

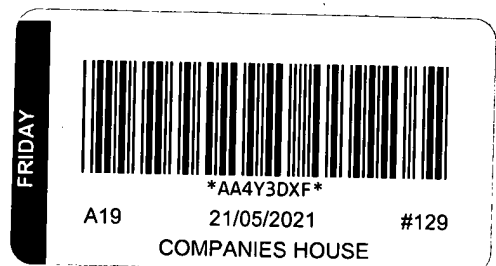


Company registration number: NI035599

**Heatons (N.I.) Limited**

**Director report and financial statements**

**for the financial year ended 26 April 2020**



Heatons (N.I.) Limited



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**Heatons (N.I.) Limited**



**Directors and other information**

**Directors**

Alastair Dick  
Adedotun Adegoke

**Secretary**

Thomas James Pipper (Appointed 01/07/2019)  
Cameron Olsen (Resigned 01/07/2019)

**Company number**

NI035599

**Registered office**

C/O Kennedys  
10th Floor, River House  
48-60 High Sreet  
Belfast  
Northern Ireland  
BT1 2BE

**Auditor**

RSM Ireland  
Trinity House  
Charleston Road  
Ranelagh  
Dublin 6

**Bankers**

Ulster Bank Limited  
14/16 Market Street  
Lurgan  
Craigavon  
Co Antrim  
BT66 6AP

**Solicitors**

Kennedys  
10th Floor, River House  
48-60 High Street  
Belfast  
Northern Ireland  
BT1 2BE

## Heatons (N.I.) Limited

### Strategic report



#### Business review

The company generated a profit after taxation for the year of £255,189 (2019: profit £4,206,869) and its shareholders' funds are £24,949,560 (2019: £24,694,371) at 26 April 2020. The focus of the business is to offer quality affordable products to its customers in a friendly and welcoming environment. The directors and management are also focused on continuously improving efficiency to minimise the cost base of the company. The directors are satisfied that the company is properly positioned to deal with the current economic environment.

#### Financial key performance indicators

The Company's key financial indicators during the year were as follows:

	2020	2019
	£	£
Turnover	48,820,642	54,404,543
Operating profit	2,782,822	7,469,844
Profit for the financial year	255,189	4,206,869
Shareholder's equity	24,949,560	24,694,371

Current assets as a % of current liabilities ("current ratio") equated to 161% in the current year (2019 : 136%)

The average number of employees was 420 in the current year (2019: 459).

Turnover from continuing activities decreased by 10.3% during the year (2019: increased by 1.5%).

#### Principal risks and uncertainties

##### Operational risk management

##### Key Staff

The Company's future success and financial strength depends on its ability to attract, retain and motivate highly skilled and qualified personnel. The loss of the services of key employees could have a negative impact on the Company's future success and financial strength. Good employee relations are vital to the Company and the success of its business.

##### Supply chain

Any disruption or other adverse event affecting the Company's relationship with any of its major manufacturers or suppliers, or a failure to replace any of its major manufacturers or suppliers on commercially reasonable terms, could have an adverse effect on the Company's business, operating profit or overall financial condition.

##### Reliance on non domestic manufacturers

The Company is reliant on manufacturers in developing countries as the majority of the Company's products are sourced from outside the UK and Ireland. The Company is therefore subject to the risks associated with international trade and transport as well as those relating to exposure to different legal and other standards.

**Heatons (N.I.) Limited****Strategic report****Market risk**

The company is exposed to economic risk of a countrywide slowdown in growth and the changing retail market. The company continues to offer quality products at very competitive prices to protect itself in this regard. The company is pursuing a policy of expansion through opening more stores in suitable locations. If these sites are unavailable or are too expensive, this will limit the company's growth in the future. The company faces strong competition for its custom and if the company fails to compete successfully, this too will limit growth.

**Economic risk**

On the 11th of March 2020, the World Health Organisation declared COVID-19 to be a pandemic in recognition of its rapid spread across the globe. Many Governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Due to restrictions imposed by the Government, all non-essential retail outlets were forced to close to the members of the public. This meant that we had to close all our stores and they remained closed until mid-June 2020. The restrictions imposed by the Government had a significant impact on the final quarter of our financial year.

