

# **Topgrade Sportswear Limited**

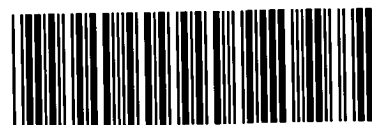
## **Annual report and financial statements**

Registered number 03139070

52 week period ended

28 January 2017

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## Strategic report

### Principal activities

The principal activities of the Company are the distribution and on-line retail of branded sports and fashion footwear and apparel.

### Business review

Topgrade Sportswear Limited operates in both the wholesale and retail footwear and apparel sectors. The wholesale business sells discounted branded product with a focus on sportswear and the retail business trades as 'Get the Label' through the getthelabel.com website and also through various online marketplaces. This part of the business focuses on discounted branded fashion and sportswear. The company strives to always act in a responsible and ethical manner with all our stakeholders including customers, suppliers and employees.

The company reported an operating profit of £207k (2016: loss of £501k) and net sales increased by 18%. The directors are pleased with the improvement in operating profit and the return to a profit position.

In assessing the performance of the Company, the Directors make use of the following Key Performance Indicators:

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Turnover	37,840	32,067
Gross profit %	28.8%	31.4%
Operating profit / (loss)	207	(501)
Operating profit / (loss) %	0.55%	(1.56)%

### Principal risks and uncertainties

Any business undertaking will involve some risk with many risk factors common to any business regardless of what sector it operates in. However, the Directors consider that certain risks and uncertainties are more specific to the Company and the distribution sector in which it operates. These risks and uncertainties include the following:

- Ability to access, and the dependence on, key branded suppliers and retailers;
- General economic factors;
- Reliance on IT;
- The influence of competitors; and
- Seasonality.

Following the UK's vote to leave the EU in June 2016, the UK's future trading relationship with the remaining members of the EU is uncertain. Brexit and its associated risks will remain high on the Board's Agenda as the changes to become negotiated become clearer.

The Directors continue to endeavour to manage these risks and uncertainties to the extent possible within the business.

By order of the Board



B M Small  
Director

Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire  
BL9 8RR

26 October 2017

## Directors' report

The Directors present their annual report and audited financial statements for the 52 week period ended 28 January 2017.

### Directors

The Directors who held office during the period were as follows:

IS Simpson  
PR Simpson  
PA Cowgill  
BM Small

### Going concern

The Company is reliant on its immediate parent undertaking, JD Sports Fashion Plc, for its continued financial support. JD Sports Fashion Plc has indicated its ongoing support for the foreseeable future provided that the Company remains in the Group. As part of the Group, the Company has considerable financial resources, with access to intercompany borrowing. In addition, the Company has been encompassed in the Group syndicated committed borrowing facility of £215,000,000. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Proposed dividend

The Directors do not recommend the payment of a dividend (2016: £nil).

### Employees

The Company is committed to promote equal opportunities in employment regardless of employees' or potential employees' sex, marital status, creed, colour, race, ethnic origin or disability. Recruitment, promotion and the availability of training are based on the suitability of any applicant and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during his or her employment by the Company, every effort is made to continue employment and training within their existing capacity wherever practicable, or failing that, in some alternative suitable capacity.

The Company has continued throughout the year to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Company's performance and of any significant organisational changes.

### Political and charitable contributions

The Company made no political contributions or charitable donations during the period (2016: £nil).

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



B M Small  
Director

Hollinsbrook Way  
Pilsworth  
Bury  
Lancashire  
BL9 8RR

26 October

2017

## **Statement of Directors' responsibilities in respect of the Annual report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Topgrade Sportswear Limited**

We have audited the financial statements of Topgrade Sportswear Limited for the 52 week period ended 28 January 2017 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

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

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**Independent auditor's report to the members of Topgrade Sportswear Limited  
(continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.



