

Registered number: 07139044

# **SUPERGROUP INTERNET LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 APRIL 2016**

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**SUPERGROUP INTERNET LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Nick Wharton  
Euan Sutherland

**REGISTERED NUMBER**

07139044

**REGISTERED OFFICE**

Unit 60  
The Runnings  
Cheltenham  
Gloucestershire  
GL51 9NW

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

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**SUPERGROUP INTERNET LIMITED**

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## **SUPERGROUP INTERNET LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2016**

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The directors present their report and the audited financial statements for the period ended 30 April 2016.

#### **FUTURE DEVELOPMENTS**

The external commercial environment is expected to remain competitive in 2016/17 as the retail market remains challenging. However, the directors remain confident that the company will maintain the current level of performance in the future and we see the potential for a year of future growth.

#### **RESULTS AND DIVIDENDS**

The profit for the financial period amounted to £356,000 (2015: loss £6,118,000).

The directors have recommended and paid a dividend of £38,000,000 (2015: £nil).

#### **FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks including: foreign currency risk, credit risk and liquidity risk. From the perspective of the company, the financial risk management is managed at a group level within SuperGroup Plc and not managed separately. Accordingly, the financial risk management policies of SuperGroup Plc, which includes those financial risks of the company, are disclosed on pages 138 to 142 of the group's Annual Report.

#### **DIRECTORS**

The directors of the company who were in office during the period up to the date of the signing of the financial statements were:

Nick Wharton (appointed 2 November 2015)  
Euan Sutherland

#### **DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and is currently in force. The company also purchased and maintained throughout the period, directors' and officers' liability insurance in respect of itself and its directors.

#### **EMPLOYEES**

The company operates within the employee practices of SuperGroup Plc, which are managed at a group level and not managed separately. Accordingly, the employee practices of SuperGroup Plc, which includes those of the company, are disclosed on pages 30 to 31 of the group's Annual Report which does not form part of this report.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, Directors' Report and the company financial statements (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 Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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## **SUPERGROUP INTERNET LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2016**

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Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

#### **GOING CONCERN**

The directors have received written representation from SuperGroup Plc, the ultimate parent company and controlling party of SuperGroup Internet Limited, that it will provide financial support to SuperGroup Internet Limited as necessary to enable SuperGroup Internet Limited to meet its liabilities as they fall due. This support is effective for twelve months from the date of signing the financial statements for the company for the period ended 30 April 2016.

#### **PROVISION OF INFORMATION TO AUDITORS**

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

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

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 27 January 2017 and signed on its behalf.



**Nick Wharton**  
Director

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## SUPERGROUP INTERNET LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 30 APRIL 2016

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#### INTRODUCTION

The directors present their strategic report for SuperGroup Internet Limited for the period ended 30 April 2016.

#### BUSINESS REVIEW

The results for the company show a profit on ordinary activities before taxation of £1,207,000 (2015: loss of £6,935,000) for the year. Turnover for the year was £99,371,000 (2015: £60,566,000) which was driven by the continued popularity of the Superdry brand and product offering.

The company has no net debt and cash reserves of £56,980,000 (2015: £39,677,000). The company has net assets of £30,182,000 (2015: £67,826,000).

#### PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of SuperGroup Plc, which include those of the company, are disclosed on pages 44 to 48 of the group's Annual Report which does not form part of this report.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The directors of SuperGroup Plc manage the group's operations on a segmental basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of SuperGroup Internet Limited. The development, performance and position of the retail segment of SuperGroup Plc, which includes the company, is discussed on page 38 of the group's Annual Report which does not form part of this report.

This report was approved by the board on 27 January 2017 and signed on its behalf.



**Nick Wharton**  
Director

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## **SUPERGROUP INTERNET LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERGROUP INTERNET LIMITED**

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#### **REPORT ON THE FINANCIAL STATEMENTS**

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##### **Our opinion**

In our opinion, SuperGroup Internet Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit for the 53 week period (the "period") 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.
- 

##### **What we have audited**

The financial statements, included within the Annual Report and Financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 30 April 2016;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT**

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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.

