FOOTASYLUM PLC

Annual Report and Financial Statements

52 Week Period Ended 23 February 2019

Company Number 05535565

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Directors	Barry Bown Phillip Glenn
Company secretary	Nancy Kelsall
Registered office	Edinburgh House Hollins Brook Way Pilsworth Bury BL9 8RR
Company number	05535565
Auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
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Solicitors	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

FOOTASYLUM PLC

Strategic Report
52 Week Period Ended 23 February 2019

The Directors present their strategic report together with the audited financial statements for the 52 week period ended 23 February 2019.

We are Footasylum

Creativity connects our bricks, clicks and kicks; through our stores, website and own brands we're story tellers, intent on pushing boundaries. From the moment we opened our first store in 2006, we became a part of our consumers' community: urban style leaders who drive new trends and do things our way. Endorsed by this community of tribes we're young and agile – never straight-laced. We are Footasylum. The streets' local retailer, we defy ordinary.

Footasylum is the Company's core retail brand, offering a broad range of footwear, apparel and accessories to our core audience of 16 to 24-year-old urban style leaders. This demographic tends to prioritise discretionary spend on aesthetics and image, particularly clothing and footwear. They are also more willing to embrace new trends and are prominent users of digital sales channels.

We take a digital-first approach in our marketing, working in partnership with established and up-and-coming players in industries aligned with our core audience to create online content that inspires, engages and entertains our consumers. By partnering with relevant musicians, sportspeople and trending pop-culture personas we become part of their online social lives, inspiring loyalty and raising Footasylum's profile among our target audience. This runs through the style and functionality of our whole digital platform.

Our 70 stores across the UK are also fitted out in our distinctive style, tailored to their local markets. These physical stores accounted for 64 per cent of the Group's revenue in FY19, while our online sales accounted for 34 per cent and wholesale accounted for 2 per cent.

Footasylum offers an extensive range of footwear, apparel and accessories for men, women and children, with no over-reliance on any particular individual product, or stock keeping unit (SKU). We believe this is not only strategically important in differentiating us from our competitors, but also forms the key to our ability to be hyper-local and give each of our stores its own unique character.

Business review and future developments

Footasylum is not immune to the widely reported challenges to physical retail in the UK, with lower footfall on many high streets, malls and retail parks, combined with cost challenges from increasing minimum wage rates and rises in business rates. This is reflected within our performance during FY19 which, despite showing an increase in revenue and gross profit value, overall profitability has decreased from a profit of £161,000 in FY18 to a loss of £6,399,000 in FY19. Trading and operational challenges has meant the strategy of the Group has had to be reviewed.

Against this market backdrop, promotional activity and discounting across the retail sector were higher than anticipated, with the result that Footasylum's levels of promotional and clearance activity were greater than expected during the period. Consequently, while the Company has sustained its revenue growth across all channels, gross margin has been lower than previously expected for the period finishing at 41.9% (FY18: 45%). This has had a significant negative impact on profitability.

The group has incurred large exceptional costs in the period ending 23 February 2019 totalling £3,451,000, including two onerous lease provisions totalling £1,425,000, warehouse migration and mezzanine infrastructure costs totalling £554,000, restructuring and redundancy costs totalling £423,000 and investment and store impairments totalling £1,049,000. These costs have been offset against a net receipt of £2,559,000 for the early surrender of a store lease and the release of prior period provisions relating to HMRC VAT and IPO costs totalling £719,000. All of these items have been classified as exceptional costs since they are material in size and also non-recurring.

The store impairment noted above relates mainly to Sevenstore. A post balance sheet review indicated performance in this concept store has been significantly below budget, as such an impairment to fixed assets of £1m has been provided. This store is still being traded with the view of turning around its loss making position.

For the financial year 2020, the Group is planning to maintain a similar level of its store base and store performance, with continued growth online. There will be a focus on strengthening our full price sales mix following a year of clearance. The Group is also focused on costs, streamlining and improvements to delivery efficiencies and savings. The Board continues to maintain its strong focus on cash and working capital management. Inventory was carefully managed throughout the period, with inventory balances ending the period lower year on year despite the store and web growth. Footasylum remains, and expects to remain, in compliance with the covenants of its £30 million multi-currency revolving credit facility.

