Heatons (N.I.) Limited

Director's Report and Financial Statements
for the Financial Year Ended 25 April 2021

Contents

Directors and other information

Directors	Alastair Dick Adedotun Adegoke
Secretary	Thomas Piper
Company Number	NI035599
Registered Office	c/o Kennedys 10th Floor, River House 48-60 High Street, 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's results for the year have been heavily impacted by Covid-19. Due to Government enforced restrictions, retail stores were closed for approximately half of the financial year. However, the company availed of the Government supports it was eligible for and generated a profit after taxation for the year of £1,590,043 (2020: profit £255,189) and its shareholders' funds are £26,539,604 (2020: £24,949,560) at 25 April 2021. The directors and management are 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:

	2021	2020
	£	£
Turnover	36,374,255	48,820,642
Operating profit	1,930,651	2,782,822
Profit for the financial year	1,590,043	255,189
Shareholder's equity	26,539,604	24,949,560

The average number of employees was 408 in the current year (2020: 420).

Turnover from continuing activities decreased by 25.5% during the year (2020: decreased by 10.3%).

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.

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

At the time of preparing the financial statements, there is still a significant economic risk posed by the Covid-19 pandemic and there also remains some uncertainty regarding the Northern Ireland economy following Brexit.

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.

Section 172 Statement

S172 states: A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term,
b. the interests of the company's employess;

c. the need to foster the company's business relationships with suppliers, customers and others;
d. the impact of the company's opeartions on the community and environment;
e. the desirability of the company maintaining a reputation for high standars of business conduct; and
f. the need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Frasers Group plc. To see the Groups statement on S172, please refer to the page 29 of the Group's Annual Report for the year ended April 2021.

Non-Financial KPI's

The directors also monitor the performance of the company through non financial KPI's, such as the number of retail stores

As at 25 April 2021, we operated 22 stores in Northern Ireland.

This report was approved by the board of directors on ...16/3/22... and signed on behalf of the board by:

DocuSigned by:
Alastair Dick
7C08E...
Alastair Dick
Director

DocuSigned by:
Dotun Adegoke
Adedotun Adegoke
Director

Directors Report

The directors present their annual report and the audited financial statements of the company for the financial year ended 25 April 2021.

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 fashion, sports clothing and equipment. This activity is conducted through bricks and mortar stores in Northern Ireland, trading as the various fascia within the Frasers Group, such as SportsDirect and BrandMax.

Results and dividends
The profit for the year, after taxation, amounted to £1,590,043 (2020: £255,189).

The directors do not recommend the payment of a dividend in the current period (2020: £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.

Employee Involvement
The Company's policy is to consult and discuss with employees matters likely to affect the employee's interests.

Information about matters of concern to employees is given through information belletins and circular 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.

Business relationships
Details of the Company's business relationships with suppliers, customers, regulators and lenders are set out in the Annual Report of the parent company, Frasers Group plc.

Greenhouse gas emissions and energy consumption
Refer to the Annual Report of the parent company, Frasers Group plc, for details on the Company's greenhouse gas emissions and strategy for energy consumption.

Health and safety of employees

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

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 valuable employees.

Events after the reporting period

There are no other events that require disclosure or amendments to the financial statements.

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.

Auditors

RSM Ireland 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 16/3/22 and signed on behalf of the board by:

DocuSigned by:
Alastair Dick
7C08...

Alastair Dick
Director

DocuSigned by:
Dotun Adegoke
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Adedotun Adegoke
Director

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.

RSM

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Heatons (N.I.) Limited ('the company') for the financial year ended 25 April 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, when reporting in accordance with a fair presentation framework the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 April 2021 and of its profit for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

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 director is responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT
to the Members of Heatons (N.I.) Limited

RSM

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our 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 Director's 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director for the financial statements
As explained more fully in the Statement of Director's Responsibilities, the director is 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 director is 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and
regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom;
- understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- read minutes of board meetings and also reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with applicable laws and regulations;
- assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected legal costs, board minutes, and other relevant sources for evidence of undisclosed issues.

The audit engagement team identified the risk of management override of controls and management bias in accounting estimates as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-andassurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-foraudit.aspx
This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT
to the Members of Heatons (N.I.) Limited

RSM

Use of our report
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.

