

Registered number: 07258332

SONDICO PROFESSIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016



SONDICO PROFESSIONAL LIMITED

COMPANY INFORMATION

Directors	A Ingham S H Guinchard R I L Stockton (appointed 23 January 2017) S M Nevitt (resigned 14 October 2016) D M Forsey (resigned 14 October 2016) A A Adegoke (appointed 23 January 2017)
Registered number	07258332
Registered office	Unit A Brook Park East Shirebrook Nottinghamshire NG20 8RY
Independent auditors	PKF Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

SONDICO PROFESSIONAL LIMITED

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SONDICO PROFESSIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2016

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

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 '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 for the company's financial statements 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;
- 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.

Principal activity

The principal activity of the company in the period under review was that of selling football kits and accessories.

Directors

The directors who served during the year were as shown on the company information page.

R I L Stockton (appointed 23 January 2017)

A A Adegoke (appointed 23 January 2017)

Disclosure of information to auditors

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

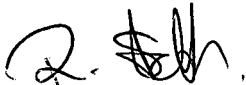
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

SONDICO PROFESSIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



R I L Stockton
Director

Date: 30 JANUARY 2017

SONDICO PROFESSIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SONDICO PROFESSIONAL LIMITED

We have audited the financial statements of Sondico Professional Limited for the year ended 30 April 2016, set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement on page 1, 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

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. In addition, we read all the financial and non-financial information in the Directors' 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.

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 30 April 2016 and of its profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

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

SONDICO PROFESSIONAL LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SONDICO PROFESSIONAL LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

PKF Cooper Parry Group Limited

Alison Fovargue (Senior Statutory Auditor)

for and on behalf of

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: *30 January 2017.*

SONDICO PROFESSIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2016**

	Note	2016 £	2015 £
Turnover	3	2,256,740	2,922,988
Cost of sales		(2,086,089)	(2,461,877)
Gross profit		<u>170,651</u>	<u>461,111</u>
Administrative expenses		(531,971)	(1,189,852)
Operating loss	4	(361,320)	(728,741)
Interest payable and expenses	7	(111,458)	(34,291)
Loss before tax		(472,778)	(763,032)
Tax on loss	8	-	-
Loss for the year		<u>(472,778)</u>	<u>(763,032)</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

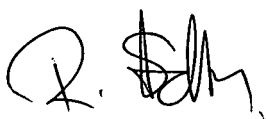
The notes on pages 8 to 17 form part of these financial statements.

SONDICO PROFESSIONAL LIMITED
REGISTERED NUMBER: 07258332

BALANCE SHEET
AS AT 30 APRIL 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	6,256	9,190
Current assets			
Stocks	10	623,602	904,906
Debtors: amounts falling due within one year	11	808,659	790,962
Cash at bank and in hand		203,733	323,872
		<u>1,635,994</u>	<u>2,019,740</u>
Creditors: amounts falling due within one year	12	<u>(1,060,101)</u>	<u>(974,003)</u>
Net current assets		575,893	1,045,737
Total assets less current liabilities		582,149	1,054,927
Creditors: amounts falling due after more than one year	13	(2,120,000)	(2,120,000)
Net liabilities		<u><u>(1,537,851)</u></u>	<u><u>(1,065,073)</u></u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Share premium account	15	37,500	37,500
Profit and loss account	15	(1,576,351)	(1,103,573)
		<u><u>(1,537,851)</u></u>	<u><u>(1,065,073)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R I L Stockton
Director

Date: 30 JANUARY 2017

SONDICO PROFESSIONAL LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2015	1,000	37,500	(1,103,573)	(1,065,073)
Loss for the year	-	-	(472,778)	(472,778)
At 30 April 2016	1,000	37,500	(1,576,351)	(1,537,851)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2014	1,000	37,500	(340,541)	(302,041)
Loss for the year	-	-	(763,032)	(763,032)
At 30 April 2015	1,000	37,500	(1,103,573)	(1,065,073)

SONDICO PROFESSIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Sondico Professional Limited (the company) is a limited liability company incorporated in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 30 April 2016 (2015: year ended 30 April 2015).

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 May 2014. The transition is not considered to have a material effect on the financial statements. The estimates at 1 May 2014 and at 30 April 2015 are consistent with those made for the same dates. An explanation of how transition to FRS 102 has affected the reported financial position given in note 19.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

At the year end had a deficit on shareholders' funds of £1,537,851. The deficit is funded by loans from other group companies which will not be called for repayment unless the cash flow permits for a minimum period of 12 months. The directors have reviewed future forecasts, and with parent company support, consider that it is appropriate for the accounts to be prepared on a going concern basis.

1.3 Disclosure exemptions

Under FRS 102 Section 1.12, the company is exempt from the requirements to prepare a statement of cash flows on the grounds that the parent company of the group, Sports Direct International plc, includes the company's cash flows in its own published consolidated financial statements.

The entity is a 'qualifying entity' and has also taken advantage of the exemption from disclosing key management personnel (other than directors emoluments), transactions with group undertakings and information relating to financial instruments.

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 18.

1.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised when goods are dispatched.

SONDICO PROFESSIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell after making due allowance for obsolete and slow-moving stocks.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Foreign currency transactions are translated using the spot exchange rates at the dates of the transactions. All differences are taken to the profit and loss account.