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#### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

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##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **SUPERGROUP INTERNET LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERGROUP INTERNET LIMITED (CONTINUED)**

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#### **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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##### **What an audit of financial statements involves**

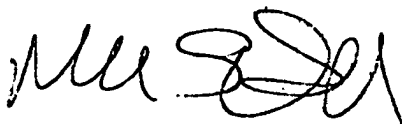
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Mark Skedgel (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

**30 January 2017**



**SUPERGROUP INTERNET LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 APRIL 2016**

	Note	Period ended 30 April 2016 £000	Period ended 25 April 2015 £000
<b>TURNOVER</b>	5	<b>99,371</b>	60,566
Cost of sales		<b>(59,265)</b>	(36,406)
<b>GROSS PROFIT</b>		<b>40,106</b>	24,160
Administrative expenses		<b>(38,938)</b>	(30,785)
<b>OPERATING PROFIT/(LOSS)</b>	6	<b>1,168</b>	(6,625)
Interest receivable and similar income	8	<b>39</b>	-
Interest payable and similar charges	8	<b>-</b>	(310)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,207</b>	(6,935)
Tax on profit/(loss) on ordinary activities	9	<b>(851)</b>	817
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>356</b>	(6,118)

The notes on pages 9 to 22 form part of these financial statements.

All of the activities of the company are classified as continuing.

**SUPERGROUP INTERNET LIMITED**  
**REGISTERED NUMBER: 07139044**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2016**

	Note	£000	30 April 2016 £000	£000	25 April 2015 £000
<b>FIXED ASSETS</b>					
Intangible assets	10		<b>41,250</b>		43,731
Tangible assets	11		<b>233</b>		437
Investments	16		<u>-</u>		<u>-</u>
			<b>41,483</b>		44,168
<b>CURRENT ASSETS</b>					
Inventories	12	<b>4,139</b>		1,357	
Debtors	13	<b>2,235</b>		27,747	
Cash at bank and in hand		<u><b>56,980</b></u>		<u>39,677</u>	
		<b>63,354</b>		68,781	
<b>CREDITORS:</b> amounts falling due within one year	14	<u><b>(74,655)</b></u>		<u>(45,123)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u><b>(11,301)</b></u>		<u>23,658</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>30,182</b></u>		<u>67,826</u>
<b>NET ASSETS</b>			<u><b>30,182</b></u>		<u>67,826</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		-		-
Retained Earnings			<u><b>30,182</b></u>		<u>67,826</u>
<b>TOTAL EQUITY</b>			<u><b>30,182</b></u>		<u>67,826</u>

The financial statements on pages 6 to 22 were approved by the Board of Directors on 27 January 2017 and signed on its behalf by:



**Nick Wharton**  
Director

The notes on pages 9 to 22 form part of these financial statements.

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**SUPERGROUP INTERNET LIMITED**  
**REGISTERED NUMBER: 07139044**

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 APRIL 2016**

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	<b>Called up share capital £000</b>	<b>Retained earnings £000</b>	<b>Total £000</b>
<b>At 27 April 2014</b>	-	73,944	73,944
Loss for the period	-	(6,118)	(6,118)
<b>At 25 April 2015</b>	-	67,826	67,826
Dividends paid	-	(38,000)	(38,000)
Profit for the period	-	356	356
<b>At 30 April 2016</b>	-	30,182	30,182

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## **SUPERGROUP INTERNET LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016**

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#### **1. GENERAL INFORMATION**

SuperGroup Internet Limited (the "company") retails Superdry clothing, footwear and accessories via the internet. It operates as part of the retail segment of its parent entity, SuperGroup Plc.

SuperGroup Internet Limited is a private company limited by shares and is incorporated and domiciled in England. The registered office is Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW.

#### **2. STATEMENT OF COMPLIANCE**

The individual financial statements of SuperGroup Internet Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006. This is the first year in which these financial statements have been prepared under FRS 102, and a reconciliation setting out its impact at the transition date of 27 April 2014 is set out on page 21.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 21.