**Mick Davies (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 St. Peter's Square  
Manchester  
M2 3AE

26/10/2017

## Statement of Profit and loss account and Other Comprehensive Income

For the 52 week period ended 28 January 2017

	Note	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Turnover	1	37,840	32,067
Cost of sales		(26,960)	(21,998)
<b>Gross profit</b>		<b>10,880</b>	<b>10,069</b>
Distribution costs		(9,363)	(9,311)
Administrative expenses		(1,310)	(1,259)
<b>Operating profit / (loss)</b>	2	<b>207</b>	<b>(501)</b>
Interest payable and similar charges	5	(204)	(196)
<b>Profit/ (loss) on ordinary activities before tax</b>		<b>3</b>	<b>(697)</b>
Tax on ordinary activities	6	(53)	123
<b>Total comprehensive loss for the period</b>		<b>(50)</b>	<b>(574)</b>

The notes on pages 8 to 21 form part of the financial statements.

## Statement of Changes in Equity

For the 52 week period ended 28 January 2017

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 31 January 2015	1	(162)	(161)
Total comprehensive loss for the period	-	(574)	(574)
Balance at 30 January 2016	1	(736)	(735)
Total comprehensive loss for the period	-	(50)	(50)
<b>Balance at 28 January 2017</b>	<b>1</b>	<b>(786)</b>	<b>(785)</b>



**Balance sheet**  
As at 28 January 2017

	Note	As at 28 January 2017 £000	As at 28 January 2017 £000	As at 31 January 2015 £000	As at 31 January 2015 £000
<b>Fixed assets</b>					
Tangible fixed assets	7		550		654
Deferred tax assets	8		401		452
			<u>951</u>		<u>1,106</u>
<b>Current assets</b>					
Stocks	9	14,629		12,854	
Debtors	10	4,216		2,478	
Cash at bank and in hand		24		12	
		<u>18,869</u>		<u>15,344</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(20,605)</u>		<u>(17,185)</u>	
<b>Net current liabilities</b>			<u>(1,736)</u>		<u>(1,841)</u>
<b>Net liabilities</b>			<u>(785)</u>		<u>(735)</u>
<b>Capital and reserves</b>					
Called up equity share capital	12		1		1
Profit and loss account			<u>(786)</u>		<u>(736)</u>
<b>Shareholders' deficit</b>			<u>(785)</u>		<u>(735)</u>

The notes on pages 8 to 21 form part of the financial statements.

These financial statements were approved by the Board of Directors on 26 October 2017 and were signed on its behalf by:



**B M Small**  
Director

Registered number 03139070

## Notes

(Forming part of the financial statements)

### 1 Accounting policies

Topgrade Sportswear Limited (the "Company") is a company incorporated and domiciled in the UK. The registered office of the Company is Hollinsbrook Way, Pilsworth, Bury, Lancashire.

#### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, JD Sports Fashion Plc includes the Company in its consolidated financial statements. The consolidated financial statements of JD Sports Fashion Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 17.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

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

The financial statements are prepared on the historical cost basis.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

## Notes (continued)

### 1 Accounting policies (continued)

#### Basis of preparation (continued)

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1. In addition, note 12 to the financial statements includes the Company's objectives, policies and processes for managing its capital.

The Company is reliant on its immediate parent undertaking, JD Sports Fashion Plc, for its continued financial support. JD Sports Fashion Plc has indicated its ongoing support for the foreseeable future provided that the Company remains in the Group. As part of the Group, the Company has considerable financial resources, with access to intercompany borrowing. In addition, the Company has been encompassed in the Group syndicated committed borrowing facility of £215,000,000. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Tangible fixed assets

##### (i) Owned assets

Items of tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of tangible fixed assets have different useful economic lives, they are accounted for as separate items.

##### (ii) Leased assets

Assets funded through finance leases and similar hire purchase contracts are capitalised as tangible fixed assets where the Company assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element, which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease. Lease incentives are credited to the profit and loss account on a straight-line basis over the life of the lease.

##### (iii) Depreciation

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- |                         |   |
|-------------------------|---|
| • Computer equipment    | 3-4 years on a straight line basis                                |
| • Fixtures and fittings | 5-7 years or length of lease if shorter, on a straight line basis |

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, marks downs and shrinkage.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## Notes (continued)

### 1 Accounting policies (continued)

#### Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less impairment losses. A provision for the impairment of trade and other debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade and other debtors are impaired. The movement in the provision is recognised in the profit and loss account.