Due to the uncertainty of the outcome of the Covid-19 pandemic, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, operations and supply-chain or cash flows in the future. However, the Company is part of a Group with considerable financial resources available to it. The Directors are taking appropriate measures to ensure it controls its cost base and the Directors believe that the Company has adequate resources to continue for the foreseeable future.

**Brexit risk**

The company sources all its goods from its UK based parent company via imports into Northern Ireland. It is not yet known how this supply chain will be affected by Brexit and there is a risk we may need to alter the supply chain, which could have knock-on implications for tax requirements. Brexit also poses a risk to the availability of workforce.

**Financial risk management objectives and policies**

The Company uses financial instruments throughout its business. The core financial risk associated with the Company's financial instruments are set out below. The board reviews and agrees policies for the prudent management of these risks as follows:

**Currency risk**

The Company has significant activity in sourcing goods from abroad and being exposed to foreign exchange movements on its purchases. Variances affecting operational activities in this regard are reflected in operating costs or in cost of sales in profit and loss in the years in which they arise. The principal foreign exchange risk is translation related, arising from fluctuations in the Euro value of the Company's transactions in other countries.

**Liquidity risk**

The Company's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. The Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows, near cash liquid investments or group company loans to ensure that all obligations can be met as they fall due. To achieve this the Company ensures that its liquid investments are in highly rated counterparties and when relevant, it limits the maturity of cash balances.

**Management and mitigation of risk**

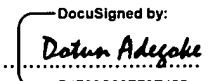
The identification and management of risk is a continuous process, and the Company's system of internal controls and the Company's business continuity programmes are key elements of that. The Company maintains a system of controls to manage the business and to protect its assets. It will continue to invest in people, systems and in IT to manage the Company's operations and its finances effectively and efficiently.

Heatons (N.I.) Limited  
Strategic report



This report was approved by the board of directors on 19th October 2020.. and signed on behalf of the board by:

DocuSigned by:  
  
Alastair Dick  
Director

DocuSigned by:  
  
Adedotun Adegoke  
Director



## **Heatons (N.I.) Limited**

### **Directors report**

The directors present their annual report and the audited financial statements of the company for the financial year ended 26 April 2020.

#### **Directors**

The names of the persons who at any time during the financial year were directors of the company are as follows:

Alastair Dick  
Adedotun Adegoke

#### **Principal activities**

The principal activity of the Company is retailing sports clothing and equipment. This activity is conducted through the SportsDirect stores throughout Northern Ireland.

The company offers an unrivalled product range and value for money, which makes SportsDirect one of the largest sports retailers in Northern Ireland.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £255,189 (2019: £4,206,869).

The directors do not recommend the payment of a dividend in the current period (2019: £NIL).

#### **Environmental matters**

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

#### **Future developments**

The directors are not expecting to make any significant changes in the nature of the business in the near future. Retail in Northern Ireland is facing a very challenging time, and we still don't know the full effects Brexit is likely to have on the business. At the time of approving the financial statements, the company is exposed to the effects of the Covid-19 pandemic. Trading patterns since year end have been very mixed, depending on store location and store type, and we feel that this will continue over the coming months, and possibly beyond. In planning its future activities, the directors will seek to develop the company's activities whilst managing the effects of the difficult trading period caused by this outbreak.

#### **Health and safety of employees**

The company has prepared a safety statement in accordance with the appropriate statutory provisions.

  
**Heaton's (N.I.) Limited****RSM****Directors report (continued)****Employee involvement**

The workforce is notified of announcements and major changes in the business via Company news emails and our intranet, as well as information being transmitted through line managers. The Company has elected a Workers' Representative who attends all Board meetings and provides feedback from employees to the Board. The Company also has the "Your Company, Your Voice" scheme which enables staff to raise issues of concern via suggestion boxes. The contributions are read by senior management and the Workers' Representative who provides the Board with an overview and replies to staff if appropriate. A selection of questions received and answers given by management are displayed in communal areas for staff. The company also operates a "Listening group" where representatives from the warehouse meet with members of senior management to provide feedback on the operation of the warehouse. Training programmes and induction courses provide the workforce with opportunities to keep up to date with the latest developments of the Group. Our employee conferences offer attendees an opportunity to mix with teams with which they wouldn't ordinarily mix, to learn about the Group's aspirations, and to keep up to date with the latest changes in the Group. These conferences are full day events and also have a range of activities tailored to the specific area in which each individual works.