On 18 February 2019, JD Sports Fashion Plc (JD) acquired 19,579,964 Footasylum shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital. On 18 March 2019, in conjunction with the Board at Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional on 12 April 2019 with acceptances received for a total of 78,176,481 shares, representing a further 74.8% of the issued ordinary share capital. The Board believes that JD Sports Fashion Plc is a well–established business with a strong reputation for lifestyle fashion and, with JD's offering being differentiated to Footasylum's, it is complementary as a Group. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

Principal risks & uncertainties faced

Effective risk management is critical to meeting the strategic objectives of the Group. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk management is carried out by the Group's finance department, in accordance with these principles and under policies approved by the Board of Directors. We have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Board continually reviews the potential risks facing the Group and the actions, controls and processes in place to mitigate any potential adverse impact on the Group. Our risk register is monitored, updated, and considered by the Board on a monthly basis.

Store roll out
Rolling out new stores in the UK and upsizing existing ones is key to our growth strategy. This is dependent upon several factors that present risks as well as opportunities, including:

- the identification of suitable vacant sites in appropriate locations;
- the negotiation of acceptable financial terms;
- the general macroeconomic conditions in the UK.

There may be competition for suitable sites and there can be no assurances that the Company will be able to open new stores on a timely basis or that new sites will be secured on acceptable terms.

The Group has a dedicated property team that carefully selects suitable vacant sites, taking account of the local population in the target demographic, to ensure the best locations are selected.

There is a breadth of input into this process and support for the property team, including from Buying & Merchandising, Retail and the Directors.

Reputation and brand
The development and retention of the Footasylum brand is fundamental to the continued success of the Group. Any failure to protect and manage the brand could lead to a reduction in consumer loyalty and repeat purchases. This could be caused by a poor product selection, an inferior in-store experience, or poor customer service. In addition, any compromise of our ethical sourcing policy could have a significant impact on the reputation and brand of the Group.

The Board continually monitors the performance of the Group and that of competitors to ensure that the Footasylum brand continues to grow.

IT and cyber security
We rely significantly on the uninterrupted operation of our IT network and systems for the efficient running of our business operations. Any significant disruption to these systems could have an adverse effect on the proper functioning of our stores and online sites.

Footasylum is currently upgrading its IT systems to better manage our business growth. With any IT Project there is a risk of poorly managed implementation which could result in business disruption.

Malicious attacks, data breaches or viruses could lead to business interruption and reputational damage.

Logistics
Should our logistics solution fail this would have an adverse effect on the proper functioning of our stores and online sites, and the business could incur extra delivery costs in the short term, miss out on sales and lose stock in transit.

Footasylum is committed to keeping its logistics options under review.

Should a provider for consumer deliveries fail, we can move volume through another channel for both UK and international deliveries with relatively minimal disruption to normal service.

Principal risks & uncertainties faced (continued)

Third-party manufacturers
The Company outsources the production of its own brand products to external manufacturers with appropriate expertise and capacity. A material proportion of these own brand products are manufactured overseas.

The inability of third-party manufacturers to produce and dispatch orders in a timely manner, to the required quality, or to comply with their obligations or other regulations and laws (including the Anti-Bribery Act) could have a negative impact on Footasylum's business and wholesale operations.

Footasylum has an inspection and quality control process which it is continuing to review and improve and requires all third-party manufacturers to comply with all applicable labour, health and safety laws and regulations.

Key management personnel
Footasylum's operational and financial performance depends on the ability to attract and retain effective personnel, and on the efforts and abilities of key senior personnel. Such personnel are vitally important assets to the Company and, following the loss of such a team member, Footasylum may not be able to find an effective replacement in a timely manner and the business may be disrupted or damaged.

The Company's remuneration policy, including long-term incentives, is designed to attract and retain the best people.

Footasylum is a desirable place to work, with a pioneering approach to online retail technology and a fresh and exciting range of products.

We have relevant controls in place but they remain under review and are undergoing ongoing improvements.

