Decathlon UK Limited

Annual report and financial statements for the year ended 31 December 2017

Registered number: 03140144

Decathlon UK Limited

Annual Report
for the year ended 31 December 2017

Directors and Advisors

Directors

Thibaut Peeters
Eric Diot

Company secretary

Clément Salmon

Company number

03140144

Registered office

9 Maritime Street
London
United Kingdom
SE16 7FU

Independent auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Strategic Report
for the year ended 31 December 2017

The directors present their Strategic Report for Decathlon UK Limited for the year ended 31 December 2017.

Business Review

Revenue in the year increased by 28.9% (2016: 26.8%).The company has made an overall loss for the year of £8,401,000 before taxation (2016: profit of £804,000).

The company's balance sheet position has total liabilities exceeding total assets by (£961,000) (2016: total assets exceeded liabilities by £2,319,000).

Key performance indicators

The company's key financial performance and other indicators during the year were as follows:

	2017	**2016**	**Change**
Turnover Growth	+28.9%	+26.8%	+2.20%
Turnover Progression for comparable stores	+16%	+20%	-4%
Gross Margin ratio : Gross margin / Turnover without VAT	28.8%	34.4%	-5.60%
Cost ratio : Cost / Turnover without VAT	30.2%	32.1%	-1.90%
Efficiency via Productivity: Turnover/ hour	117.1	116.9	0.2

Turnover has increased by 28.9% (2016: 26.8%) due to a price decrease strategy and opening of 7 new stores in 2017.

Turnover for comparable stores has decreased to 16% (2016: 20%). In the first semester of 2017, the TO Progression for comparable stores was at 28%, but the second semester 2017 was more difficult due to the external environment – Brexit and a difficult Retail environment.

Gross Margin ratio decreased, due to exchange rate impact.

Cost ratio decreased in order to readjust the costs according to this drop in gross margin ratio.

Productivity improved to reach 117.1 (2016: 116.9) in order to compensate also for the drop in gross margin ratio.

Strategic Report
for the year ended 31 December 2017 (continued)

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

Competition

The company operates in a highly competitive market particularly around price. Additionally, supermarkets are devoting more floor space to non-food items. To mitigate these risks, stores are encouraged to monitor competitors' developments, strategies, pricing, merchandising and ranges to ensure that the Decathlon offering compares favourably.

Employees

The company's performance is not only dependent on the product ranges offered to customers, but also on the quality of the staff both on the shop floors and also within the head office. Resignation of key individuals together with the inability to recruit people with the right combination of experience and skills could have a detrimental effect on the development of the company within the UK.

To mitigate these risks, the company advocates regular individual meetings of staff with managers as well as completion of a "My Way" file where individuals' developmental needs are discussed and agreed with their managers. Training requirements are monitored in the "My Progress" system to ensure staff are continually improving and not stagnating. Regarding recruitment, particular training in this area is offered to managers and it is ensured that the criteria for recruiting new staff are fully understood. Managers also recruit extra staff to ensure the provision of staff for future store openings.

Foreign Exchange

Foreign exchange risk arises from the movements in exchange rates having an adverse impact on The Statement of Comprehensive Income. To mitigate against the volatility of fluctuating exchange rates, the company enters into forward contracts, purchasing euros at pre-arranged rates. During 2017, contracted rates deteriorated in comparison to 2016. The average rate achieved in 2017 was €1: £0.8736 compared to £0.7213 in 2016.

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

Mr E Diot
Director

Date: 28/09/2018

Directors' Report
for the year ended 31 December 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2017.

Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the review and analysis of the business, development and financial performance, future prospects and principal risks and uncertainties.

Principal Activities and Future Outlook

Decathlon UK Limited operates a chain of stores in the UK involved in the retail and online sales of sportswear and sporting and outdoor equipment. The directors hope to continue the rapid growth achieved in 2017.

Dividends

The directors do not recommend the payment of a dividend in respect of the current financial year (2016: £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Thibaut Peeters
Jon Ruiz Del Portal (resigned 28 February 2017)
Eric Diot (appointed 10 April 2017)

Employees

The company's policy is to communicate with employees on matters likely to affect employees' interests. Information concerning the economic performance of the company is given to store managers, department managers and staff during meetings and through an internal management accounting system.

The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. So far as is practicable, employees who become disabled during the course of their employment, continue in employment with the company. It is company policy to provide all employees who are disabled persons with the same opportunities for training, career development and promotion that are available to other employees, bearing in mind any limitations relating to aptitude and ability.

Directors' Report
for the year ended 31 December 2017 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including Finance Reporting Standard 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 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.

