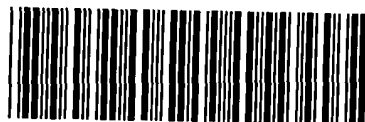


Company Registration No. 08248997 (England and Wales)

REPUBLIC.COM RETAIL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2018

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COMPANIES HOUSE

REPUBLIC.COM RETAIL LIMITED

COMPANY INFORMATION

Directors	Miss R I L Stockton Mr A A Adegoke
Secretary	Mr C J Olsen
Company number	08248997
Registered office	Unit A Brook Park East Shirebrook NG20 8RY
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG

REPUBLIC.COM RETAIL LIMITED

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REPUBLIC.COM RETAIL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 APRIL 2018

The directors present the strategic report for the period ended 29 April 2018.

Fair review of the business

The company has made a profit before tax of £3,483k in the period compared with a loss of £6,851k in the prior period. This improvement is mainly due to a reduction in group recharges for management services as a result of increased efficiencies in supply chain management and head office functions.

Key performance indicators

The directors consider revenue, gross profit margins and EBITDA to be key performance indicators for the company. EBITDA is calculated by adding back the depreciation and amortisation charge of £179k (2017: £1,497k) and the loss on foreign currency translation of £31k (2017: gain of £51k) to the operating profit figure of £3,482k (2017: loss of £6,852k).

- Revenue for the period decreased from £68,118k to £54,888k due to store closures during the period.
- Gross profit margin in the company decreased from 44.1% to 41.4% in the period.
- The company's earnings before interest, tax, depreciation and amortisation (EBITDA) improved from a loss of £5,406k to a profit of £3,692k.

Republic.com Retail Limited receive royalty income for online sales which is reported as other operating income. For the period ended 29 April 2018 royalty income receivable was £3,270k (2017: £4,610k).

Non financial KPI's include store numbers and employee numbers.

Store numbers in the period reduced to 38 (FY17: 46) due to the closure of loss making and smaller format stores.

Employee numbers have decreased in the period to 313 (2017: 439), as a result of store closures.

Principal risks and uncertainties

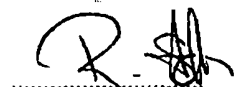
Liquidity risk

The directors seek to manage the liquidity risk faced by the company via a group facility. At the statement of financial position date, the company had access to a working capital facility of £913.5 million (2017: £788 million).

Future developments

We aim to improve efficiencies in central operating processes and continue to strengthen our relationships with key third party suppliers and to work closely with brand partners to deliver best in class visual merchandising.

On behalf of the board



Miss R I L Stockton

Director

9 November 2018

REPUBLIC.COM RETAIL LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 APRIL 2018

The directors present their financial statements for the period ended 29 April 2018.

Principal activities

The principal activity of the company continued to be that of fashion clothing retailing.

Directors

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

Miss R I L Stockton

Mr A A Adegoke

Mr J Kempster

(Appointed 3 April 2018 and resigned 31 May 2018)

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Going Concern

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports Direct International plc. Sports Direct International plc have agreed not to withdraw finance for the foreseeable future. The directors have received confirmation from the parent company of the group (Sports Direct International plc) confirming their support for a period of at least 12 months from the date of approval of these financial statements.

Qualifying third party indemnity provisions

Sports Direct International plc has granted the directors of the company with Qualifying Third Party Indemnity provisions within the meaning given to the term by Sections 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the company and of any company within the group. Such indemnities were in force throughout the financial year and will remain in force.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Principal risks and uncertainties

The principal risks and uncertainties of the company comprising of liquidity risk and future developments are not shown in the directors report because it is shown in the strategic report instead under s414C(11).

REPUBLIC.COM RETAIL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

Auditor

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company was passed at the annual general meeting on 12 September 2018.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard FRS 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:

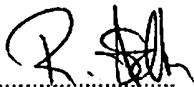
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Statement of disclosure to auditor

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

On behalf of the board



Miss R I L Stockton

Director

4 November 2018

REPUBLIC.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REPUBLIC.COM RETAIL LIMITED

Opinion

We have audited the financial statements of Republic.com Retail Limited (the 'company') for the period ended 29 April 2018 which comprise the statement of total comprehensive income, the statement of financial position, the statement of changes in equity 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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 April 2018 and of its profit for 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.

