed to driving long-term sustainable profitable growth. The Company's business momentum, cash generation and fortress balance sheet enables us to invest in our strategic priorities to:

- Drive brand awareness and sales growth through increased, focused demand creation investments;
- Enhance consumer experience and digital capabilities in all of our channels and geographies;
- Expand and improve global direct-to-consumer ("DTC") operations with supporting processes and systems; and
- Invest in our people and optimise our organisation across our portfolio of brands.

The aim of the Company is to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts customers, communities and co-workers globally.

By order of the board

12B Moss End Business Village
Crooklands
Milnthorpe
Cumbria
LA7 7NU
United Kingdom

Matthieu Schegg
Director
27|09| 2021

Directors' Report

The Director of Columbia Sportswear Company Limited (the "Company") presents his annual report and audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year is set out on page 9 and the Company's position at the year end is set out on page 10. The profit for the financial year amounted to £310,840 (2019: £326,091).

Dividends

The Director does not recommend the payment of an ordinary dividend (2019: £nil).

Political contributions

The Company did not make any political contributions or incur any political expenditure during the year (2019: £nil).

Research and development activities

The Company did not carry out any research and development activities during the year.

Financial Risk

The credit and liquidity risks of the Company are discussed within the Strategic Report on page 2.

Future development

The Director has noted that sales have been impacted due to the Covid 19 pandemic for 2020 and the beginning of 2021.

Subsequent events

Due to Covid 19 and the various lockdowns imposed by the UK Government, the sales for Columbia Sportswear Company Limited have been strongly impacted in 2020 and the beginning of 2021.

Columbia Sportswear Company Limited entered into a new lease agreement from January 2021 with Shaftesbury AV Limited with regards to the Carnaby Store on a 2 year term.

Director

The Director who held office during the year was as follows:

Matthieu Schegg

The Director who held office at the end of the financial year did not have any interest in the shares of the Company to disclose, with the exception of certain Director's interests in the shares of the ultimate parent company, which are shown in the accounts of that company.

The Director benefited from the third party indemnity provisions in place during the financial year and at the date of this report.

Going concern

Columbia Sportswear Luxembourg Holdings Sarl has committed to continue providing financial support in the order that the Company can meet its financial obligations for a minimum of 12 months from the date of these accounts being signed. The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future.

Based on the measures taken and on an on-going analysis of the market conditions, the Board of Directors is confident about the sustainability of the business.

Disclosure of information to auditor

The Director who held office at the date of approval of this Director's report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a Director to make himself 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 Section 418 of the Companies Act 2006.

Auditor

Pursuant of Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Constantin will therefore continue in office as statutory auditors of the Company.

Directors' Report (continued)

Statement of Director's Responsibilities

The Director is responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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. He has a general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Director is 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.

By order of the board

12B Moss End Business Village
Crooklands
Milnthorpe
Cumbria
LA7 7NU
United Kingdom

Matthieu Schegg
Director
27/09/2021

Independent Auditor's Report to the Members of Columbia Sportswear Company Limited

Opinion

In our opinion the financial statements of Columbia Sportswear Company Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related Notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Columbia Sportswear Company Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent Auditor's Report to the Members of Columbia Sportswear Company Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report has 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 Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thierry De Gennes ACA (Senior Statutory Auditor)
For and on behalf of Constantin, Chartered Accountants and Statutory Auditors
25 Hosier Lane
London
EC1A 9LQ

27 September 2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	**23,042,431**	21,157,512
Cost of sales		**(17,888,005)**	(16,137,894)
Gross profit		**5,154,426**	5,019,618
Administrative expenses		**(4,693,599)**	(4,596,468)
Operating profit	4	**460,827**	423,150
Interest payable and similar expenses	7	**(9,077)**	(6,859)
Profit before taxation		**451,750**	416,291
Tax charge on profit	8	**(140,910)**	(90,200)
Profit for the financial year		**310,840**	326,091

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

There are no forms of other comprehensive income recognised during the year and therefore no statement of other comprehensive income has been presented.

The notes on pages 12 to 20 form part of these financial statements.