Disclosure of Information to Auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going Concern

The company has access to considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business successfully. After enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

On behalf of the Board

Mr E Diot
Director

Date: 28/09/2018

Independent auditor's report to the members of Decathlon UK Limited

Opinion

We have audited the financial statements of Decathlon UK Limited (the 'company') for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. 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 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Independent auditor's report to the members of Decathlon UK Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements 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.

Independent auditor's report to the members of Decathlon UK Limited (continued)

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

S. Russell

Samantha Russell (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 28 September 2018

Statement of Total Comprehensive Income for the year ended 31 December 2017

	Note	2017 £'000	Restated 2016 £'000
Turnover	3	**187,391**	145,422
Cost of sales		**(133,434)**	(95,358)
Gross profit		**53,957**	50,064
Administrative expenses		**(62,222)**	(49,168)
Operating (loss) / profit	4	**(8,265)**	896
Interest receivable and other income	6	**-**	2
Interest payable and similar charges	7	**(136)**	(94)
(Loss) / profit on ordinary activities before taxation		**(8,401)**	804
Tax credit on loss on ordinary activities	8	**246**	-
(Loss) / profit for the financial year		**(8,155)**	804
Other comprehensive income/(loss) for the year net of tax		**-**	-
Total comprehensive (loss) / income for the year		**(8,155)**	804
Capital contribution (note 15)		**4,875**	-

All amounts relate to continuing activities.

Statement of Changes in Equity
for the year ended 31 December 2017

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 1 January 2016	**24,500**	**(22,985)**	**1,515**
Profit for the year	-	804	804
Other comprehensive income	-	-	-
At 31 December 2016	**24,500**	**(22,181)**	**2,319**
Loss for the year	-	(8,155)	(8,155)
Other comprehensive income	-	-	-
Capital contribution (note 15)		4,875	4,875
At 31 December 2017	**24,500**	**(25,461)**	**(961)**

Statement of Financial Position as at 31 December 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Tangible assets	9	18,157	12,664
Guarantee deposits		39	-
Current assets			
Stock	10	18,656	11,595
Debtors	11	3,488	2,033
Cash and cash equivalents		7,460	5,716
		29,603	19,344
Creditors: amounts falling due within one year	12	(48,719)	(29,523)
Net current liabilities		(19,115)	(10,179)
Total assets less current liabilities		(919)	2,485
Provisions for liabilities	13	(42)	(166)
Net (liabilities) / assets		(961)	2,319
Capital and reserves			
Called up equity share capital	14	24,500	24,500
Retained earnings		(25,461)	(22,181)
Total shareholders' funds (deficit) /equity		(961)	2,319

These financial statements were approved by the board of directors and were signed on its behalf by:

Mr E Diot
Director
Date: 28/09/2018

Notes to the Financial Statements for the year ended 31 December 2017

1 General Information

Decathlon UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 and 3. The address of the Company's registered office is set out on page 1.

The company is a wholly-owned subsidiary of Decathlon SA, a company registered in France, which is also the ultimate parent company.

The group accounts of Decathlon SA have been filed at the registry of the commercial court of Lille Metropole and are available to the public on www.infogreffe.fr or www.societe.com

2 Accounting policies

2.1 Basis of accounting

The financial statements of Decathlon UK Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The company's financial statements are presented in Sterling, which is the company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The going concern basis for accounting has been adopted and considered appropriate although net current assets have continued to decrease as significant liabilities are owed to group undertakings and guarantees have been provided over those liabilities by group parties.

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements. The company incurred losses during the year of £3,280,000 and was in a net liability position of £961,000 at the year end. The directors have prepared a cash flow projection to cover a period no less than 12 months from the date of signing the accounts and concludes that the company will be able to meet its liabilities as they fall due for the foreseeable future, and there that it is appropriate to prepare the financial statements under the going concern basis of preparation. In addition, the company has the full support of Decathlon SA (group) for short term funding (if needed) as well.

Disclosure exemptions applied

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

(i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;

(iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;

(iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e).

(v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;

(vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

(viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points i to iii, the equivalent disclosures are included in the consolidated financial statements of Decathlon SA, which the company is consolidated into.

Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2016.

	EU effective date Periods beginning on or after
IAS 12 (amendment) Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the standards and interpretations above has not had a material impact on the company's financial statements.

Amendments to FRS101

In July 2017, amendments were made to FRS 101 as a consequence of changes made to EU- adopted IFRS and to maintain consistency with company law. The company has adopted these amendments early as permitted by the standard. The amendments applied are detailed as follows:

(i) *The amendments to paragraphs 5, 7A and 8(j) of the standard arising from the* 2016/2017 cycle allows the company to take advantage of the exemption from the requirement to present an opening Statement of Financial Position at the date of transition and the requirement to disclose key management personnel compensation.