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.

Who we are reporting to

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.

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.

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.

REPUBLIC.COM RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REPUBLIC.COM RETAIL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the 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.

Matters on which we are required to report by exception

In the 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 and the directors' report.

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.

Responsibilities of directors for the financial statements

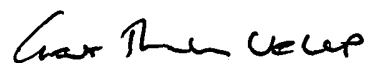
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Philip Westerman (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London

Date: 9/12/18

REPUBLIC.COM RETAIL LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME **FOR THE PERIOD ENDED 29 APRIL 2018**

		Period ended 29 April 2018 £ 000's	Period ended 30 April 2017 £ 000's
	Notes		
Revenue	3	54,888	68,118
Cost of sales		(32,175)	(38,072)
Gross profit		22,713	30,046
Distribution costs		(112)	(42)
Administrative expenses		(22,424)	(41,581)
Other operating income	3	3,305	4,725
Operating profit/(loss)	4	3,482	(6,852)
Investment income	6	1	2
Finance costs	7	-	(1)
Profit/(loss) before taxation		3,483	(6,851)
Taxation	8	954	-
Profit/(loss) for the financial period		4,437	(6,851)
Total comprehensive income for the period		4,437	(6,851)

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

The notes on pages 9 - 20 form part of these financial statements.

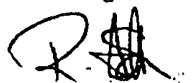
REPUBLIC.COM RETAIL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 29 APRIL 2018

		2018		2017	
	Notes	£ 000's	£ 000's	£ 000's	£ 000's
Non-current assets					
Property, plant and equipment	11		245		382
Deferred tax	12		954		
Current assets					
Trade and other receivables	12	2,515		2,539	
Cash and cash equivalents		3,886		1,857	
		6,401		4,396	
Current liabilities	13	(51,207)		(51,568)	
Net current liabilities			(44,806)		(47,172)
Total assets less current liabilities			(43,607)		(46,790)
Non-current liabilities	14		(64)		-
Provisions for liabilities	15		(1,799)		(3,117)
Net liabilities			(45,470)		(49,907)
Equity					
Called up share capital	18		-		-
Retained earnings			(45,470)		(49,907)
Total equity			(45,470)		(49,907)

The financial statements were approved by the board of directors and authorised for issue on 9th November 2018 and are signed on its behalf by:



Miss R I L Stockton
Director

Company Registration No. 08248997

REPUBLIC.COM RETAIL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 APRIL 2018

	Share capital £ 000's	Retained earnings £ 000's	Total £ 000's
Balance at 25 April 2016	-	(43,056)	(43,056)
Period ended 30 April 2017:			
Loss and total comprehensive income for the period	-	(6,851)	(6,851)
Balance at 30 April 2017	-	(49,907)	(49,907)
Period ended 29 April 2018:			
Profit and total comprehensive income for the period	-	4,437	4,437
Balance at 29 April 2018	-	(45,470)	(45,470)

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 APRIL 2018

1 Accounting policies

Company information

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

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ 000's.

The financial statements are for a period of 52 weeks ended 29 April 2018 (2017: 53 weeks ended 30 April 2017).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 102 the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, share based payments, the aggregate remuneration of key management personnel and related party transactions with other wholly-owned members of the group. Where required, equivalent disclosures are given in the group accounts of Sports Direct International plc. The group accounts of Sports Direct International plc are available to the public and can be obtained as set out in note 21.

1.2 Going concern

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports Direct International plc. Sports Direct International plc have agreed not to withdraw finance for the foreseeable future. The directors have received confirmation from the parent company of the group (Sports Direct International plc) confirming their support for a period of at least 12 months from the date of approval of these financial statements.

1.3 Revenue

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

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

Royalty income for online sales is recognised in the period in which it is received and is reported within Other Operating Income.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

1 Accounting policies (Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Straight line over the life of the lease
Fixtures, fittings & equipment	3 - 5 years straight line
Motor vehicles	5 years straight line

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

1.5 Cash and cash equivalents

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

1.6 Financial instruments

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of total comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of total comprehensive income.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 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 reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised to the extent that future taxable profits will be available against which temporary differences can be utilised. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the Statement of financial position date.