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared on the going concern basis. The historical cost basis has been adopted in preparing these financial statements as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The current period is for the 53 weeks ended 30 April 2016 ('2016'), whilst the prior period is for the 52 weeks ended 25 April 2015 ('2015').

##### **3.2 Exemptions for qualifying entities under FRS 102**

The company has adopted the following exemptions, which are allowed by FRS 102 (paragraph 1.12), to qualifying entities:-

- the requirement to present a Statement of Cash Flows (section 7 of FRS 102 and paragraph 3.17. (d)) as the company is a qualifying entity, and its ultimate parent company SuperGroup Plc, includes the company's cash flows in its own consolidated financial statements;
- a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 paragraph 4.12(a) (iv);

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## SUPERGROUP INTERNET LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016

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- the requirement for financial instruments disclosures including (i) categories of financial assets, financial liabilities and (ii) disclosure of items of income, expense, gains or losses relating to financial instruments for the financial period;
- the requirement to disclose key management personnel compensation in total (FRS 102 paragraph 33.7); and
- the requirement to disclose related party transactions with other wholly owned subsidiaries of SuperGroup Plc (section 33.7 of FRS 102).

#### 3.3 Going Concern

The directors have received written representation from SuperGroup Plc, the ultimate parent company and controlling party of SuperGroup Internet Limited, that it will provide financial support to SuperGroup Internet Limited as necessary to enable SuperGroup Internet Limited to meet its liabilities as they fall due. This support is effective for twelve months from the date of signing the financial statements for the company for the period ended 30 April 2016.

#### 3.4 Revenue Recognition

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Revenue from the provision of the sale of goods is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of despatch. Transactions are settled by credit or payment card. Provisions are made for credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

#### 3.5 Intangible fixed assets and amortisation

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is identifiable and is controlled by the entity through custody of legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Statement of Comprehensive Income. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

Website and software	- 5 years straight line
Goodwill	- 20 years

The company has taken the exemption from re-measuring goodwill existing prior to the transition to FRS 102 at a finite life of 10 years. Goodwill existing prior to the transition to FRS 102 will continue to be amortised over a life of 20 years (FRS 102 paragraph 35.10).

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets acquired at the date of acquisition.

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## SUPERGROUP INTERNET LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016

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#### 3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition but excludes interest.

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Furniture, fixtures and fittings	-	5-7 years on a straight line basis
Computer equipment	-	3-5 years on a straight line basis
Leasehold property	-	5-7 years on a straight line basis

#### 3.7 Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Cost comprises costs associated with the purchase and bringing of inventories to their current location and condition and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs and shrinkage.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Statement of Comprehensive Income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

#### 3.8 Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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## SUPERGROUP INTERNET LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016

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#### 3.9 Foreign currencies

The company's functional and presentational currency is the pound sterling and amounts are rounded to thousands.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

#### 3.10 Derivative financial instruments

##### *Financial Assets:*

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between carrying amount and present value of estimated cash flows discounted at the asset's original effective interest rate, this loss is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of ownership of the asset are transferred to another party.

##### *Financial Liabilities;*

Basic financial liabilities, including trade and other creditors and loans from fellow Group companies 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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## **SUPERGROUP INTERNET LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016**

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#### **3.11 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Changes in the value of the provisions are recognised as an administrative expense.

#### **3.12 Exceptional items**

Items that are material in size, unusual or infrequent in nature, are disclosed separately as exceptional items in the Statement of Comprehensive Income. The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Statement of Comprehensive Income, helps to provide an indication of the company's underlying business performance.

#### **3.13 Cash and cash equivalents**

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

#### **3.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **3.15 Distributions to equity holders**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. A distribution of £38,000,000 was declared and paid in the period.

#### **3.16 Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions in the company financial statements.



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## SUPERGROUP INTERNET LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016

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#### 3.17 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Defined contribution pension plans*

The company operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 3.18 Consolidation

The financial statements contain information about SuperGroup Internet Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its Subsidiary undertaking are included by full consolidation in the consolidated financial statements of its Parent, SuperGroup Plc.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS

The preparation of financial statements in conformity with FRS 102 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.