2.2. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Operating leases

The company has entered into commercial property leases as lessor on its investment property portfolio and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Onerous lease and store impairment

Loss making stores are assess annually in line with the company's impairment analysis to determine whether leases are onerous. Provisions are made when it is considered that the unavoidable costs of meeting the lease contracts for these stores will exceed the expected future economic benefits. The balance reflects the net present value of future cash flows over the life of the respective leases.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

2.3. Significant Accounting Policies

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding Value Added Tax. The origin and destination of turnover is the same and is wholly in the United Kingdom.

Tangible Fixed Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset in equal annual instalments over its expected useful life, as follows:

Leasehold improvements	-	6.67 – 20 years
Plant and machinery	-	4 – 6 years
Fixtures and fittings	-	6.67 – 20 years
Computer equipment	-	1– 3 years
Office equipment	-	4 – 8 years

Assets in the course of construction are not depreciated. On completion the assets are transferred into the relevant category and depreciated accordingly.

Stock

Stock are stated at the lower of cost and net realisable value where the costs are those incurred in bringing each product to its present location and condition.

Finished goods and goods for resale are valued at purchase cost on a first-in, first-out basis, plus associated transport costs.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

A provision for slow moving or obsolete stock is based upon the directors' view of the recoverable value of the individual items included within the stock based on ageing and usage reports.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which they are recognised for accounting purposes. Deferred taxation is recognised as a liability or asset if transactions have occurred at the Statement of Financial Position date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

A net deferred tax asset is recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the end of the financial year or at the forward contract rate where applicable. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or at the forward contract rate where applicable. All foreign exchange differences are taken to the Statement of Comprehensive Income in the year in which they arise.

Pension costs

The company makes contributions to a group personal pension plan. It is a group stakeholder plan. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

The company provides no other post-retirement benefits.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Lease incentives received on operating leases, such as rent free periods, are deferred and recognised over the period to the first open market rent review. Management considers the likelihood of exercising break clauses or extension options in determining the lease term.

Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument. The financial instruments are netted/presented separately as financial asset and liabilities.

Financial assets

The company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The company determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of any provision is recognised in the Statement of Total Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the company and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The company determines the classification of its financial liabilities at initial recognition.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

3 Turnover

The company's activities consist of the retail of sportswear and sporting and outdoor equipment entirely within the United Kingdom with turnover for the year arising from this principal activity.

Management has restated the prior year turnover and cost of sales figures to more accurately present the results of the business. Turnover of £6,100,000, which related to the provision of warehousing space, has been reclassified and presented within cost of sales with an offsetting cost of sales balance therein. This presentational restatement had no impact on gross profit.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

4 Operating Profit / (Loss)

Operating profit/(loss) is stated after charging/(crediting):	**2017 £'000**	**2016 £'000**
Depreciation of tangible owned fixed assets	**3,154**	**3,778**
Operating lease charges - other	**8,737**	**6,771**
- plant and machinery	**389**	**343**
Auditor's remuneration – audit	**36**	**36**
Auditor's remuneration – non audit services	**30**	**32**
Gain on translation of foreign exchange	**(104)**	**(1,698)**

5 Wages and Salaries

	2017 £'000	2016 £'000
Wages and salaries	**24,429**	18,723
Social security costs	**1,850**	1,343
Other pension costs (Note 16)	**407**	323
Staff Costs	**26,686**	20,389

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

	2017	2016
By activity	**Number**	Number
Selling and distribution	**1,266**	1,041
Administration	**92**	79
Total	**1,358**	1,120

	2017 £'000	2016 £'000
Directors' emoluments	**172**	166

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

6 Interest receivable and other income

	2017	2016
	£'000	£'000
Other income	-	2
Total	-	2

Other income relates to dividends received.