Business continuity and health and safety
Fire, flood or a significant incident at a store, head office or our warehouses could make it impossible to trade/work from that site temporarily or for a longer period. Any risk could be exacerbated by the health and safety implications for our people, the public in our stores and contractors we employ.

A detailed Disaster Recovery plan is in place and this is regularly tested, reviewed and updated to reflect the rapid changes in the business.

Having two functional warehouses reduces the risk of not being able to supply stock.

We have well-established health and safety training and policies and are compliant with all regulations and standards and keep these under review.

Competitive environment and brands
The lifestyle fashion industry is highly competitive, and our peer group includes general and specialist retailers. There has also been challenges to the wider UK retail sector which have resulted in certain businesses entering administration. This competition puts us under pressure to differentiate our product offering in the form of access to brands and their respective ranges.

Footasylum is dependent on ongoing relationships with brand partners and their ability to remain desirable to consumers. Third-party brands may prefer to supply our competitors with high-demand product rather than to us, or they may try to impose policies regarding brand and product presentation as a condition of continuing supply that we feel unable to comply with. This could mean that Footasylum is unable to compete successfully against current competitors or future new entrants to the market, leading to a material adverse impact on the Company's revenue and profitability.

The Footasylum brand is highly distinctive and operates in a different space to other retailers. The in-store experience, combined with a clear focus on regional tailoring, fresh product and a mix of large brands with own brands sets Footasylum apart. By continually investing in our store estate and online presence, and ensuring our product lines are current and tailored, the Group is able to remain nimble to the actions of competitors.

The Group also communicates effectively with its consumer base, engendering loyalty and strengthening the Footasylum brand.

The Board believes that there aren't direct competitors who are successful in Footasylum's space, however this is continually monitored to ensure that a potential future entrant is closely watched, and the Footasylum strategy is adjusted as required.

Principal risks & uncertainties faced (continued)

The economy and Brexit
As a majority of the Group's revenue is generated in the UK a significant decline in the UK economy and/or in consumer confidence could have a material adverse impact on Footasylum's business.

The impact on our business of the UK's exit from the European Union is uncertain as to when or what extent the Brexit process will impact on the economy in the UK but it is likely that it could increase the risk and likelihood of a decline in the UK economy and consumer confidence as outlined above.

Footasylum has a diversified business model with three principal channels (in store, online and wholesale).

The Board continues to monitor the progress of the Brexit negotiations, assessing the potential impact on the business.

Legislation, regulation and politics
Any change in legislation, regulation or tax legislation may have an adverse effect on the profitability of the Group. Such changes may require extensive system and operating changes, including the establishment of new policies and training programmes. These may be difficult to implement and could increase Footasylum's cost of doing business. Failure to comply with applicable laws and regulations could expose the Group to legal risks, including enforcement action and/or fines, which could have a material adverse impact on the business.

In conjunction with external advisors, the Group has a robust process for identifying new legislation and regulation with the potential to impact on our operations, well in advance of its implementation. This allows the Group to carefully plan for the post-implementation environment and ensure compliance with all aspects of the new regulation or legislation.

Acquisition by JD Sports Fashion PLC and CMA
On 17 May 2019, the CMA served an initial enforcement order under section 72(2) of the Enterprise Act 2002 on Pentland Group Plc (Pentland) and JD Sports Fashion Plc (JD Sports), in relation to the completed acquisition by JD Sports of Footasylum Plc. The deadline for the CMA to announce its decision whether to refer the merger for a Phase 2 Investigation is 19 September 2019. Whilst the enforcement order is ongoing, JD Sports Fashion Plc will continue to offer financial support to Footasylum Plc and maintain Footasylum Plc as a going concern.

Our responsibilities

We are serious about our responsibilities to the environment, our employees, our partners, our communities and the human rights matters we are able to influence. Delivering for our shareholders and other stakeholders means putting a focus on sustainability in every corner of our business.

Environment
We aim to minimise our impact on the environment across the business, especially through reducing waste, and consider what this means in our supply chain, for our logistics and at our premises.

Ethical sourcing
We endeavour to comply with all relevant legislation in each country we operate in, strive to meet all best practices and expect all third-parties we work with to do the same. Footasylum will only do business with contractors who respect the human rights of their employees and we require them and any organisations that supply them to comply with our Code of Conduct and Ethical Sourcing Policies.

