

Company Registration No. 290939 (England and Wales)

**LILLYWHITES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 24 APRIL 2016**



# LILLYWHITES LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	D M Forsey S M Nevitt M J W Ashley
<b>Secretary</b>	C J Olsen
<b>Company number</b>	290939
<b>Registered office</b>	Unit A Brook Park East Shirebrook NG20 8RY
<b>Auditor</b>	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP

---

# **LILLYWHITES LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 - 18

---

# LILLYWHITES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 24 APRIL 2016**

---

The directors present the strategic report for the year ended 24 April 2016.

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

The company has performed as anticipated in the year. Our retail model, offering considerable value to our customers, proved as resilient as we expected.

### **Key performance indicators**

The directors consider turnover and gross profit margin to be the key performance indicators for the company.

The company turnover decreased by 11.2% from £29,301,610 to £26,028,295 due to the continuing impact of the flagship Sports Direct store on Oxford Street that opened in June 2014 and the tough trading environment experienced primarily in the second half of the year.

Margin in the company decreased from 38.1% to 37.0% in the period due to discounting required to clear excess winter stock.

### **Principal risks and uncertainties**

#### **Currency risk**

A significant part of the company's merchandise is sourced from companies based in the Far East which are paid in US dollars and is therefore exposed to movements in foreign currencies. The directors have mitigated the risk of movements in exchange rates by securing forward exchange contracts to buy US Dollars and Euros, which are held by the parent company.

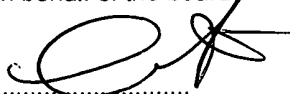
#### **Liquidity risk**

The directors seek to manage the liquidity risk faced by the company via a group overdraft facility. At the balance sheet date, the working capital facility was £788 million (2015: £738 million).

### **Development and performance**

The directors aim to maintain the management policies which have been successful in recent years.

On behalf of the board



S M Nevitt

Director

19.8.16

# **LILLYWHITES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 24 APRIL 2016**

---

The directors present their report and financial statements for the year ended 24 April 2016.

### **Principal activities**

The principal activity of the company continued to be that of the retail of sports and leisure goods.

### **Directors**

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

D M Forsey  
S M Nevitt  
M J W Ashley

### **Results and dividends**

The results for the year are set out on page 6.

The profit for the period after tax amounted to £2,845,365 (2015: £4,945,905 profit). The directors do not recommend the payment of a dividend.

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports Direct International plc. Sports Direct International plc have confirmed that it will not call in the current working capital facility for at least the next twelve months.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard FRS102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# LILLYWHITES LIMITED

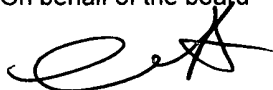
## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 24 APRIL 2016

---

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S M Nevitt

Director

19.8.16

# **LILLYWHITES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF LILLYWHITES LIMITED**

---

We have audited the financial statements of Lillywhites Limited for the year ended 24 April 2016 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

A description of the scope of an audit of financial statements is provided on the FRC'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 24 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion 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.

# **LILLYWHITES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF LILLYWHITES LIMITED**

---

### **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.



.....  
**Philip Westerman (Senior Statutory Auditor)**  
for and on behalf of Grant Thornton UK LLP

**Chartered Accountants**

**Statutory Auditor**

**London**

Date 19.8.16



# LILLYWHITES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 24 APRIL 2016

	Notes	2016 £	2015 £
Turnover	3	26,028,295	29,301,610
Cost of sales		(16,389,325)	(18,148,029)
<b>Gross profit</b>		<b>9,638,970</b>	<b>11,153,581</b>
Administrative expenses		(6,779,128)	(6,219,162)
<b>Operating profit</b>	4	<b>2,859,842</b>	<b>4,934,419</b>
Interest payable and similar charges	6	(10)	(19)
<b>Profit on ordinary activities before taxation</b>		<b>2,859,832</b>	<b>4,934,400</b>
Taxation	7	(14,467)	11,505
<b>Profit for the financial year</b>		<b>2,845,365</b>	<b>4,945,905</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,845,365</b>	<b>4,945,905</b>

The income statement has been prepared on the basis that all operations are continuing operations.


# LILLYWHITES LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 24 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	8		542,165		1,378,346
<b>Current assets</b>					
Stocks	9	1,661,796		1,696,130	
Debtors - deferred tax	13	290,821		305,288	
Debtors - other	10	71,103,501		66,087,853	
Cash at bank and in hand		40,333		48,955	
		73,096,451		68,138,226	
<b>Creditors: amounts falling due within one year</b>	11	(2,536,798)		(1,472,770)	
<b>Net current assets</b>			70,559,653		66,665,456
<b>Total assets less current liabilities</b>			71,101,818		68,043,802
<b>Creditors: amounts falling due after more than one year</b>	12		(100,000)		(100,000)
<b>Provisions for liabilities</b>	14		(12,444)		(12,793)
<b>Net assets</b>			70,989,374		67,931,009
<b>Capital and reserves</b>					
Called up share capital	16	44,738,995		44,738,995	
Capital redemption reserve		884,090		671,090	
Profit and loss reserves		25,366,289		22,520,924	
<b>Total equity</b>			70,989,374		67,931,009