1.8 Provisions

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

The company provides for its legal or constructive obligation of dilapidations costs following advice from chartered surveyors and managements previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is recognised as a decommissioning cost and depreciated over the life of the asset. The non-capital element is taken to the statement of total comprehensive income in the first year of the lease where the cost it represents is of no lasting benefit to the company or its landlord. 'Wear and tear' costs are expensed to the Statement of total comprehensive income.

Provisions for onerous contracts are recognised when the company believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

1 Accounting policies

(Continued)

1.10 Leases

Payments made under operating leases are charged to the statement of total comprehensive income on a straight line basis over the lease term. Incentives provided by the lessor are credited to the statement of total comprehensive income over the lease term.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of total comprehensive income for the period.

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the discounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date. The amounts of any liability is not significant as the company's holiday pay entitlement period is aligned with the financial period end.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Provision for dilapidations and onerous lease contracts

The basis of the estimation of the provisioning for dilapidations and onerous lease contracts is detailed in the provisions accounting policy and note 15. Estimates and judgements are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where an onerous lease has been identified, the assets dedicated to that contract are impaired.

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.

Management judgement is required to estimate the availability and allocation of tax losses within the group, based upon the level of taxable profits across the group.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

3 Revenue

The total turnover of the company for the period has been derived from its principal activity relating to the sale of goods wholly undertaken in the United Kingdom.

	2018 £ 000's	2017 £ 000's
Other significant revenue		
Royalty income	3,270	4,610
Other	35	115
	<u>3,305</u>	<u>4,725</u>

Royalty income relates to online sales and is reported in other operating income.

4 Operating profit/(loss)

	2018 £ 000's	2017 £ 000's
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange losses/(gains)	31	(51)
Fees payable to the company's auditor for the audit of the company's financial statements	39	35
Depreciation of owned property, plant and equipment	179	191
Loss/(profit) on disposal of property, plant and equipment	157	(4)
Impairment of intangible assets	-	1,306
Operating lease charges	<u>3,262</u>	<u>5,779</u>

5 Employees

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

	2018 Number	2017 Number
Retail	278	387
Distribution, administration and other	35	52
	<u>313</u>	<u>439</u>

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £ 000's	2017 £ 000's
Wages and salaries	7,380	8,831
Social security costs	449	429
Pension costs	40	51
	<u>7,869</u>	<u>9,311</u>

No directors received remuneration through this company.

6 Investment income

	2018 £ 000's	2017 £ 000's
Interest income		
Interest on bank deposits	-	2
Other interest income	1	-
	<u>1</u>	<u>2</u>
Total income	<u>1</u>	<u>2</u>

7 Finance costs

	2018 £ 000's	2017 £ 000's
Other interest	-	1
	<u>-</u>	<u>1</u>

8 Taxation

	2018 £ 000's	2017 £ 000's
Deferred tax		
Previously unrecognised tax loss, tax credit or timing difference (note: 16)	(954)	-
	<u>(954)</u>	<u>-</u>

Reductions in the UK tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 have been announced and substantively enacted.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

8 Taxation

(Continued)

The actual (credit)/charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2018 £ 000's	2017 £ 000's
Profit/(loss) before taxation	3,483	(6,851)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	662	(1,370)
Tax effect of expenses that are not deductible in determining taxable profit	160	265
Change in unrecognised deferred tax assets	(954)	-
Group relief	(512)	1,002
Depreciation on assets not qualifying for tax allowances	11	12
UK transfer pricing adjustment for notional interest and royalties	(117)	130
Difference between capital allowances and depreciation	(204)	(39)
Taxation credit for the period	(954)	-

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in the statement of total comprehensive income:

	2018 £ 000's	2017 £ 000's
In respect of:		
Goodwill	-	1,306
Recognised in:		
Administrative expenses	-	1,306

The carrying amount of intangible assets in the prior period of £1,306k was fully impaired on the basis that the company will not realise any future benefits from the purchased goodwill.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