**Disabled employees**

The Group's recruitment policy is to match the capabilities and talents of each applicant to the appropriate job. Factors such as gender, race, religion or belief, sexual orientation, age, disability or ethnic origin should be ignored and any decision which is made with regard to candidates should be irrespective of these. Discrimination in any form will not be tolerated under any circumstances within the Group. Applications for employment by disabled persons are given full and fair consideration for all vacancies, and are assessed in accordance with their particular skills and abilities. The Group endeavours to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all. The Group makes every effort to provide continuity of employment where current employees become disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate job role. Job retraining and job adaption are just two examples of how the Group works in the interest of its workforce to promote equal opportunities. In order that an individual's employment within the Group may continue. The Group values the knowledge and expertise that employees have gained throughout their time with us, and therefore does not wish to lose valued employees. With the aim of restoring a balance of female representation on our Board, we are in the process of interviewing a number of female candidates for non-executive directorship.

**Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.



**Heatons (N.I.) Limited**

**Directors report (continued)**

**Events after the end of the reporting period**

In the first half of 2020, the Covid-19 virus spread worldwide. In common with many other countries, the NI government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 24th March, all "non-essential" businesses were ordered to close temporarily and the Company closed its stores.

In response to the restrictions imposed on the Company, and the closure of its stores, the Company availed of the Government's Coronavirus Job Retention Scheme (CJRS). With the help of the CJRS, the Company avoided having to lay off staff and was able to pay its staff in full during the period when the stores were closed. In early to mid-June 2020, Government began easing restrictions and the stores began re-opening. Trading activity since the stores have re-opened has been very mixed and volatile.

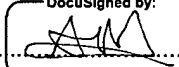
At the time of approving the financial statements, there is uncertainty regarding how the balance sheet may be impacted based on events since the year end and as a result an estimate of its financial effect cannot be made.

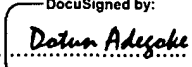
The directors continue to monitor this situation.

**Auditors**

RSM Ireland were appointed during the year and have expressed their willingness to continue in office in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 19th October 2020.. and signed on behalf of the board by:

DocuSigned by:  
  
AA0569E468D64BA...  
**Alastair Dick**  
Director

DocuSigned by:  
  
A720C395E7E425...  
**Ademola Adesoke**  
Director

**Heatons (N.I.) Limited**



**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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 (FRS102), the Financial Reporting Standard applicable in the United Kingdom 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 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.

**Independent auditor's report to the members of  
Heatons (N.I.) Limited (continued)**



**Opinion**

We have audited the financial statements of Heatons (N.I.) Limited for the year ended 26 April 2020 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 26 April 2020 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

**Basis of 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

**Independent auditor's report to the members of  
Heatons (N.I.) Limited (continued)**



**Other information**

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

**Opinions on other matters prescribed by the Companies Act 2006**

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors report is consistent with the financial statements; and
- in our opinion, the directors report has been prepared in accordance with applicable legal requirements.

**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 directors' report.

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

- adequate accounting records have not been kept; or
- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors responsibilities statement set 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, and for such internal control as they 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Independent auditor's report to the members of  
Heatons (N.I.) Limited (continued)**



**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.

**Further information regarding the scope of our responsibilities as auditor**

As part of an audit in accordance with ISA (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude the appropriateness of the director's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of Auditor's Report. However, future events or conditions may cause the company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including and significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Niall May'.

**Niall May**  
**Senior Statutory Auditor**  
**For and on behalf of**  
**RSM Ireland**  
**Trinity House**  
**Charleston Road**  
**Ranelagh**  
**Dublin 6**

**Date:** 19 October 2020



**Heatons (N.I.) Limited**

**Statement of comprehensive income  
Financial year ended 26 April 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Turnover</b>	<b>3</b>	<b>48,820,642</b>	<b>54,404,543</b>
<b>Cost of sales</b>		<b>(27,882,103)</b>	<b>(32,105,385)</b>
<b>Gross profit</b>		<b>20,938,539</b>	<b>22,299,158</b>
Distribution costs		<b>183,330</b>	<b>19,866</b>
Administrative expenses		<b>(18,339,047)</b>	<b>(14,849,180)</b>
<b>Operating profit</b>	<b>4</b>	<b>2,782,822</b>	<b>7,469,844</b>
Interest payable and similar expenses	<b>6</b>	<b>(1,315,196)</b>	<b>(1,967,683)</b>
<b>Profit before taxation</b>		<b>1,467,626</b>	<b>5,502,161</b>
Tax on profit	<b>7</b>	<b>(1,212,437)</b>	<b>(1,295,292)</b>
<b>Profit for the financial year and total comprehensive income</b>		<b>255,189</b>	<b>4,206,869</b>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the financial year as set out above.