Health and safety
Health and safety is always high on our business agenda and is championed by management at all levels. With the recent changes at Footasylum and further changes to the regulatory landscape, our health and safety policies and practices are under constant review.

The Board receives monthly reports on slips/trips/falls and other injuries to staff or consumers. We also include 'near-miss' reporting and ensure that any incidents are tracked, and the appropriate action taken, such as training or a review to our processes. Our aim is to move well beyond compliance to achieve a 'gold standard'. We also protect our employees' well-being by offering an anonymous support line that provides our people with confidential advice on managing stress or other issues.

Training
We are committed to enabling our employees to build their careers wherever they are in the business. No door at Footasylum is closed and we see it as our mission to foster talent and ensure our people have every opportunity to progress and fulfil their potential.

Diversity

There is no place at Footasylum for discrimination on the grounds of disability, gender, sexual orientation, religion, nationality, ethnic background or race. We value the diversity in our business and strongly believe it is an important contributor to our ability to stay 'on-trend' and understand our consumers.

Key performance indicators

The primary performance indicators used by management are:

	FY19 £'000	FY18 £'000	Change
Revenue	227,349	194,769	16.7%
Gross profit	95,292	87,609	8.8%
Adjusted EBITDA *	2,293	12,457	-81.6%
Number of stores	69	65	6.2%

* Adjusted EBITDA is stated as earnings before interest, tax, depreciation, amortisation, exceptional items and the share-based payment charge.

Performance

Revenue increased 16.7 per cent from further store rollouts and upsizes, increasing volume of online traffic and the growth of the Company's wholesale business. Revenue growth was seen across all channels and Web increased participation.

	FY19 £m	FY18 £m	Change
Total Revenue by Channel	**227**	**195**	**16.7%**
Store	146	133	10%
Web	76	59	29%
Wholesale	5	3	67%

Revenue Participation	FY19 PPN	FY18 PPN	Change
Store	64.3%	68.2%	-4%
Web	33.5%	30.3%	3%
Wholesale	2.2%	1.5%	1%

Gross profit has increased by 8.8 per cent year-on-year which reflects the growth in revenue. Gross margin of 41.9 per cent shows a decrease of 3.1 basis points from 45.0 per cent in the prior year due to a reduction in overall trading margin and increase in central provisions.

Adjusted EBITDA is a measure of the underlying profitability of the business and is widely used in the retail industry. This has decreased by 81.6 per cent on prior year which reflects the reduction in the gross margin and the investment in head office facilities and functions. The increase in clearance sales has had a detrimental affect on overall profitability.

During the year, we have opened seven new stores and closed three stores, resulting in 69 stores by year end.

By order of the Board

Barry Bown
Director
Date: 6 September 2019

FOOTASYLUM PLC

Report of the Directors
52 Week Period Ended 23 February 2019

The directors present their report together with the audited financial statements for the year ended 23 February 2019.

Results

The consolidated results for the year and financial position of the group are as shown in the attached financial statements.

Governance

The Board is committed to supporting high standards of corporate governance and, for this reason, we have continued to operate appropriate measures to comply, where relevant and practicable, with the Quoted Companies Alliance Code for small and mid-sized quoted companies (published in April 2018).

Political donations

There were no political donations made in the current or previous financial period.

Employment of disabled persons

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

Financial risk management

Details of the Directors' assessment of the principal risks and uncertainties that could affect the business are set out within the Strategic Report. The Board manages internal risk through the ongoing review of the Company's risk register and external risk through monitoring the economic and regulatory environment and market conditions.

Future developments

The Strategic Report on pages 1 to 5 sets out the likely future developments of the company.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, newsletters and announcements.

Going Concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having particular regard to the net assets position of the Group, the access to a revolving credit facility (£30m), and its forecast performance for the next 12 months. Additionally the ultimate parent company, JD Sports Fashion plc, has offered continued financial support for a period of 12 months from the date of signature of the financial statements. Thus, the directors consider that the Group can continue in operation as a going concern for the foreseeable future, adopting the going concern basis in preparing the financial statements.