10 Intangible fixed assets

	Goodwill £ 000's
Cost	
At 1 May 2017 and 29 April 2018	3,447
Amortisation and impairment	
At 1 May 2017 and 29 April 2018	3,447
Carrying amount	
At 29 April 2018	-
At 30 April 2017	-

11 Property, plant and equipment

	Leasehold improvements £ 000's	Fixtures, fittings & equipment £ 000's	Motor vehicles £ 000's	Total £ 000's
Cost				
At 1 May 2017	430	2,534	55	3,019
Additions	54	145	-	199
Disposals	(221)	(14)	(10)	(245)
At 29 April 2018	263	2,665	45	2,973
Depreciation and impairment				
At 1 May 2017	200	2,382	55	2,637
Depreciation charged in the period	55	124	-	179
Eliminated in respect of disposals	(64)	(14)	(10)	(88)
At 29 April 2018	191	2,492	45	2,728
Carrying amount				
At 29 April 2018	72	173	-	245
At 30 April 2017	230	152	-	382

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

12 Trade and other receivables

	2018 £ 000's	2017 £ 000's
Amounts falling due within one year:		
Trade receivables	340	429
Other receivables	518	679
Prepayments and accrued income	1,657	1,431
	<u>2,515</u>	<u>2,539</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	<u>954</u>	<u>-</u>
Total receivables	<u>3,469</u>	<u>2,539</u>

13 Current liabilities

	2018 £ 000's	2017 £ 000's
Trade payables	1,310	940
Amounts due to group undertakings	44,332	45,248
Other taxation and social security	103	124
Other payables	1,120	787
Accruals and deferred income	4,342	4,469
	<u>51,207</u>	<u>51,568</u>

14 Non-current liabilities

	2018 £ 000's	2017 £ 000's
Accruals and deferred income	<u>64</u>	<u>-</u>

15 Provisions for liabilities

	2018 £ 000's	2017 £ 000's
Dilapidations	1,099	1,036
Onerous leases	700	2,081
	<u>1,799</u>	<u>3,117</u>

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

15 Provisions for liabilities

(Continued)

Movements on provisions:

	Dilapidations	Onerous leases	Total
	£ 000's	£ 000's	£ 000's
At 1 May 2017	1,036	2,081	3,117
Additional provisions in the year	44	256	300
Reversal of provision	-	(1,637)	(1,637)
Unwinding of discount	19	-	19
At 29 April 2018	<u>1,099</u>	<u>700</u>	<u>1,799</u>

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the company in order to restore its leasehold premises to the condition required under the lease agreements at the end of the lease, discounted at 5% per annum (2017: 5%). The provision is released at the point the store has been exited and the dilapidation charge agreed upon with the landlord.

The provision in respect of onerous contracts represents the net cost of fulfilling the company's obligations over the terms of these contracts discounted at 5% per annum (2017: 5%) or the cost of exiting the lease, whichever is the smaller. The provision is expected to be utilised over the period to the end of each specific lease.

16 Deferred taxation

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

	Assets 2018 £ 000's	Assets 2017 £ 000's
Balances:		
Accelerated depreciation	<u>954</u>	<u>-</u>
Movements in the period:		2018 £ 000's
At 1 May 2017		-
Credit to profit or loss		(954)
Asset at 29 April 2018		<u>(954)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2018

17 Retirement benefit schemes

	2018 £ 000's	2017 £ 000's
Defined contribution schemes		
Charge to the statement of total comprehensive income	40	51

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

Contributions totalling £7k (2017: £nil) were payable to the fund at the Statement of Financial Position date and are included in payables.

18 Share capital and reserves

	2018 £'s	2017 £'s
Ordinary share capital Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Profit and loss reserve account

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

19 Operating lease commitments

Lessee

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

	2018 £ 000's	2017 £ 000's
Within one year	2,430	3,751
Between two and five years	2,828	4,447
In over five years	147	434
	<u>5,405</u>	<u>8,632</u>

20 Related party transactions

Transactions with related parties

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

REPUBLIC.COM RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 APRIL 2018

21 Controlling party

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

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