7 Interest payable and similar charges

	2017	2016
	£'000	£'000
Other interest and similar charges	**136**	94
Total	**136**	94

These interests are mainly coming from:

Long-term loan with Decathlon SA for its current account balance

Guarantee fees with Decathlon SA

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

8 Tax on loss on ordinary activities

	2017 £'000	2016 £'000
UK corporation tax on profits for the period at 19.25% (2016: 20%)		
Group relief receivable	(246)	-
Total current tax charge credit	(246)	-
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Tax on profit on ordinary activities	(246)	-
Provision for deferred tax		
Accelerated capital allowances	-	-
Tax losses carried forward and other deductions	-	-
Total deferred tax (asset)/liability	-	-
	-	-
Movement in provision:		
Provision at start of period	-	-
Deferred tax charged in the Income Statement for the period	-	-
Provision at end of period	-	-
Deferred tax asset not recognised	(3,628)	(2,298)

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

	2017 £'000	2016 £'000
Reconciliation of tax charge		
Loss on ordinary activities before tax	**(3,526)**	804
Tax on loss on ordinary activities at standard corporation tax rate of 19.25% (2016: 20%)	**(679)**	161
Expenses not deductible	**2**	5
Ineligible depreciation	**184**	364
Group relief surrender less group relief receipt (tax account)	**16**	-
Ineligible loss on disposal	**-**	14
Non-taxable income	**(51)**	-
Deferred tax not recognised	**255**	(569)
Rate difference	**27**	(33)
Tax credit for the period	**(246)**	-

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

9 Tangible assets

	Leasehold Improvements	Plant and machinery	Fixtures, fittings, computer and office equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2017	17,812	1,947	8,688	250	28,698
Additions	5,297	397	2,026	1,067	8,787
Disposals	(210)	(107)	(501)	-	(818)
At 31 December 2017	**22,899**	**2,237**	**10,213**	**1,318**	**36,667**
Accumulated depreciation					
At 1 January 2017	9,084	1,272	5,677	-	16,033
Charge for the year	1,789	243	1,122	-	3,154
Disposals	(140)	(93)	(444)	-	(677)
At 31 December 2017	**10,727**	**1,422**	**6,355**	**-**	**18,510**
Carrying Amount					
At 31 December 2017	**12,172**	**815**	**3,858**	**1,318**	**18,157**
At 31 December 2016	8,728	675	3,011	250	12,664

Disposals were from the normal operations of the company. There was no gain or loss recognised on disposals as the company did not sell any of the disposed assets.

10 Stock

	2017	2016
	£'000	£'000
Finished goods and goods for resale	**18,656**	11,595

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

11 Debtors

	2017 £'000	2016 £'000
Trade debtors	**120**	67
Amounts owed by group undertakings	**1,104**	1,263
Other debtors	**310**	119
Prepayments and accrued income	**1,954**	584
	3,488	2,033

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

12 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	**2,629**	2,541
Amounts owed to group undertakings	**38,815**	21,399
Taxation and social security	**534**	5
Accruals and deferred income	**6,741**	5,578
	48,719	29,523

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.
The Directors consider the carrying amount of trade creditors approximates to their fair value.

13 Provisions for liabilities

	£'000
At 1 January 2017	**166**
Provisions made during the year	**-**
Utilised during the year	**(124)**
At 31 December 2017	**42**

Provisions utilised during the year relate to VAT assessments completed. The remaining provision relates to on-going assessments yet to be concluded.

14 Called up share capital

	2017	2016
	£'000	£'000
Authorised		
27,600,000 (2016: 27,600,000) ordinary shares of £1 each	**27,600**	27,600
Allotted and fully paid		
24,500,000 (2016: 24,500,000) ordinary shares of £1 each	**24,500**	24,500

15 Capital contribution and distribution

During the year, intercompany balances owed to group were written off. This is recorded as a capital contribution through equity.

16 Financial commitments

Operating leases

At 31 December 2017, the company had commitments under non-cancellable operating leases as set out below:

	2017	2016
	Land and buildings	Land and buildings
	£'000	£'000
Operating leases commitments due:		
Within one year	**7,850**	5,133
Within two to five years	**24,975**	15,761
After five years	**18,008**	10,077
	50,833	30,971

Management considers the likelihood of exercising break clauses or extension options in determining the lease term.

Notes to the Financial Statements for the year ended 31 December 2017 (continued)

Forward contracts

At 31 December 2017, there was one forward contract with decathlon SA, the amount outstanding on which totalled €47 million. This was secured at a rate of €1 to £0.8891 (2016: €80 million secured at rates of €1 to £0.8447).

17 Pension costs

The company makes contributions to a group personal pension plan.

The total contributions paid for the year amounted to £407,000 (2016: £323,000).There were no outstanding or prepaid contributions at 31 December 2017 (2016: £nil).

18 Off-balance sheet arrangements

The company enters into operating lease arrangements for the hire of buildings as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The annual commitments under these arrangements are disclosed in Note 15. There are no other material off-balance sheet arrangements.

19 Ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Decathlon SA, which is incorporated in France and is the smallest and largest group to consolidate these financial statements. A copy of the ultimate parent's financial statements can be obtained by writing to:
9 Maritime Street, London SE16 7FU, United Kingdom