Niall May

Niall May (Senior Statutory Auditor)
for and on behalf of
RSM IRELAND BUSINESS ADVISORY LIMITED T/A RSM IRELAND
Statutory Audit Firm
Trinity House
Charleston Road
Ranelagh
Dublin 6
Ireland

Date: 16th March 2022

Heatons (N.I.) Limited
Statement of comprehensive income
Financial Year Ended 25 April 2021

	Note	2021 £	2020 £
Turnover	3	36,374,255	48,820,642
Cost of Sales		(21,433,803)	(27,882,103)
Gross Profit		14,940,452	20,938,539
Other income		852,429	-
Distribution costs		235,153	183,330
Administrative expenses		(14,097,383)	(18,339,047)
Opearting Profit	4	1,930,651	2,782,822
Interest payable and similar expenses	6	(253,382)	(1,315,196)
Profit Before Tax		1,677,270	1,467,626
Tax on profit	7	(87,227)	(1,212,437)
Profit for the financial year and total comprehensive income		1,590,043	255,189

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 17 to 26 form part of these financial statements.

Heatons (N.I.) Limited
Balance Sheet
as at 25 April 2021

	Note	2021 £	£	2020 £	£
Fixed Assets					
Tangible assets	8	2,813,016		6,884,255	
			2,813,016		6,884,255
Current Assets					
Debtors	9	31,593,970		46,303,593	
Cash at hand and in bank	10	2,373,710		2,045,224	
		33,967,680		48,348,817	
Creditors: amounts falling due within one year	11	(8,148,432)		(29,084,398)	
Net current assets			25,819,247		19,264,419
Total assets less current liabilities			28,632,263		26,148,674
Provisions for liabilities	12		(2,092,659)		(1,199,114)
Net assets			26,539,604		24,949,560
Capital and reserves					
Called up share capital	15		2		2
Profit and loss account	16		26,539,602		24,949,558
Shareholders funds			26,539,604		24,949,560

These financial statements were approved by the board of directors on 16/3/22 and signed on behalf of the board by:

DocuSigned by:
Alastair Dick
Alastair Dick
Director

DocuSigned by:
Dotun Adegoke
Adedotun Adegoke
Director

The notes on pages 17 to 26 form part of these financial statements

Heatons (N.I.) Limited
Statement of changes in equity
Financial year ended 25 April 2021

	Called up share capital £	Profit and loss account £	Total £
At 28 April 2019	2	24,694,369	24,694,371
Profit for the financial year	-	255,189	255,189
Total comprehensive income for the financial year	-	255,189	255,189
At 26 April 2020	2	24,949,558	24,949,560
Profit for the financial year	-	1,590,043	1,590,043
Total comprehensive income for the financial year	-	1,590,043	1,590,043
At 25 April 2021	2	26,539,602	26,539,604

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 Street, 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

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that the Company will have sufficient funds to meet its liabilities as they fall due. Furthermore, the ultimate parent company of the Company is Frasers Group PLC, a group with substantial finacial resources with access to a £1b syndicated borrowing facility.

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 25 April 2021 and these financial statements may be obtained from Frasers Group Plc's registered office address.

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 the United Kigdom 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.

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:

Freehold & long-term leasehold property	10% straight line
Short-term leasehold property	6.67% straight line
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.

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.

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.

4. **Operating Profit**

Operating profit is stated after charging/(crediting):	2021	2020
	£	£
Depreciation of tangible assets	5,497,645	2,319,398
Impairment of tangible assets	-	236,071
Operating lease rentals	2,248,172	2,602,156
Dilapidation provision	900,000	900,000
Onerous lease provision	(6,455)	299,114
Foreign exchange differences	5,032	(30,453)
Defined contribution pension cost	85,848	86,193

Auditors' remuneration is borne by the parent company and recharged to the company amounting to £12,672 (2020: £12,672).

5. **Employees**

The aggregate payroll costs incurred during the financial year were:	2021	2020
	£	£
Wages and salaries	4,031,477	4,673,192
Social insurance costs	243,144	264,978
Other retirement benefit costs	85,848	122,408
	4,360,469	5,060,578

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

	2021	2020
	No.	No.
Administration	2	2
Retailing	406	418
	408	420

6. Interest payable and similar expenses

	2021	2020
	£	£
Other finance charges	76,190	101,229
Loans from Group undertakings	177,192	1,213,967
	253,382	1,315,196

7. Taxation on profit on ordinary activities

	2021	2020
	£	£
Corporation tax		
Current tax on profit for the year	1,023,141	970,110
Deferred Tax		
Deferred tax (Note 13)	(935,914)	242,327
Taxation on profit on ordinary activities	87,227	1,212,437

Reconciliation of tax expense
The tax assessed on the profit for the financial year is lower than (2020: higher than) the standard rate of corporation tax in the United Kingdom of 19.00% (2020: 19.00%).