Directors
The directors of the company were as follows:

Phillip Glenn (appointed 16 July 2019)
John Wardle (resigned 31 May 2018)
Barry Bown (appointed on 1 June 2018)
Danielle Davies (resigned 27 June 2019)
Clare Nesbitt (resigned 16 July 2019)
Stephen Robertson (resigned 12 April 2019)
Brendan Hynes (resigned 12 April 2019)

Post balance sheet events

On 18 February 2019, JD Sports Fashion Plc (JD) acquired 19,579,964 Footasylum shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital. On 18 March 2019, in conjunction with the Board at Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional on 12 April 2019 with acceptances received for a total of 78,176,481 shares, representing a further 74.8% of the issued ordinary share capital. The Board believes that JD Sports Fashion Plc is a well–established business with a strong reputation for lifestyle fashion and, with JD's offering being differentiated to Footasylum's, it is complementary as a Group. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses. Subsequent to this, the company was removed from the nise the right of use asset and corresponding lease

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. They have also chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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 Parent Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this annual report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Phillip Glenn
Finance Director
Date: 6 September 2019

Independent auditor's report to the members of Footasylum Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Footasylum Plc (the 'parent company') and its subsidiaries (the 'group') for the 52-week period ended 23 February 2019, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 23 February 2019 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and the financial statements 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 group and the parent 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

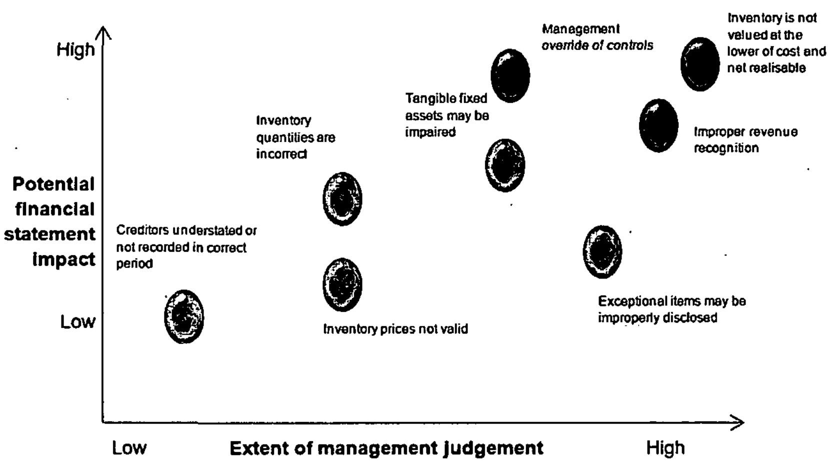
GrantThornton

Overview of our audit approach

- Overall materiality: £1,100,000, which represents 0.48% of the group's revenue.
- Key audit matters were identified as improper revenue recognition and inventory not being valued at the lower of cost and net realisable value.
- The parent company was the only component we assessed as significant.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Footasylum Plc