**The notes on pages 15 to 27 form part of these financial statements.**



# Heatons (N.I.) Limited

## Balance sheet As at 26 April 2020

	Note	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	8	6,884,255		4,608,374	
			6,884,255		4,608,374
<b>Current assets</b>					
Debtors	9	46,303,593		72,003,479	
Cash at bank and in hand		2,045,224		3,216,408	
		48,348,817		75,219,887	
<b>Creditors: amounts falling due within one year</b>	11	(29,984,398)		(55,133,890)	
<b>Net current assets</b>			18,364,419		20,085,997
<b>Total assets less current liabilities</b>			25,248,674		24,694,371
<b>Provisions for liabilities</b>	12		(299,114)		-
<b>Net assets</b>			24,949,560		24,694,371
<b>Capital and reserves</b>					
Called up share capital presented as equity	15		2		2
Profit and loss account	16		24,949,558		24,694,369
<b>Shareholders funds</b>			24,949,560		24,694,371

These financial statements were approved by the board of directors on 19th October 2020 and signed on behalf of the board by:

DocuSigned by:  
  
 Alastair Dick  
 Director

DocuSigned by:  
  
 Adegoke  
 Director

Company registration number: NI035599

The notes on pages 15 to 27 form part of these financial statements.



**Heatons (N.I.) Limited**

**Statement of changes in equity  
Financial year ended 26 April 2020**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 30 April 2018</b>	<b>2</b>	<b>20,487,500</b>	<b>20,487,502</b>
Profit for the financial year		<u>4,206,869</u>	<u>4,206,869</u>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>4,206,869</b>	<b>4,206,869</b>
<b>At 28 April 2019</b>	<b>2</b>	<b>24,694,369</b>	<b>24,694,371</b>
Profit for the financial year		<u>255,189</u>	<u>255,189</u>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>255,189</b>	<b>255,189</b>
<b>At 26 April 2020</b>	<b>2</b>	<b>24,949,558</b>	<b>24,949,560</b>



## Heatons (N.I.) Limited

### Notes to the financial statements Financial year ended 26 April 2020

#### 1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is C/O Kennedys, 10th Floor, River House, 48-60 High Sreet, Belfast, Northern Ireland, BT1 2BE.

#### 2. Accounting policies and measurement bases

##### Basis of preparation

The financial statements have been prepared on the historical cost basis convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in GBP, which is the functional currency of the entity.

##### Going concern

During the first quarter of 2020, The Covid-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Northern Ireland there are restrictions placed on "non-essential" businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

The directors have considered the trading position up to the date of approval of the financial statements, the projected profit and loss account and cash flow requirements for the 12 month period following the approval of these financial statements and the basis for the underlying assumptions in the projections which includes the directors best estimate of the likely impact of Covid-19 on the company's operations and are satisfied that they remain appropriate.

Accordingly, based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### Financial Reporting Standard 102 - Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Frasers Group Plc as at 26 April 2020 and these financial statements may be obtained from Frasers Group Plc's registered office address.



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**Consolidation exemption**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**Revenue**

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. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Current and deferred taxation**

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except that a charge 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.



## Heatons (N.I.) Limited

### Notes to the financial statements (continued) Financial year ended 26 April 2020

#### Foreign currencies translation

The company's functional and presentational currency is GBP. Foreign current transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

#### Operating leases the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### Tangible assets

Tangible fixed assets under the cost model, other than investment properties, 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

Land is not depreciated. Depreciation on other assets 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:

Long-term leasehold property	- 4% straight line or over the life of the lease
Short-term leasehold property	- 4% straight line or over the life of the lease
Motor vehicles	- 20% straight line
Fixtures and fittings	- 20% straight line
Office equipment	- 20% straight line
Computer equipment	- 20% straight line

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.