Statement of Financial Position

for the year ended 31 December 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9		66,176		613,896
Current assets					
Stocks	11	735,549		605,194	
Debtors	12	6,711,213		5,375,485	
Cash at bank and in hand		1,697,519		1,587,539	
		9,144,281		7,568,218	
Creditors: amounts falling due within one year	13	(6,578,726)		(6,143,049)	
Net current assets			2,565,555		1,425,169
Total assets less current liabilities			2,631,731		2,039,065
Creditors: amounts falling due after more than one year	14		(1,904,498)		(1,622,672)
Net assets			727,233		416,393
Capital and reserves					
Called up share capital	16		250,000		250,000
Profit and loss account surplus			477,233		166,393
Shareholder's funds			727,233		416,393

The notes of pages 12 to 20 form part of the financial statements.

The financial statements on pages 9 to 20 were approved by the Director on 27/09/ 2021 and signed on its behalf by:

Matthieu Schegg
Director

Company registered number: 03854251

Statement of Changes in Equity
as at 31 December 2020

	Called up Share Capital £	Profit and Loss Account £	Total Shareholder's funds £
Balance at 1 January 2019	250,000	(159,698)	90,302
Profit for the financial year	-	326,091	326,091
Balance at 31 December 2019	250,000	166,393	416,393
Balance at 1 January 2020	250,000	166,393	416,393
Profit for the financial year	-	310,840	310,840
Balance at 31 December 2020	**250,000**	**477,233**	**727,233**

Notes forming part of the financial statements

1 Accounting policies

Columbia Sportswear Company Limited (the "Company") is a private Company incorporated, domiciled and registered in England and Wales in the UK, limited by shares. The registered number is 03854251 and the registered address is 12B Moss End Business Village, Crooklands, Milnthorpe, Cumbria, United Kingdom, LA7 7NU.

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Columbia Sportswear Company includes the Company in its consolidated financial statements. The consolidated financial statements of Columbia Sportswear Company are prepared in accordance with US GAAP and are available to the public and may be obtained from 14375 NW Science Park Drive, Portland, Oregon, OR97229-5418, United States of America. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Columbia Sportswear Company include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share-based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Related parties transactions

The Company has taken advantage of the exemption under FRS 102 to disclose transactions with members wholly owned within the group.

During the year there were no transactions between the Director and the Company.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Columbia Sportswear Luxembourg Holdings Sarl has committed to continue providing financial support in the order that the Company can meet its financial obligations for a minimum of 12 months from the date of these accounts being signed. The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future.

Based on the measures taken and on an on-going analysis of the market conditions, the Board of Directors is confident about the sustainability of the business.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Notes forming part of the financial statements (continued)

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at nominal value, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at nominal value.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. For example, land is treated separately from buildings.

The Company assesses at each reporting date whether tangible assets are impaired.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	- 7 years or remaining life of lease
Plant and machinery	- 5 years
Fixtures & fittings	- 7 years
Hardware	- 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Government grants

Due to Covid 19 Columbia Sportswear Company were given a government grant due to the Tier 4 and the National Lockdown in the UK in November 2020. The Company was also eligible to business rate reliefs for the Kensington and Carnaby stores.

Impairment of tangible fixed assets

At each Statement of Financial Position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The branded store opened in Carnaby Street, London, in March 2019 never met its goals, generating operating losses and negative cash flows. This led Management to prepare in June 2020 an impairment analysis based on the assumption that the store would close in 2023 (first break date according to the rent agreement); Management identified a significant difference between the carrying amount of the assets and the recoverable amount. As a result of this analysis, a full impairment was recognised on all of the fixed assets of the store. Management has reviewed its assessment each quarter since then, with the same conclusions.

Notes forming part of the financial statements (continued)

1 Accounting policies *(continued)*

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Stocks

Stocks consist of finished goods. Valuation is at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defect items where appropriate.

Turnover

Turnover is recognised net of VAT and trade discounts.

Turnover represents:

- direct sales revenue from retail stores, wholesale and e-com.

Expenses

Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Operating leases

To convert the accounts to FRS 102 for statutory purposes, since 2019 the entity has offset the asset with the liability recognised under US GAAP and has replaced the expenses recognised under US GAAP by the expense actually invoiced, in line with the payments. This means that since 2019 operating leases have been recognised in the Statement of Comprehensive Income as they are incurred. The net difference arising from the conversion is not material and was a £10k net charge for the current year.

Rent concessions directly as a result of COVID-19

The Company, as a lessee, recognises any changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic on a systematic basis over the periods that the change in lease payments is intended to compensate. This is applied only to temporary rent concessions as a direct consequence of the COVID-19 if, and only if, all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no significant change to other terms and conditions of the lease.