Key Audit Matter – Group and parent	How the matter was addressed in the audit – Group and Parent
Improper revenue recognition There is a risk that revenue occurrence has been misstated through fraudulent entries, or entries made in error. This is considered to be a key audit risk given the importance of reported revenue, which is considered a key performance indicator to stakeholders. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is also a presumed risk of fraud in revenue recognition, present in all entities. We therefore identified improper revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: · Assessing the accounting policies for compliance with the financial reporting framework (IFRS 15) and in particular that revenue was recognised at the point in time that the risks and rewards of ownership were transferred to the customer. · Reviewed the control environment and tested the operating effectiveness of key controls over revenue recognised in high street stores. This included testing design effectiveness of the IT control environment relevant to the revenue controls. · Testing of a sample of revenue transactions in the period through agreement to source documentation in order to confirm the sale occurred and was recognised in the correct period · Testing a sample of revenue transactions just prior to and post the 23 February 2019 period end to confirm that the transactions were recognised in the correct financial period. · Performing trend analysis and ratio analysis on a store level to identify any potential unusual movements in revenue. The group's accounting policy on revenue is shown in note 1.5 to the financial statements and related disclosures are included in note 2. **Key observations** Based on our audit work, we found that the revenue recognition policy set out in note 1.5 has been applied consistently, and that revenue is free from material misstatement.
Inventory is not held at the lower of cost and net realisable value There is a risk that the carrying value of inventory has been misstated as a result of not being held at the lower of cost and net realisable value due to slow moving or obsolete inventory; this risk is elevated due to the fast paced nature of the industry and the competitive environment This is considered to be a key audit risk due to the seasonal nature of the Group's retail business and the changing desirability of branded products over time. There are inherent uncertainties in inventory provisions as future sales prices have to be estimated and include significant judgements applied by management. We therefore identified inventory not being held at the lower of cost and net realisable value as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: · Assessing the overall consistency of the application of the Group's accounting policy with reference to prior periods and compliance with the financial reporting framework. · Reviewed the control environment and tested the design and implementation of controls in place around the impairment of inventory and how it is valued. · Testing the integrity of the obsolescence provision calculation and the ageing of a sample of inventory items upon which the provision has been derived · Challenging management on the key assumptions within the obsolescence provision including the expected proceeds for certain aged items. · Assessing the provision with reference to stock sold below cost during the financial period and subsequent to the period end. · Testing a sample of inventory items held at the period end to subsequent evidence of sale and comparison of the net realised value to the cost of the item. · Trend analysis and ratio analysis to identify any potential unusual movements. The group's accounting policy on inventory is shown in note 1.8 to the financial statements and related disclosures are included in note 11. **Key observations** Based on our audit work, we found that the inventory accounting policy set out in note 1.8 has been applied consistently and that inventory is held at the lower of cost and net realisable value. We consider the inventory obsolescence provision to be reasonable.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Independent auditor's report to the members of Footasylum Plc

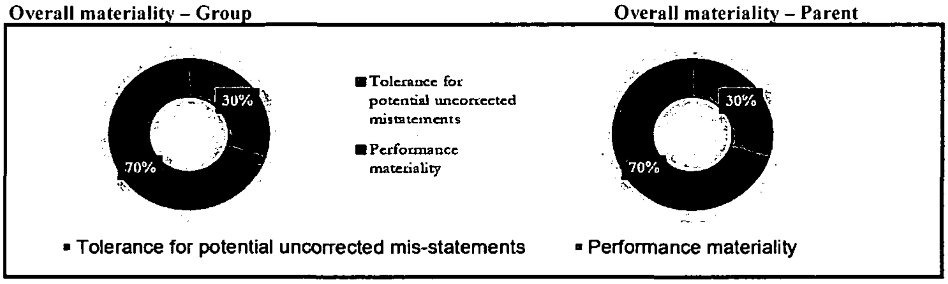
Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£1,100,000 which is 0.48% of the group's revenue. At the planning stage we determined a lower materiality figure than £1,100,000 which was based on a combination of benchmarks including revenue, earnings before interest, tax, depreciation, amortisation, exceptional costs and share based payment costs as well as headroom on financial covenants. At the planning stage we used a different benchmark to the prior year, when we used profit before taxation, excluding exceptional items. The change in benchmark was due to a reduction in profit which no longer made it an appropriate benchmark. At the final stage of our audit we reassessed materiality. Due to JD Sports Fashion plc's acquisition of the entire share capital of the entity and the subsequent removal of the entity from the Alternative Investment Market then in our view, the audit risk of the entity is significantly reduced due to there being few users of the financial statements and the entity obtaining confirmation of continued financial support from JD Sports Fashion plc. As a result of the above we determined a financial statement materiality of £1,100,000, which represents 0.48% of group revenue. This figure is higher than materiality in the prior period and our planning materiality figure. This benchmark is now considered the most appropriate because of the importance that management apply to this measure in relation to the performance of the business, and is the measure on which growth is monitored.	£1,000,000 which is 0.44% of the company's revenue. At the planning stage we determined a lower materiality figure than £1,000,000 which was based on a combination of benchmarks including revenue, earnings before interest, tax, depreciation, amortisation, exceptional costs and share based payment costs as well as headroom on financial covenants. At the planning stage we used a different benchmark to the prior year, when we used profit before taxation, excluding exceptional items. The change in benchmark was due to a reduction in profit which no longer made it an appropriate benchmark. At the final stage of our audit we reassessed materiality. Due to JD Sports Fashion plc's acquisition of the entire share capital of the entity and the subsequent removal of the entity from the Alternative Investment Market then in our view, the audit risk of the entity is significantly reduced due to there being few users of the financial statements and the entity obtaining confirmation of continued financial support from JD Sports Fashion plc. As a result of the above we determined a financial statement materiality of £1,000,000, which represents 0.44% of company revenue. This figure is higher than materiality in the prior period and our planning materiality figure. This benchmark is now considered the most appropriate because of the importance that management apply to the measure in relation to the performance of the business, and is the measure on which growth is monitored.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Communication of misstatements to those charged with governance	£55,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£50,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report to the members of Footasylum Plc