**Heatons (N.I.) Limited**
**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**
**Financial instruments**

The Company only enters into basic financial instrument 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 of the recoverable amount, which is a approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.



## Heatons (N.I.) Limited

### Notes to the financial statements (continued) Financial year ended 26 April 2020

#### **Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

#### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### **1) Impairment**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. No impairment loss has been recognised during the financial year.

##### **2) Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilisation of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utilisation of certain fixed assets.

### **3. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible assets	2,319,398	1,534,281
Impairment of tangible assets recognised in:		
Administrative costs	236,071	-
Operating lease rentals	2,602,156	2,587,770
Onerous lease provision	299,114	-
Foreign exchange differences	(30,453)	(86,566)
Defined contribution pension cost	122,408	69,619
	<u>122,408</u>	<u>69,619</u>

Auditors' remuneration is borne by the parent company and recharged to the company amounting to £12,672 (2019 : £12,672).

**5. Employees**

The aggregate payroll costs incurred during the financial year were:

	2020	2019
	£	£
Wages and salaries	4,673,192	4,733,848
Social insurance costs	264,978	442,921
Other retirement benefit costs	122,408	69,619
	<u>5,060,578</u>	<u>5,246,388</u>

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

	2020	2019
	No.	No.
Administration	2	1
Retailing	418	458
	<u>420</u>	<u>459</u>

**6. Interest payable and similar expenses**

	2020	2019
	£	£
Other finance charges	101,229	109,044
Loans from group undertakings	1,213,967	1,858,639
	<u>1,315,196</u>	<u>1,967,683</u>



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**7. Taxation on profit on ordinary activities**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profit for the year	<b>970,110</b>	1,289,679
<b>Deferred Tax</b>		
Deferred tax (Note 13)	<b>242,327</b>	5,613
<b>Taxation on profit on ordinary activities</b>	<b><u>1,212,437</u></b>	<b><u>1,295,292</u></b>

**Reconciliation of tax expense**

The tax assessed on the profit for the financial year is higher than (2019: higher than) the standard rate of corporation tax in the United Kingdom of 19.00% (2019: 19.00%).

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Profit before taxation	<b><u>1,467,626</u></b>	<b><u>5,502,161</u></b>
Profit multiplied by rate of tax	<b>278,849</b>	1,045,411
Effect of expenses not deductible for tax purposes	<b>690,111</b>	216,222
Other timing differences	<b>243,477</b>	881
Reduction in UK tax rates	<b>-</b>	32,778
<b>Taxation on profit on ordinary activities</b>	<b><u>1,212,437</u></b>	<b><u>1,295,292</u></b>

**Factors affecting future tax expense**

There were no factors which may affect future tax charges.

## Heatons (N.I.) Limited

Notes to the financial statements (continued)  
Financial year ended 26 April 2020

## 8. Tangible assets

	Freehold property	Long leasehold property	Short leasehold property	Computer equipment	Fixtures and fittings	Land	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 28 April 2019	1,475,739	-	4,435,848	117,742	4,727,688	517,184	11,274,201
Additions	-	328,044	630,111	-	3,873,195	-	4,831,350
Disposals	-	455	(124,379)	-	(252,014)	-	(375,938)
<b>At 26 April 2020</b>	<b>1,475,739</b>	<b>328,499</b>	<b>4,941,580</b>	<b>117,742</b>	<b>8,348,869</b>	<b>517,184</b>	<b>15,729,613</b>
<b>Depreciation</b>							
At 28 April 2019	678,829	-	3,096,022	72,780	2,818,196	-	6,665,827
Charge for the financial year	66,428	16,210	662,856	22,484	1,551,420	-	2,319,398
Disposals	-	-	(124,379)	-	(251,559)	-	(375,938)
Impairment losses	-	-	94,745	-	141,326	-	236,071
<b>At 26 April 2020</b>	<b>745,257</b>	<b>16,210</b>	<b>3,729,244</b>	<b>95,264</b>	<b>4,259,383</b>	<b>-</b>	<b>8,845,358</b>
<b>Carrying amount</b>							
At 26 April 2020	<b>730,482</b>	<b>312,289</b>	<b>1,212,336</b>	<b>22,478</b>	<b>4,089,486</b>	<b>517,184</b>	<b>6,884,255</b>
At 26 April 2019	796,910	-	1,339,826	44,962	1,909,492	517,184	4,608,374