1.9 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

SONDICO PROFESSIONAL LIMITED

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

1. Accounting policies (continued)

1.10 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

SONDICO PROFESSIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. Judgements in applying accounting policies 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Provisions for obsolete, slow moving or defective stock

The directors review the market value of and demand for its stock on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Depreciation and residual values

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

SONDICO PROFESSIONAL LIMITED

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

Judgements in applying accounting policies (continued)

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. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016	2015
	£	£
Sale of goods	2,256,740	2,922,988

All turnover arose within the United Kingdom.

4. Operating loss

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

	2016	2015
	£	£
Depreciation of tangible fixed assets	5,453	4,950
Exchange differences	(5,121)	9,529
Auditors remuneration	4,500	4,500
Operating lease rentals	48,811	37,857
Refunds and compensation payment	(328,401)	-

During the period the company received refunds and compensation of £328,401 in respect of faulty stock purchased in the current and prior year.

SONDICO PROFESSIONAL LIMITED

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

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	507,470	433,857
Social security costs	52,593	45,945
	<u>560,063</u>	<u>479,802</u>

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

	2016 No.	2015 No.
Administration	6	9
Retailing	3	1
Warehousing	4	2
	<u>13</u>	<u>12</u>

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	<u>195,025</u>	<u>167,151</u>

7. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	<u>111,458</u>	<u>34,291</u>

8. Taxation

	2016 £	2015 £
Total current tax	<u>-</u>	<u>-</u>

SONDICO PROFESSIONAL LIMITED

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

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(472,778)	(763,032)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(94,556)	(152,606)
Effects of:		
Unrelieved tax losses carried forward	94,556	152,606
Total tax charge for the year	-	-

Factors that may affect future tax charges

The company has taxable losses of approximately £1,579,387 (2015: £1,106,609) to offset against future profits.

9. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 May 2015	24,748
Additions	2,519
At 30 April 2016	27,267
Depreciation	
At 1 May 2015	15,558
Charge for the year	5,453
At 30 April 2016	21,011
Net book value	
At 30 April 2016	6,256
At 30 April 2015	9,190

SONDICO PROFESSIONAL LIMITED

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

10. Stocks

	2016 £	2015 £
Finished goods and goods for resale	623,602	904,906

Stock recognised in cost of sales during the year as an expense was £1,709,728 (2015: £1,923,263).

An impairment loss of £170,921 (2015: £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

11. Debtors

	2016 £	2015 £
Trade debtors	82,869	126,694
Amounts owed by group undertakings	512,740	338,752
Other debtors	-	90,305
Prepayments and accrued income	213,050	235,211
	<u>808,659</u>	<u>790,962</u>

An impairment loss of £3,545 (2015: £1,641) against trade debtors was recognised in administrative expenses during the year.

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	119,781	266,489
Amounts owed to group undertakings	424,334	193,575
Other taxation and social security	63,495	-
Other creditors	368,741	402,648
Accruals and deferred income	83,750	111,291
	<u>1,060,101</u>	<u>974,003</u>

13. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	<u>2,120,000</u>	<u>2,120,000</u>

SONDICO PROFESSIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

14. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

15. Reserves

Share premium

The share premium account includes any premiums received on issue of share capital.

Profit and loss account

The profit and loss reserve represents accumulated comprehensive income for the current period and prior periods.

16. Commitments under operating leases

At 30 April 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	-	22,896
Total	-	22,896

17. Related party transactions

During the year Sondico Professional Limited had amounts owing of £368,491 (2015: £368,491) to other related parties, a company in which S H Guinchard and A Ingham are shareholders and is included within other creditors due in more than one year. Interest of £Nil (2015: £9,508) was charged during the period. The company purchased goods during the year of £35,729 (2015: £50,682). At the year end, an amount of £4,751 (2015: £5,302) was due to that company, and is included within trade creditors.

During the year, Sondico Professional Limited made purchases of £825,867 (2015: £354,733) and paid rent of £31,280 (2015: £31,280) to a related party entity, in which A Ingham has an interest. The balance outstanding at 30 April 2016 and included within creditors is £82,746 (2015: £17,456). There were also sales of £24,332 (2015: £2,677) to the company during the year, and a year end balance of £25,335 (2015: £774) included within trade debtors.

SONDICO PROFESSIONAL LIMITED

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

18. Ultimate parent undertaking and 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 owns 100% of the share capital of Sportsdirect.com Retail Limited, the immediate parent company.

Sports Direct International plc is the smallest group and MASH Holdings Limited is the largest group for which consolidated accounts are prepared.

Both MASH Holdings Limited and Sports Direct International plc are companies registered in England and Wales.

A copy of the group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

19. First time adoption of FRS 102

The company has prepared financial statements which comply with FRS 102. This note explains the principal adjustments made by the company in restating its UK GAAP financial statements, including the balance sheet at 1 May 2014 and 30 April 2015.

The impact of transition to FRS 102 is as follows:

A. Reclassification of other loans

At 30 April 2015 the company had other loans included within creditors due after one year of £368,491. The presentation has been reviewed, and as the amounts are legally repayable within 12 months of the year end, the balances have been reclassified to creditors due within one year.