The financial statements were approved by the board of directors and authorised for issue on .....19.08.16.. and are signed on its behalf by:



S M Nevitt  
Director

Company Registration No. 290939

# LILLYWHITES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 24 APRIL 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 28 April 2014</b>		44,738,995	581,129	17,575,019	62,895,143
<b>Year ended 26 April 2015:</b>					
Profit and total comprehensive income for the year		-	-	4,945,905	4,945,905
Redemption of shares	16	-	89,961	-	89,961
<b>Balance at 26 April 2015</b>		44,738,995	671,090	22,520,924	67,931,009
<b>Year ended 24 April 2016:</b>					
Profit and total comprehensive income for the year		-	-	2,845,365	2,845,365
Redemption of shares	16	-	213,000	-	213,000
<b>Balance at 24 April 2016</b>		44,738,995	884,090	25,366,289	70,989,374

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 APRIL 2016

---

### 1 Accounting policies

#### Company information

Lillywhites Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit A, Brook Park East, Shirebrook, NG20 8RY.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 24 April 2016 are the first financial statements of Lillywhites Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 28 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

As permitted by FRS 102 the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statements, share based payments, the aggregate remuneration of key management personnel and related party transactions with other wholly-owned members of the group. Where required, equivalent disclosures are given in the group accounts of Sports Direct International plc. The group accounts of Sports Direct International plc are available to the public and can be obtained as set out in note 19.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through retail stores, turnover is recognised when goods are sold to the customer, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

#### 1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long leasehold land and buildings	Straight line over 25 years
Fixtures, fittings and equipment	15% / 33% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 APRIL 2016

---

### 1 Accounting policies

(Continued)

The depreciation rate for Long leasehold land and buildings was changed during the year to Straight-line over 25 years to align with the wider group's depreciation policy. The effect of this was an accelerated depreciation charge in the current financial year.

#### 1.5 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes the purchase price of the manufactured products, materials, direct labour, transport costs and a proportion of applicable overheads. Cost is calculated using weighted average cost. Net realisable value is based on the estimated selling price less all estimated costs to sell. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies and, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.8 Taxation

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 APRIL 2016

---

### 1 Accounting policies

(Continued)

#### Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.9 Provisions

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

The company provides for dilapidations costs following advice from chartered surveyors and management's previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is recognised as a decommissioning cost and depreciated over the life of the asset. The non-capital element is taken to profit and loss in the first year of the lease where the cost it represents is of no lasting benefit to the company or its landlord. 'Wear and Tear' costs are expensed to the profit and loss account.

#### 1.10 Share based payments

The fair value of the share based payments on the date of the grant is charged to the profit and loss account over the vesting period of the share option, based on the number of shares which are expected to become exercisable. A corresponding adjustment is made to equity. At each balance sheet date the company revises its estimates of the number of shares that are expected to become exercisable and recognises the impact of any revision of original estimates in the profit and loss account.

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 24 APRIL 2016

---

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Useful economic life of tangible fixed assets***

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and maintenance programmes.

#### ***Provision for obsolete, slow moving or defective stock***

The directors have applied their knowledge and experience of the retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values. The provision includes estimates for shrinkage, spoilage and slow-moving items depending on the age and current selling prices of the individual stock items.

#### ***Calculation of the share-scheme charge***

A share based payment charge is recognised in respect of share awards based on the directors' best estimate of the number of shares that will vest. The charge is calculated based on the fair value on the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme.

#### ***Assumptions relating to tax***

Management estimation is required to determine the amount of deferred tax assets or liabilities that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

### 3 Turnover and other revenue

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

	2016 £	2015 £
<b>Turnover</b>		
Retail store sales	26,028,295	29,301,610

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 APRIL 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	3,000	6,000
Depreciation of owned tangible fixed assets	835,892	273,486
Cost of stocks recognised as an expense	16,389,325	18,148,029
Operating lease charges	582,500	590,160

### 5 Employees

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

	2016 Number	2015 Number
Sales and administration	159	187

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,348,485	3,309,010
Social security costs	177,641	184,969
Pension costs	18,133	25,364
	3,544,259	3,519,343

No directors received remuneration through this company (2015: Nil).

### 6 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	10	19

### 7 Taxation

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	14,467	(11,505)



# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 APRIL 2016

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	2,859,832	4,934,400
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	571,966	1,036,224
Tax effect of expenses that are not deductible in determining taxable profit	-	32,676
Group relief	(631,303)	(983,019)
Permanent capital allowances in excess of depreciation	147,177	10,494
Depreciation on assets not qualifying for tax allowances	-	16,167
UK:UK transfer pricing adjustment for royalties	(87,840)	(110,255)
Deferred tax	14,467	(13,792)
Total tax expense for the year	14,467	(11,505)

### 8 Tangible fixed assets

	Long leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 27 April 2015	6,351,590	10,335,220	16,686,810
Disposals	(232)	(58)	(290)
At 24 April 2016	6,351,358	10,335,162	16,686,520
<b>Depreciation and impairment</b>			
At 27 April 2015	5,020,836	10,287,627	15,308,463
Depreciation charged in the year	788,357	47,535	835,892
At 24 April 2016	5,809,193	10,335,162	16,144,355
<b>Carrying amount</b>			
At 24 April 2016	542,165	-	542,165
At 26 April 2015	1,330,753	47,593	1,378,346

The depreciation rate for Long leasehold land and buildings was changed during the year to Straight-line over 25 years to align with the wider group's depreciation policy. The effect of this was an accelerated depreciation charge in the current financial year giving rise to an additional depreciation charge of £601,000.