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**9. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	<b>45,204,829</b>	70,342,431
Other debtors	<b>388,024</b>	268,887
Prepayments	<b>232,346</b>	671,440
Deferred tax asset (note 13)	<b>478,394</b>	720,721
	<b><u>46,303,593</u></b>	<b><u>72,003,479</u></b>

The debtors above include the following amounts falling due after more than one year:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings (Note 20)	<b>6,780,001</b>	10,251,658
Deferred tax asset (note 13)	<b>478,394</b>	720,721
	<b><u>7,258,395</u></b>	<b><u>10,972,379</u></b>

**10. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b><u>2,045,224</u></b>	<b><u>3,216,408</u></b>



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**11. Creditors: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	2,365,023	816,410
Amounts owed to group undertakings (Note 20)	21,693,590	50,938,351
Other creditors	852,582	808,759
Tax and social insurance:		
PAYE and social welfare	160,586	95,658
Corporation tax	1,524,106	553,996
VAT	-	146,913
Accruals	3,388,511	1,773,803
	<u>29,984,398</u>	<u>55,133,890</u>

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Corporation tax and other taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Amounts owed to group undertakings include repayable on demand loans amounting to £14,445,488 (2019: £48,445,488) which are secured with a market interest rate applied at Libor plus 3%. Other loans are unsecured, interest free and repayable on demand.

**12. Provisions**

	Onerous Lease	Total
	£	£
At 28 April 2019	-	-
Additions	299,114	299,114
<b>At 26 April 2020</b>	<u><b>299,114</b></u>	<u><b>299,114</b></u>

The provision contains amounts in respect of onerous lease contracts representing the net cost of fulfilling the company's obligations over the terms of these contracts. The provision is expected to be utilised over the period to the end of each specific lease.

**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**13. Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>720,721</b>	726,334
Charged to profit and loss	<b>(242,327)</b>	(5,613)
<b>At end of year</b>	<b><u>478,394</u></b>	<u>720,721</u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Timing differences on capital allowances	<b><u>478,394</u></b>	<u>720,721</u>
<b>Comprisings</b>		
Deferred Tax Assets	<b><u>478,394</u></b>	<u>720,721</u>

**14. Pension Commitmentss**

The company operates a defined contribution pension scheme for all employees. The assets of the scheme are held separately to the assets of the company. Contribution to the scheme are charged to profit or loss as they become payable. The charge for the period is shown in note 5 of the financial statements and at the period end there were unpaid contributions amounting to £17,479 (2019: £16,765).

**15. Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Authorised share capital</b>		
100,000 (2019 - 100,000) Ordinary shares of £1 each	<b><u>100,000</u></b>	<u>100,000</u>
<b>Issued, called up and fully paid</b>		
2 (2019 - 2) Ordinary shares of £1 each	<b><u>2</u></b>	<u>2</u>

**16. Reserves****Profit and loss account**

Includes all current and prior period retained profits and losses.



# Heatons (N.I.) Limited

## Notes to the financial statements (continued) Financial year ended 26 April 2020

### 17. Capital commitments

At the financial year end the company had the following commitments for capital expenditure:

	2020	2019
	£	£
Contracted but not provided for	<u>2,097,822</u>	<u>-</u>

### 18. Commitments under operating leases

At 26 April 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	2,091,637	2,647,380
Later than 1 year and not later than 5 years	5,162,576	7,566,438
Later than 5 years	3,006,945	1,242,556
	<u>10,261,158</u>	<u>11,456,374</u>

### 19. Events after the end of the reporting period

In the first half of 2020, the Covid-19 virus spread worldwide. In common with many other countries, the NI government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 24th March, all "non-essential" businesses were ordered to close temporarily and the Company closed its stores.

In response to the restrictions imposed on the Company, and the closure of its stores, the Company availed of the Government's Coronavirus Job Retention Scheme (CJRS). With the help of the CJRS, the Company avoided having to lay off staff and was able to pay its staff in full during the period when the stores were closed. In early to mid-June 2020, Government began easing restrictions and the stores began re-opening. Trading activity since the stores have re-opened has been very mixed and volatile.