##### 4.1 Provisions

The company has recognised provisions for impairment of inventories and credit notes in its financial statements which require some management judgement.

The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience.

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**SUPERGROUP INTERNET LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 APRIL 2016**

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**5. TURNOVER**

The whole of the turnover is attributable to the retail of clothing, footwear and accessories.

All turnover arose within the United Kingdom. By destination, 53% (2015: 45%) of the turnover is attributable to geographical markets outside of the United Kingdom. No further analysis is disclosed due to the sensitivity of this information.

**6. OPERATING PROFIT/(LOSS)**

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

	<b>2016</b>	2015
	<b>£000</b>	£000
Wages and salaries	<b>2,234</b>	1,889
Social security costs	<b>218</b>	194
Other pension costs	<b>82</b>	62
	<u><b>2,534</b></u>	<u>2,145</u>

	<b>2016</b>	2015
	<b>£000</b>	£000
Difference on foreign exchange	<b>1,654</b>	235
Amortisation of intangible fixed assets	<b>3,062</b>	2,937
Loss on disposal of tangible fixed assets	<b>78</b>	-
Inventory recognised as an expense	<b>54,015</b>	34,010
Impairment / (reversal) of inventory (included in 'cost of sales')	<b>883</b>	(485)
Depreciation of tangible fixed assets:		
- owned by the company	<u><b>177</b></u>	<u>199</u>

Auditors' remuneration of £25,600 (2015: £24,380) for SuperGroup Internet Limited has been borne by SuperGroup Plc, a related party, and is not recharged to this entity.

**7. EMPLOYEES AND DIRECTORS**

The average monthly number of employees, including the directors, during the period was as follows:

	<b>2016</b>	2015
	<b>No.</b>	No.
Administration	<u><b>62</b></u>	<u>63</u>

The emoluments of the directors are paid by the parent company which makes no recharge to the company. They are all directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the directors. Their total emoluments are included in the aggregate of directors' emoluments in the financial statements of the parent company.

**SUPERGROUP INTERNET LIMITED**

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**8. NET INTEREST (INCOME) / EXPENSE**

	<b>2016</b>	2015
	<b>£000</b>	£000
<u>Interest receivable and similar income</u>		
Other interest (receivable)	(39)	-
<u>Interest payable and similar charges</u>		
Interest on taxation	-	310
<b>Net interest (income)/ expense</b>	<b>(39)</b>	<b>310</b>

**9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>(i) Analysis of tax charge/(credit) in the period</b>		
<b>Current tax</b>		
UK corporation tax charge/(credit) on profit/(loss) for the period	842	(817)
Adjustments in respect of prior periods	9	-
<b>Total current tax</b>	<b>851</b>	<b>(817)</b>
Deferred tax	-	-
<b>Tax on profit/(loss) on ordinary activities</b>	<b>851</b>	<b>(817)</b>

**(ii) Reconciliation of tax charge/(credit)**

The tax assessed for the period is higher (2015 - higher) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%). The differences are explained below:

	<b>2016</b>	2015
	<b>£000</b>	£000
Profit/(loss) on ordinary activities before taxation	<u>1,207</u>	<u>(6,935)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	242	(1,451)
Effects of:		
Unrecognised deferred tax	(13)	9
Expenses not deductible for tax purposes	613	625
Adjustments in respect of prior periods	<u>9</u>	<u>-</u>
<b>Tax charge/(credit) for the period</b>	<b>851</b>	<b>(817)</b>

The standard rate of UK corporation tax has remained unchanged during the period at 20%, therefore the effective tax rate applied is 20.00% (2015: 20.92%).