#### Trade and other creditors

Trade and other creditors are non-interest bearing and recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Foreign currency translation

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. 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.

#### Impairment

The carrying amounts of the Company's assets other than stocks and deferred tax assets are reviewed annually to determine whether there is any indication of impairment. An impairment review is performed on individual cash-generating units ('CGUs'). A CGU for the purposes of tangible fixed assets impairment reviews is an individual store or a collection of stores where the cash flows are not independent. If any such indication exists then the asset's recoverable amount is estimated. Impairment losses are recognised in the profit and loss account. Impairment losses in respect of goodwill are not reversed.

#### Pensions

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in independently administered funds. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the profit and loss account as incurred.

#### Turnover

Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Turnover is recognised when goods are sold and the title has passed less a provision for credit notes. Distribution sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

#### Interest payable and similar charges

Interest payable and similar charges comprise interest payable on interest bearing loans and borrowings. Financial expenses are recognised in the profit and loss account on an effective interest basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### Income tax

Tax on the profit or loss for the period comprises current and deferred tax.

##### (i) Current tax

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

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in respect of the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

##### (i) Provisions to write stocks down to net realisable value

The Company makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

## Notes (continued)

### 2 Operating loss

Operating profit / (loss) is stated after charging:

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Auditor's remuneration		
Audit of these financial statements	8	8
Depreciation and amortisation of fixed assets:		
Depreciation of tangible fixed assets	358	410
Loss on disposal of tangible fixed assets	4	-
Rentals payable under non-cancellable operating leases for:		
Land and buildings	671	667
Other	160	151
	<u>671</u>	<u>667</u>
	<u>160</u>	<u>151</u>

### 3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	52 week period ended 28 January 2017	52 week period ended 30 January 2016
Sales and distribution	125	122
Administration	19	17
	<u>144</u>	<u>139</u>
Full time equivalents	<u>119</u>	<u>112</u>

## Notes (continued)

### 3 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Wages and salaries	3,265	3,123
Social security costs	251	264
Other pension costs	50	43
	<u>3,566</u>	<u>3,430</u>

### 4 Directors' remuneration

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Directors' emoluments	471	495
Pension contributions	25	28
	<u>496</u>	<u>523</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Director's emoluments	239	251
Pension contributions	13	14
	<u>252</u>	<u>265</u>

The directors, Messrs Cowgill and Small, are employed by JD Sports Fashion Plc and therefore any remuneration is borne by those group companies. No remuneration is given in respect of acting as a director of this entity as it is incidental to their overall responsibilities to the group.

## Notes (continued)

### 5 Interest payable and similar charges

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
On bank loans and overdrafts	84	67
On amounts owed to Group undertakings	120	129
	<u>204</u>	<u>196</u>

### 6 Income tax

#### Recognised in the profit and loss account

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
<i>Current tax</i>		
Current tax credit	-	(108)
Adjustments relating to prior periods	2	(1)
Total current tax charge/ (credit)	<u>2</u>	<u>(109)</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	52	(5)
Adjustments relating to prior periods	(1)	(9)
Total deferred tax expense/ (credit)	<u>51</u>	<u>(14)</u>
Total tax charge/ (credit) in the profit and loss account	<u>53</u>	<u>(123)</u>

	52 week period ended 28 January 2017 £000	52 week period ended 30 January 2016 £000
Loss for the period	(50)	(574)
Total tax charge /(credit) for the period	53	(123)
Profit/ (loss) before taxation	<u>3</u>	<u>(697)</u>
Profit/ (loss) before tax multiplied by the standard rate of corporation tax in the UK of 20.0% (2016: 20.2%)	1	(141)
Effect of:		
Non qualifying depreciation	4	5
Adjustments in respect of prior periods	1	(11)
Change in deferred tax rate	47	24
Income tax charge/ (credit)	<u>53</u>	<u>(123)</u>