At the time of approving the financial statements, there is uncertainty regarding how the balance sheet may be impacted based on events since the year end and as a result an estimate of its financial effect cannot be made.

The directors continue to monitor this situation.

### 20. Related party transactions

There were no transactions with related parties such as are required to be disclosed under Financial Reporting Standard 102 Section 33.



**Heatons (N.I.) Limited**

**Notes to the financial statements (continued)**  
**Financial year ended 26 April 2020**

**21. Controlling party**

The company is a 100% subsidiary of Heatons Unlimited Company, a company incorporated in the Republic of Ireland.

*Warrnambool Unlimited Company, a company incorporated in the Republic of Ireland, is the parent of Heatons Unlimited Company.*

The smallest and largest group into which the results of the company is consolidated is headed by Frasers Group Plc. The consolidated financial statements of Frasers Group Plc, are available from its registered office at Unit A, Brook Park East, Shirebrook.

**22. Security**

SportsDirect.com Retail Limited holds a first legal fixed and floating charge on the property at 38 Market Street Lurgan, Craigavon, Co. Amagh.

**23. Approval of financial statements**

The board of directors approved these financial statements for issue on 19th October 2020.

**Heatons (N.I.) Limited**



**The following pages do not form part of the statutory accounts.**

**Heatons (N.I.) Limited**
**Detailed profit and loss account**  
**Financial year ended 26 April 2020**

	2020 £	2019 £
<b>Turnover</b>		
Sales	48,820,642	54,404,543
	<u>48,820,642</u>	<u>54,404,543</u>
<b>Cost of sales</b>		
Purchases	(27,882,103)	(32,105,385)
	<u>(27,882,103)</u>	<u>(32,105,385)</u>
<b>Gross profit</b>	<u>20,938,539</u>	<u>22,299,158</u>
<b>Gross profit percentage</b>	<b>42.9%</b>	<b>41.0%</b>
<b>Overheads</b>		
Distribution costs	183,330	19,866
Administrative expenses	(18,339,047)	(14,849,180)
	<u>(18,155,717)</u>	<u>(14,829,314)</u>
<b>Operating profit</b>	<b>2,782,822</b>	<b>7,469,844</b>
<b>Operating profit percentage</b>	<b>5.7%</b>	<b>13.7%</b>
Interest payable and similar expenses	(1,315,196)	(1,967,683)
<b>Profit before taxation</b>	<u><b>1,467,626</b></u>	<u><b>5,502,161</b></u>



**Heatons (N.I.) Limited**

**Detailed profit and loss account (continued)**  
**Financial year ended 26 April 2020**

	2020	2019
	£	£
<b>Overheads</b>		
<b>Distribution costs</b>		
Advertising	203,761	85,830
Wrapping and Display	(20,431)	(65,964)
	<u>183,330</u>	<u>19,866</u>
 <b>Administrative expenses</b>		
Wages and salaries	(4,673,192)	(4,733,848)
Employer's PRSI contributions	(264,978)	(442,921)
Staff pension costs - defined contribution	(122,408)	(69,619)
Staff training	(18,477)	(18,534)
Management expenses	(1,429,150)	(1,709,442)
Operating lease rentals - land and buildings	(2,901,270)	(2,587,770)
Rates	(1,604,043)	(1,316,759)
Security	(260,344)	(276,529)
Service charges	(540,954)	(482,124)
Insurance	(115,119)	(128,761)
Light and heat	(767,531)	(565,675)
Cleaning	(121,278)	(122,428)
Repairs and maintenance	(809,021)	(652,622)
Printing, postage and stationery	(87,693)	(77,409)
Telephone	(15,593)	(25,120)
Computer costs	-	(877)
Hire of equipment	(1,489)	(4,857)
Travelling and entertainment	(40,921)	(52,599)
Legal and professional	(147,616)	(106,488)
Bank charges	(19,181)	(18,820)
Profit on exchange	30,453	86,566
HMRC provision	(1,864,000)	-
Staff welfare	(6,917)	(7,757)
General expenses	1	(101)
Subscriptions	(2,857)	(1,400)
Depreciation of tangible assets	(2,319,398)	(1,534,281)
Impairment of tangible assets	(236,071)	-
Gain/loss on disposal of tangible assets	-	995
	<u>(18,339,047)</u>	<u>(14,849,180)</u>