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**SUPERGROUP INTERNET LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 APRIL 2016**

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**9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**

The July 2015 Budget Statement announced changes to the UK corporation tax rate which will reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The 2016 Budget Statement on 16 March 2016 announced a further reduction of the corporation tax rate to 17% from 1 April 2020.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

**10. INTANGIBLE FIXED ASSETS**

	<b>Website and software £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 26 April 2015	552	58,740	59,292
Additions	581	-	581
At 30 April 2016	<u>1,133</u>	<u>58,740</u>	<u>59,873</u>
<b>Accumulated amortisation and impairment</b>			
At 26 April 2015	425	15,136	15,561
Charge for the period	127	2,935	3,062
At 30 April 2016	<u>552</u>	<u>18,071</u>	<u>18,623</u>
<b>Net book value</b>			
At 30 April 2016	<u>581</u>	<u>40,669</u>	<u>41,250</u>
At 25 April 2015	<u>127</u>	<u>43,604</u>	<u>43,731</u>

**SUPERGROUP INTERNET LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. TANGIBLE FIXED ASSETS**

	Leasehold property £000	Furniture, fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 26 April 2015	89	140	541	770
Additions	5	25	21	51
Disposals	-	-	(78)	(78)
At 30 April 2016	<u>94</u>	<u>165</u>	<u>484</u>	<u>743</u>
<b>Accumulated depreciation</b>				
At 26 April 2015	26	87	220	333
Charge for the period	13	25	139	177
Disposals	-	-	-	-
At 30 April 2016	<u>39</u>	<u>112</u>	<u>359</u>	<u>510</u>
<b>Net book value</b>				
At 30 April 2016	<u>55</u>	<u>53</u>	<u>129</u>	<u>233</u>
At 26 April 2015	<u>63</u>	<u>53</u>	<u>321</u>	<u>437</u>

**12. INVENTORIES**

	2016 £000	2015 £000
Finished goods and goods for resale	<u>4,139</u>	<u>1,357</u>

There is no significant difference between the replacement cost of finished goods available for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £606,188 (2015: £231,439).

**13. DEBTORS**

	2016 £000	2015 £000
Trade debtors	1,801	1,640
Amounts owed by group undertakings	-	25,096
Other debtors	-	819
Prepayments and accrued income	434	192
	<u>2,235</u>	<u>27,747</u>

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**SUPERGROUP INTERNET LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 APRIL 2016**

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**13. DEBTORS (continued)**

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. No amounts accrue interest.

Prepayments and accrued income include £7,404 (2015: £19,597) of prepaid rent and rates.

**14. CREDITORS:**

**Amounts falling due within one year**

	<b>2016</b>	2015
	<b>£000</b>	£000
Trade creditors	<b>1,904</b>	1,455
Amounts owed to group undertakings	<b>68,876</b>	40,279
Corporation tax	<b>843</b>	-
Other taxation and social security	<b>1,492</b>	1,262
Other creditors	<b>7</b>	7
Accruals and deferred income	<b>1,533</b>	2,120
	<b><u>74,655</u></b>	<u>45,123</u>

The company is party to an unlimited cross-guarantee with the other Group entities.

Amounts owed to Group undertakings are unsecured and repayable on demand. No amounts accrue interest.

**15. FINANCIAL ASSETS AND LIABILITIES**

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Financial assets held at amortised cost</b>		
Trade debtors	<b>1,801</b>	1,640
Amounts owed by group undertakings	<b>-</b>	25,096
At end of period	<b><u>1,801</u></b>	<u>26,736</u>

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Financial liabilities held at amortised cost</b>		
Trade creditors	<b>1,904</b>	1,455
Amounts owed to group undertakings	<b>68,876</b>	40,297
Other creditors	<b>7</b>	7
Accrued expenses	<b>1,533</b>	2,120
At end of period	<b><u>72,320</u></b>	<u>43,879</u>

The company uses financial instruments comprising cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is

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## SUPERGROUP INTERNET LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2016

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to finance the company's operations.

#### 16. INVESTMENTS

Fixed asset investments totalling £51 represent the company's interest in the share capital of SuperGroup Internet North America Limited. The company was incorporated on 24 August 2011 and has been dormant during the period. SuperGroup Internet North America Limited was dissolved on 23 August 2016. The carrying value of the investment was recovered upon dissolution of the company.