For Carnaby we have obtained a reduction of:

- 50% on rent for Q2 2020
- 50% on rent and service charges for Q3 2020
- no rent for the month of November 2020

For Kensington we have obtained a reduction of 4 months free rent over 2020.

Notes forming part of the financial statements (continued)

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income, in which case it is recognised directly in Equity or Other Comprehensive Income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the Statement of Financial Position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Critical accounting judgements and estimation uncertainty

The financial statements of the Company do not include any significant accounting estimates of judgements. Management makes best estimates and judgements in accordance with group policy and takes into account the relevant provision and rules set out in statute and the adopted accounting policy of FRS 102 reduced disclosure.

3 Turnover

The total turnover of the Company for the year has been derived from its principal activity undertaken in the United Kingdom and Ireland.

4 Operating profit

	2020	*Restated* 2019
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	**70,388**	83,765
Revaluation of tangible fixed assets	**482,668**	-
Loss/(gain) on foreign exchange transactions	**96,305**	(65,032)
Operating lease rentals		
- Premises	**782,254**	510,990
- Motor vehicles	**16,116**	38,123
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**17,900**	19,300

In 2019, common area maintenance disclosures were included within other administrative expenses. This amount has now been reclassified within premises.

Notes forming part of the financial statements (continued)

5 Director's remuneration

The Company's Director did not receive any remuneration from the Company for his services as Director during the current or prior year. The emoluments of Matthieu Schegg were borne by Columbia Sportswear International. His services as Director of this Company are considered insignificant in the context of his overall services to the group and therefore no allocation of remuneration to this subsidiary is made.

6 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	2020 Number	2019 Number
Sales	**7**	9
Administration	**13**	17
	20	26

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	**886,746**	1,027,501
Social security costs	**122,078**	130,438
Other pension costs	**41,671**	43,701
Other staff costs	**-**	2,479
	1,050,495	1,204,119

7 Interest payable and similar expenses

	2020 £	2019 £
Bank loans and overdrafts	**30**	2
Interest payable to group companies	**9,047**	6,857
Total other interest payable and similar expenses	**9,077**	6,859

Notes forming part of the financial statements (continued)

8 Taxation

Recognised in the Statement of Comprehensive Income

	2020	2019
	£	£
UK corporation tax		
Current tax on profit for the financial year	195,786	31,990
Adjustments in respect of prior periods	-	(2,023)
Total current tax charge	195,786	29,967
Deferred tax		
Origination and reversal of timing differences	(61,978)	58,527
Adjustments in respect of prior periods	-	1,706
Effect of tax rate change on opening balance	7,102	-
Total deferred tax charge/(credit)	(54,876)	60,233
Tax on profit	140,910	90,200

Reconciliation of effective tax rate

	2020	2019
	£	£
Profit before taxation	451,750	416,291
Tax using the UK corporation tax rate of 19.00% *(2019: 19.00%)*	85,833	79,095
Effects of:		
Expense not deductible for tax purposes	99,712	7,610
Fixed asset differences	(51,736)	10,697
Adjustments to tax charge in respect of previous periods	-	(2,023)
Adjustments to tax charge in respect of previous periods - deferred tax	-	1,706
Adjust closing deferred tax to average rate of 19.00%	-	(5,327)
Adjust opening deferred tax to average rate of 19.00%	-	(1,558)
Impact of tax rate changes	7,101	-
Total tax expense included in profit and loss	140,910	90,200

Factors that may affect future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased to £7,224.

Notes forming part of the financial statements (continued)

9 Tangible fixed assets

	Leasehold improvements £	Assets under construction £	Plant and machinery £	Fixtures and fittings £	Hardware £	Total £
Cost						
At 1 January 2020	749,313	6,910	8,217	223,570	97,988	**1,085,998**
Additions	773	-	-	-	9,879	**10,652**
Disposals	-	(12,509)	-	-	(2,682)	**(15,191)**
Revaluation	(354,819)	-	-	(111,062)	(16,788)	**(482,669)**
Transfer	-	5,599	-	-	1,225	**6,824**
At 31 December 2020	**395,267**	**-**	**8,217**	**112,508**	**89,622**	**605,614**
Depreciation						
At 1 January 2020	304,193	-	8,217	90,462	69,230	**472,102**
Charge for year	44,854	-	-	12,955	12,579	**70,388**
Disposals	-	-	-	-	(2,682)	**(2,682)**
Revaluation	-	-	-	-	-	**-**
Transfer	-	-	-	-	**(370)**	**(370)**
At 31 December 2020	**349,047**	**-**	**8,217**	**103,417**	**78,757**	**539,438**
Net book value						
At 31 December 2020	**46,220**	**-**	**-**	**9,091**	**10,865**	**66,176**
At 31 December 2019	445,120	6,910	-	133,108	28,758	613,896