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group **Overall materiality – Parent**



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- an evaluation by the audit team of identified components. The parent company was the only component we assessed as significant. We performed the majority of our audit procedures at the Group's head office in Rochdale.
- an evaluation of the group's controls relevant to the audit.
- an assessment of material accounting policies for compliance with the financial reporting framework.
- an evaluation of significant management estimates or judgments.
- there were no significant changes in the current period when compared to the prior period, however, the group was acquired by JD Sports Fashion plc subsequent to the year end and was removed from the Alternative Investment Market.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material *misstatement of this other information, we are required to report that fact.*

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Footasylum Plc

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Michael Frankish
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 6 September 2019

FOOTASYLUM PLC
Consolidated Income Statement

	Notes	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Revenue	2	227,349	194,769
Cost of sales		(132,057)	(107,160)
Gross profit		95,292	87,609
Administrative expenses		(101,186)	(85,399)
Operating (loss) / profit		(5,894)	2,210
Underlying EBITDA*	3	**2,293**	**12,457**
Depreciation and amortisation	3	(5,950)	(3,803)
Share-based payments charge	3	(2,064)	(421)
Operating (loss) / profit before exceptional items		**(5,721)**	**8,233**
Exceptional items	3	(173)	(6,023)
Operating (loss) / profit		**(5,894)**	**2,210**
Finance expense	6	(347)	(269)
(Loss) / profit before tax		**(6,241)**	**1,941**
Taxation	7	(158)	(1,780)
(Loss) / profit and total comprehensive (expense) / income for the financial period attributable to shareholders		**(6,399)**	**161**

All activities relate to continuing operations.

* Underlying EBITDA is stated as earnings before interest, tax, depreciation, amortisation, exceptional items and share-based payments charge.

Consolidated Statement of Comprehensive Income

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
(Loss) / profit for the financial year	(6,399)	161
Total comprehensive (expense) / income for the year	**(6,399)**	**161**

Notes 1 to 24 form part of these financial statements.

FOOTASYLUM PLC
Consolidated Statement of Financial Position

	Notes	At 23 February 2019 £'000	At 24 February 2018 £'000
Non-current assets			
Intangible assets	9	1,510	477
Property and equipment	10	27,372	19,905
Deferred tax asset	16	231	104
		29,113	20,486
Current assets			
Inventory	11	34,409	35,720
Trade and other receivables	12	11,068	7,493
Cash and cash equivalents	13	5,301	11,416
		50,778	54,629
Total assets		79,891	75,116
Current liabilities			
Trade and other payables	14	(32,130)	(25,570)
Provisions	15	(2,559)	(2,408)
		(34,689)	(27,977)
Net current assets		16,089	26,652
Non-current liabilities			
Accruals and deferred income	14	(6,369)	(4,693)
Net obligation under finance lease and hire purchase	14	(249)	(235)
Provisions	15	(960)	-
		(7,578)	(4,928)
Total liabilities		(42,267)	(32,905)
Net assets		37,624	42,210
Equity			
Share capital	21	104	104
Share premium account		3,510	3,510
Retained earnings		34,010	38,596
Total equity		37,624	42,210

Notes 1 to 24 form part of these financial statements.