**Notes (continued)**

**7 Tangible fixed assets**

	<b>Computer Equipment £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 30 January 2016	1,436	954	2,390
Additions	168	90	258
Disposals	(84)	-	(84)
	<hr/>	<hr/>	<hr/>
<b>At 28 January 2017</b>	<b>1,520</b>	<b>1,044</b>	<b>2,564</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>			
At 30 January 2016	1,077	659	1,736
Charge for the period	225	133	358
Disposals	(80)	-	(80)
	<hr/>	<hr/>	<hr/>
<b>At 28 January 2017</b>	<b>1,222</b>	<b>792</b>	<b>2,014</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 January 2016	359	295	654
	<hr/>	<hr/>	<hr/>
<b>At 28 January 2017</b>	<b>298</b>	<b>252</b>	<b>550</b>
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 8 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000	Liabilities 2017 £000	Liabilities 2016 £000	Net 2017 £000	Net 2016 £000
Tangible fixed assets	108	103	-	-	108	103
Losses	293	349	-	-	293	349
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Tax assets	401	452	-	-	401	452
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Movement in deferred tax during the period

	Tangible fixed assets £000	Losses £000	Short term timing differences £000	Total £000
Balance at 31 January 2015	81	357	-	438
Recognised in income	22	(8)	-	14
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 January 2016	103	349	-	452
Recognised in income	5	(56)	-	(51)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 28 January 2017	108	293	-	401
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Stocks

	As at 28 January 2017 £000	As at 30 January 2016 £000
Finished goods and goods for resale	14,629	12,854
	<hr/>	<hr/>

The cost of stocks recognised as expenses and included in cost of sales for the year ended 28 January 2017 was £26,960,000 (2016: £21,998,000).

The Company has £1,601,000 (2016: £1,639,000) of stock provisions at the end of the period. Cost of stocks includes a net credit of £38,000 (2016: £438,000 charge) in relation to net provisions recognised against stocks.

**Notes (continued)**

**10 Debtors**

	As at 28 January 2017 £000	As at 30 January 2016 £000
Trade debtors	3,482	1,736
Other debtors	34	24
Amounts owed by Group undertakings	30	30
Prepayments and accrued income	670	688
	<u>4,216</u>	<u>2,478</u>

**11 Creditors: amounts falling due within one year**

	As at 28 January 2017 £000	As at 30 January 2016 £000
Bank overdraft	5,881	2,823
Trade creditors	3,916	2,488
Other creditors and accrued expenses	469	810
Taxation and social security	1,100	765
Amounts owed to Group undertakings	9,239	10,299
	<u>20,605</u>	<u>17,185</u>

The amounts owed to Group undertakings include a £7.95 million interest bearing loan note from JD Sports Fashion Plc. This loan attracts interest at a rate of base plus a margin of 1.0%.

## Notes (continued)

### 12 Capital

#### Called up share capital

	Number of ordinary shares	Ordinary share capital £000
As at 30 January 2016 and at 28 January 2017	1,000	1

The total number of issued ordinary shares was 1,000 (2016: 1,000) with a par value of £1.00 per share (2016: £1.00). All shares are fully paid up.

The capital structure of the Company comprises issued share capital and retained earnings. The policy adopted by the Directors is to seek to improve the capital base of the Company so as to maintain creditor confidence and to sustain future development of the business. There were no changes to the Company's approach to capital management during the period.

On a show of hands at a general meeting, every holder of ordinary shares present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder. Subject to the relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. Subject to the relevant statutory provisions and the Company's Articles of Association, on a return of capital on a winding-up, holders of ordinary shares are entitled to participate in such a return equally in proportion to their shareholding.

### 13 Operating leases

#### Operating lease commitments

The Company leases various retail outlets, offices, warehouses and plant and equipment under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. Undiscounted total future minimum rentals payable under non-cancellable operating lease are as follows:

	Land and buildings 2017 £000	Plant and equipment 2017 £000	Land and buildings 2016 £000	Plant and equipment 2016 £000
Less than one year	364	41	354	38
Between one and five years	828	34	55	18
	<u>1,192</u>	<u>75</u>	<u>409</u>	<u>56</u>

The future minimum rentals payable on land and buildings represent the base rents that are due on each property over the non-cancellable lease term, being usually the earliest date at which the lease can be exited. Certain properties have rents which are partly dependent on turnover levels in the individual store concerned.