	2021	2020
	£	£
Profit before tax	1,677,270	1,467,626
Profit multiplied by rate of tax	318,681	278,849
Effect of expenses not deductible for tax purposes	704,459	690,111
Other timing differences	(935,914)	243,477
Taxation on profit on ordinary activities	87,227	1,212,437

Factors affecting future tax expense
There were no factors which may affect future tax charges.

Notes to the financial statements (continued)
Financial year ended 25 April 2021

8. Tangible assets

	Freehold Property	Long Leasehold Property	Short Leasehold Property	Computer Equipment	Fixtures & Fittings	Land	Total
	£	£	£	£	£	£	£
Cost							
At 26 April 2020	1,475,739	328,499	4,941,580	117,742	8,348,869	517,184	15,729,613
Additions					1,426,406		1,426,406
Transfer		(16,741)	16,741				-
At 25 April 2021	1,475,739	311,758	4,958,321	117,742	9,775,275	517,184	17,156,019
Depreciation							
At 26 April 2020	745,257	16,210	3,729,244	95,264	4,259,383	-	8,845,358
Charge for the financial year	730,482	46,744	1,190,808	22,478	3,507,133	-	5,497,645
At 25 April 2021	1,475,739	62,954	4,920,052	117,742	7,766,516	-	14,343,003
Carrying amount							
At 25 April 2021	-	248,804	38,269	-	2,008,759	517,184	2,813,016
At 26 April 2020	730,482	312,289	1,212,336	22,478	4,089,486	517,184	6,884,255

9. Debtors

	2021	2020
	£	£
Amounts owed by group undertakings	29,480,627	45,204,829
Other debtors	72,600	388,024
Prepayments	626,435	232,346
Deferred tax asset (note 13)	1,414,308	478,394
	31,593,970	46,303,593

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

	2021	2020
	£	£
Amounts owed by group undertakings (note 19)	4,119,068	6,780,001
Deferred tax asset (note 13)	1,414,308	478,394
	5,533,376	7,258,395

10. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	2,373,710	2,045,224

11. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,289,592	2,365,023
Amounts owed to group undertakings (note 19)	2,489,390	21,693,590
Other creditors	719,178	852,582
Tax and social insurance:		
PAYE and scoial welfare	69,140	160,586
Corporation tax	2,547,247	1,524,106
VAT	215,593	-
Accruals	818,291	2,488,511
	8,148,432	29,084,398

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 £1,395,487 (2020: £14,445,488) 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

	Dilapidation	Onerous Lease	Total
	£	£	£
At 26 April 2020	900,000	299,114	1,199,114
Additions / (Release)	900,000	(6,455)	893,545
At 25 April 2021	1,800,000	292,659	2,092,659

The dilapidation provision is in respect of the Company's retail stores. Further details of management estimates of provisions are included in accounting policies note 2.

The onerous lease 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.

13. Deferred tax

	2021	2020
	£	£
At beginning of year	478,394	720,721
Charged to profit and loss	935,914	(242,327)
At end of year	1,414,308	478,394

14. Pension contributions

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 £12,041 (2020: £17,479).

15. Share capital

	2021	2020
	£	£
Authorised share capital		
100,000 (2020 - 100,000) Ordinary shares of £1 each	100,000	100,000
Issued, called up and fully paid		
2 (2020 - 2) Ordinary shares of £1 each	2	2

16. Reserves

Profit and loss account
Includes all current and prior period retained profits and losses

17. Capital commitments

As at the reporting period, the company had the following commitments for capital expenditure:

	2021	2020
	£	£
Contracted but not provided for	3,933,089	2,097,822

18. Commitments under operating leases

At 25 April 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	2,724,267	2,091,637
Later than 1 year and not later than 5 years	5,628,049	5,162,576
Later than 5 years	2,503,329	3,006,945
	10,855,645	10,261,158

19. Events after the end of the reporting period

There are no other events that require disclosure of amendments to the financial statements.

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.

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 16/3/22