10 Impairment of Carnaby Store

At the end of the second quarter of the financial year ending 2020, the Company recognised an impairment loss on the fixed assets for the Carnaby store. This is due to the performance during the first year and a half of the financial period which had shown trading activity be lower than expected forecast.

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	**735,549**	605,194

There is no material difference between the Statement of Financial Position value of stocks and their replacement value.

12 Debtors

	2020 £	2019 £
Trade debtors	**6,542,488**	4,897,498
Amounts owed by parent and fellow subsidiary undertakings	**105,928**	111,654
Other debtors	**48,135**	48,049
Prepayments and accrued income	**14,662**	318,284
	6,711,213	5,375,485

All debtors are due within one year, unsecured and interest free.

Notes forming part of the financial statements (continued)

13 Creditors: amounts falling due within one year

	2020 £	*Restated* 2019 £
Trade creditors	**200,310**	237,963
Amount owed to parent and fellow subsidiary undertakings	**3,386,906**	3,829,559
Accruals and deferred income	**2,632,741**	1,766,952
Social Security and Other taxation	**253,298**	275,737
Corporation tax	**99,981**	(27,528)
Deferred tax (see note 15)	**5,490**	60,366
	6,578,726	6,143,049

In 2019, the VAT liability was included within accruals and deferred income. These amounts have now been reclassified within social security and other taxation.

14 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	**1,904,498**	1,622,672
Loan maturity analysis		
In more than five years	**1,904,498**	1,622,672

The interest charged for the year is calculated based on ECB (European Central Bank) + 0.5%. The Company had an interest payable of £9,047 due in 2020 (2019: £6,857).

15 Deferred taxation

The deferred tax liability is made up as follows:

	2020 £	2019 £
Balance at 1 January	**(60,366)**	(133)
Profit and loss credit/(charge) for the year	**54,876**	(60,233)
Balance at 31 December	**(5,490)**	(60,366)

The elements of deferred taxation are as follows:

	2020 £	2019 £
Fixed assets timing differences	**(6,620)**	(61,377)
Short term timing differences	**1,130**	1,011
Deferred tax liability (see note 13)	**(5,490)**	(60,366)

Notes forming part of the financial statements (continued)

16 Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250,000	250,000

All shares rank pari passu.

17 Operating Leases

At 31 December 2020 the Company was committed to making the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and building		Other	
	2020	2019	2020	2019
	£	£	£	£
Within one year	367,838	952,999	4,653	15,231
Between two and five years	1,217,227	3,566,650	-	4,653
Over five years	704,743	3,328,304	-	-
	2,289,808	7,847,953	4,653	19,884

During the year £798,370 was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2019 *restated*: £549,113).

There are no new leases in 2020 however there is one lease contract running until 2021.

18 Employee benefits

Defined contribution plan

	2020	2019
	£	£
Contributions payable by the Company for the year	41,671	43,701

As at 31 December 2020, there were no accrued or prepaid pension contributions outstanding (2019: £nil).

19 Subsequent Events

Columbia Sportswear Company Limited entered into a new lease agreement from January 2021 with Shaftesbury AV Limited with regards to the Carnaby Store on a 2 year term.

20 Covid_19 Impact

Due to Covid 19 and the various lockdowns imposed by the UK Government, the sales for Columbia Sportswear Company Limited have been strongly impacted in 2020 and the beginning of 2021.

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Columbia Sportswear Luxembourg Holdings Sarl. The ultimate controlling party is Columbia Sportswear Company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Columbia Sportswear Company, a Company incorporated in the United States of America. The consolidated financial statements of the group are available to the public and may be obtained from its registered office, at 14375 NW Science Park Drive, Portland, Oregon, OR97229-5418, United States of America.