## Notes (continued)

### 14 Capital commitments

The company has no capital commitments as at 28 January 2017 (2016: £100,000).

### 15 Pension schemes

The Company only operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Company of £15,000 (2016: £15,000) in respect of employees, and £25,000 (2016: £28,000) in respect of directors. There were no amounts owed to the scheme as at the period end (2016: £nil).

### 16 Related parties

Transactions and balances with related parties during the period are shown below. Transactions were undertaken in the ordinary course of business. Outstanding balances are unsecured and will be settled in cash.

#### Pentland Group Plc

Pentland Group Plc owns 57.5% (2016: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc.

	Value of transactions 2017 £000	(Payable)/ receivable at period end 2017 £000	Value of transactions 2016 £000	(Payable)/ receivable at period end 2016 £000
Purchase of inventory	(670)	-	(1,016)	-
Trade payables (gross including VAT)	-	(91)	-	(135)

#### JD Sports Fashion Plc

In the 52 week period ended 28 January 2017, Topgrade Sportswear Limited was an 80% owned subsidiary of JD Sports Fashion Plc.

	Value of transactions 2017 £000	Payable at period end 2017 £000	Value of transactions 2016 £000	Payable at period end 2016 £000
Interest expense	(120)	-	(129)	-
Total amount owed to JD Sports Fashion Plc:				
Working capital loan	-	(8,815)	-	(8,695)
Trade payables	-	(2)	-	(50)
Other intercompany balances	-	(420)	-	(489)

The loan payable attracts interest at base rates plus a margin of 1.0%.

**Notes (continued)**

**16 Related parties (continued)**

**DJS Retail Limited**

DJS Retail Limited is a company controlled by Paul and Ian Simpson

	Value of transactions 2017 £000	Receivable at period end 2017 £000	Value of transactions 2016 £000	Receivable at period end 2016 £000
Sale of inventory	-	-	177	-
Purchase of inventory	(101)	-	(333)	-
Trade receivables (gross including VAT)	-	417	-	492

**Focus International Limited**

In the 52 week period ended 28 January 2017, Focus International Limited was an 80% subsidiary of JD Sports Fashion Plc.

	Value of transactions 2017 £000	Payable at period end 2017 £000	Value of transactions 2016 £000	Payable at period end 2016 £000
Purchase of inventory	(228)	-	(1,816)	-
Amounts owed to Focus International Limited	-	-	-	(974)

**Kukri Sports Ireland Limited**

In the 52 week period ended 28 January 2017, Kukri Sports Ireland Limited was a 100% subsidiary of JD Sports Fashion Plc.

	Value of transactions 2017 £000	(Payable)/ receivable at period end 2017 £000	Value of transactions 2016 £000	(Payable)/ receivable at period end 2016 £000
Income tax group relief	-	26	-	26

## Notes (continued)

### 16 Related parties (continued)

#### Kukri GB Limited

In the 52 week period ended 28 January 2017, Kukri GB Limited was a 100% subsidiary of JD Sports Fashion Plc.

	Value of transactions 2017 £000	(Payable)/ receivable at period end 2017 £000	Value of transactions 2016 £000	(Payable)/ receivable at period end 2016 £000
Income tax group relief	-	4	-	4

### 17 Parent Company

The Company's immediate parent is Topgrade Sportswear Holdings, which itself is a 80% owned subsidiary undertaking of JD Sports Fashion Plc. JD Sports Fashion Plc is the smallest group in which the Company is a member and for which Group Financial Statements are drawn up. JD Sports Fashion Plc is registered in England. Copies of the consolidated financial statements of JD Sports Fashion Plc are available to the public and can be obtained from the Company Secretary, Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or at [www.jdplc.com](http://www.jdplc.com).

### 18 Ultimate parent company

The ultimate parent company is Pentland Group Plc, which is the largest group in which the Company is a member and for which Group Financial Statements are drawn up. Pentland Group Plc is registered in England. Copies of the consolidated financial statements of Pentland Group Plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.