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 24 APRIL 2016

### 9 Stocks

	2016 £	2015 £
Finished goods and goods for resale	1,661,796	1,696,130

### 10 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Amount due from parent undertaking	70,873,620	65,928,915
Other debtors	51,394	-
Prepayments and accrued income	178,487	158,938
	71,103,501	66,087,853
Deferred tax asset (note 13)	290,821	305,288
	71,394,322	66,393,141

Trade debtors disclosed above are measured at amortised cost.

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

	2016 £	2015 £
Trade creditors	1,821,886	47,939
Amounts due to group undertakings	310,104	310,104
Other taxation and social security	-	882,636
Other creditors	354,783	-
Accruals and deferred income	50,025	232,091
	2,536,798	1,472,770

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

	2016 £	2015 £
Other borrowings	100,000	100,000

Notes

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 APRIL 2016

### 13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Balances:</b>				
Deferred tax	-	-	290,821	305,288
<b>Movements in the year:</b>				2016 £
Liability/(Asset) at 27 April 2015				(305,288)
Charge to profit or loss				14,467
Liability/(Asset) at 24 April 2016				(290,821)

### 14 Provisions for liabilities

	2016 £	2015 £
Dilapidation provision	12,444	12,793
<b>Movements on provisions:</b>		Dilapidation provision £
At 27 April 2015		12,793
Additional provisions in the year		(988)
Reversal of provision		639
At 24 April 2016		12,444

### 15 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	18,133	25,364

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# LILLYWHITES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 24 APRIL 2016

### 16 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
448,720,000 Ordinary shares of 10p each	44,872,000	44,872,000
<b>Issued and fully paid</b>		
447,389,950 Ordinary shares of 10p each	44,738,995	44,738,995

A share-based payment charge is allocated from the group plan recognised in Sports Direct International plc, based on the directors best estimate of the number of shares that will vest. The charge is calculated based on fair value on the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme. The bonus share scheme has been accounted for as an equity settled scheme.

#### The Bonus Share Scheme

The 2011 Sports Direct International plc Bonus Share Scheme was approved by the board on 10 September 2010. the first tranche of the 2011 scheme vested in September 2015. The remaining shares under the 2011 Employee Bonus Share Scheme are due to vest in 2017. Under the Scheme certain employees are eligible for awards on a pro-rata basis depending on their length of service with the Group. Awards under the 2011 scheme are granted at either 100%, 75%, 50% or 25% of the employees' base pay.

The 2015 Sports Direct International plc Bonus Share Scheme was approved by the board on 2 July 2014. The scheme was due to vest in 2019 and 2021, subject to the achievement of EBITDA targets for the years FY16 to FY19 and service conditions (continued employment) being met.

The first-year EBITDA target of the 2015 Bonus Share Scheme has not been met, and under the Share Scheme rules, the entire Share Scheme falls away and does complete. The Board and Group Executives are currently working towards developing a new incentive structure that contains to align the interests of our employees and shareholders, and enables our employees to share in the success of the Group.

### 17 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
In over five years	582,500	582,500

### 18 Related party transactions

As permitted by FRS 102 the company has taken advantage of the disclosure exemption available under that standard in relation to related party transactions with other wholly-owned members of the group.

There were no other related party transactions.

# **LILLYWHITES LIMITED**

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

**FOR THE YEAR ENDED 24 APRIL 2016**

---

### **19 Controlling party**

The ultimate controlling party is M J W Ashley, by virtue of his 100% ownership of MASH Holdings Limited, the ultimate parent company. MASH Holdings Limited indirectly holds the majority of shares in Sports Direct International plc, who own 100% of the share capital of Sportsdirect.com Retail Limited (the immediate parent company).

Sports Direct International plc is the smallest company and MASH Holdings Limited is the largest company to consolidate these accounts. Both Sports Direct International plc and MASH Holdings Limited are companies registered in England and Wales. A copy of the respective group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

### **20 First time adoption of FRS 102**

The company transitioned to FRS 102 from UK GAAP as at 28 April 2014. The estimates at 28 April 2014 and 26 April 2015 are consistent with those made for the same dates in accordance with UK GAAP.

The transition is not considered to have a material effect on the financial statements and no adjustments were necessary to restate the financial statements previously presented under UK GAAP, including the balance sheet as at 28 April 2014 and the financial statements as at and for the period ended 26 April 2015.