#### 17. CALLED UP SHARE CAPITAL

	2016 £000	2015 £000
<b>Issued and fully paid</b>		
2 (2015: 2) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

#### 18. DIVIDENDS PAID AND PROPOSED

	2016 £000	2015 £000
<b>Recommended and paid during the year</b>		
£19,000,000 per £1 share	<u>38,000</u>	<u>-</u>

#### 19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 30 April 2016, the immediate and ultimate parent undertaking and controlling party was SuperGroup Plc, a public limited company registered in the United Kingdom. This is the smallest and largest company to consolidate the company's financial statements. A copy of the latest financial statements can be obtained from Unit 60, The Runnings, Cheltenham, GL51 9NW. Consolidated group financial statements are prepared by SuperGroup Plc.

#### 20. RELATED PARTY TRANSACTIONS

The only related party transactions during the period were with wholly owned group subsidiaries, therefore they have not been disclosed.

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**SUPERGROUP INTERNET LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 APRIL 2016**

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**21. TRANSITION TO FRS 102**

The company has adopted FRS 102 for the period ended 30 April 2016 and has restated the comparative prior year amounts.

- i. Website and Software assets classified as Tangible Fixed Assets under UK GAAP will now be restated as Intangible Fixed Assets in accordance with FRS 102. The expected economic useful life for this class of assets has not changed and therefore there are no transition adjustments to the prior period Statement of Comprehensive Income or other comprehensive income.

**Effects of transition**

**Statement of Financial Position at 27 April 2014**

		<b>As originally reported £000</b>	<b>Reclassification £000</b>	<b>As restated £000</b>
<i>Non-current assets</i>				
Intangible assets	(i)	46,541	160	46,701
Tangible assets	(i)	464	(160)	304
		<u>47,005</u>	<u>-</u>	<u>47,005</u>
<i>Current assets</i>				
Inventories		1,395	-	1,395
Debtors		780	-	780
Cash at bank and in hand		<u>35,164</u>	<u>-</u>	<u>35,164</u>
		37,339	-	37,339
Creditors: amounts due within one year		(10,400)	-	(10,400)
<b>Net current assets</b>		<u>26,939</u>	<u>-</u>	<u>26,939</u>
<b>Net assets</b>		<u>73,944</u>	<u>-</u>	<u>73,944</u>
<i>Capital and reserves</i>				
Called up share capital		-	-	-
Retained earnings		<u>73,944</u>	<u>-</u>	<u>73,944</u>
<b>Total equity</b>		<u>73,944</u>	<u>-</u>	<u>73,944</u>



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**SUPERGROUP INTERNET LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 APRIL 2016**

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**21. TRANSITION TO FRS 102 (continued)**

**Statement of Financial Position at 25 April 2015**

		<b>As originally reported £000</b>	<b>Reclassification £000</b>	<b>As restated £000</b>
<i>Non-current assets</i>				
Intangible assets	(i)	43,604	127	43,731
Tangible assets	(i)	<u>564</u>	<u>(127)</u>	<u>437</u>
		<u>44,168</u>	<u>-</u>	<u>44,168</u>
<i>Current assets</i>				
Inventories		1,357	-	1,357
Debtors		27,747	-	27,747
Cash at bank and in hand		<u>39,677</u>	<u>-</u>	<u>39,677</u>
		68,781	-	68,781
Creditors: amounts due within one year		<u>(45,123)</u>	<u>-</u>	<u>(45,123)</u>
<b>Net current assets</b>		<u>23,658</u>	<u>-</u>	<u>23,658</u>
<b>Net assets</b>		<u>67,826</u>	<u>-</u>	<u>67,826</u>
<i>Capital and reserves</i>				
Called up share capital		-	-	-
Retained earnings		<u>67,826</u>	<u>-</u>	<u>67,826</u>
<b>Total equity</b>		<u>67,826</u>	<u>-</u>	<u>67,826</u>