On behalf of the Board:

Phillip Glenn
Finance Director
Company number: 05535565
Date: 6 September 2019

FOOTASYLUM PLC
Consolidated Cash Flow Statement

	Notes	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Cash generated from operating activities			
(Loss) / profit for the period:		(6,399)	161
Adjustments for:			
Depreciation of property, plant and equipment	3	6,443	3,803
Loss / (gain) on disposal of tangible assets	3	27	(7)
Net finance charge	6	347	269
Share-based payments charge	3	2,064	421
Taxation charge	7	158	1,780
Decrease / (increase) in stock		1,568	(12,199)
Increase in debtors		(3,628)	(3,878)
Increase in creditors *		9,010	10,727
Corporation tax paid		(1,221)	(1,787)
Net cash generated from / (used in) operating activities		**8,369**	**(710)**
Investing activities			
Purchase of intangible assets	9	(1,472)	(530)
Purchases of property, plant and equipment	10	(12,521)	(8,005)
Sales of property, plant and equipment		15	18
Net cash used in investing activities		**(13,978)**	**(8,517)**
Financing activities			
Finance leases	19	(188)	(75)
Interest paid		(319)	(214)
Proceeds from the issue of ordinary share capital		-	43,418
Share issue costs		-	(2,318)
Debt issue costs		-	(330)
Repayment of preference shares	19	-	(18,700)
Repayment of Director's loan account capital	19	-	(3,850)
Repayment of Director's loan account interest		-	(127)
Net cash (used in) / generated from financing activities		**(507)**	**17,804**
Net (decrease) / increase in cash and cash equivalents		**(6,115)**	**8,577**
Cash and cash equivalents at beginning of period		11,416	2,839
Cash and cash equivalents at end of period	13	**5,301**	**11,416**

* Net wages and salaries are paid on the 25th of each month or the nearest preceding working day if falling on a weekend. Due to year end being Saturday 23rd February 2019 a payment of £2.2m relating to net wages and salaries costs was held in accruals as at 23rd February 2019. In comparison, the net wages and salaries payment for the 52 week period ending 24th February 2018 was paid out on the 23rd February 2018.

FOOTASYLUM PLC
Consolidated Statement of Changes in Equity

Reconciliation of 52 week period to 24 February 2018

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 25 February 2017	6	-	249	324	579
Comprehensive Income:					
Profit for the period	-	-	-	161	161
	6	-	249	485	740
Transactions with owners recorded directly in equity:					
Bonus issue of shares (i)	72	-	(72)	-	-
Issue of shares (ii)	26	-	43,392	-	43,418
Share issue costs (iii)	-	-	(2,318)	-	(2,318)
Capital reduction (iv)	-	-	(37,741)	37,741	-
Share-based payments charge	-	-	-	370	370
Balance at 24 February 2018	**104**	**-**	**3,510**	**38,596**	**42,210**

Reconciliation of 52 week period to 23 February 2019

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 24 February 2018	104	-	3,510	38,596	42,210
Comprehensive Income:					
Loss for the period	-	-	-	(6,399)	(6,399)
	104	-	3,510	32,197	35,811
Transactions with owners recorded directly in equity:					
Share-based payments charge	-	-	-	1,813	1,813
Balance at 23 February 2019	**104**	**-**	**3,510**	**34,010**	**37,624**

i On the 2nd of November 2017, the Company issued bonus shares of 12 to 1 for existing shareholders.
ii On the 2nd of November 2017, the Company sub divided existing ordinary shares by 1000.
iii On the 2nd of November 2017, the Company issued 26,474,390 ordinary shares.
iv On the 13th February 2018, the Company reduced share premium account by £37,740,525.

FOOTASYLUM PLC
Consolidated Statement of Changes in Equity

Reconciliation of 52 week period to 24 February 2018

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 25 February 2017	6	-	249	317	572
Comprehensive Income:					
Profit for the period	-	-	-	161	161
	6	-	249	478	733
Transactions with owners recorded directly in equity:					
Bonus issue of shares (i)	72	-	(72)	-	-
Issue of shares (ii)	26	-	43,392	-	43,418
Share issue costs (iii)	-	-	(2,318)	-	(2,318)
Capital reduction (iv)	-	-	(37,741)	37,741	-
Share-based payments charge	-	-	-	370	370
Balance at 24 February 2018	**104**	**-**	**3,510**	**38,589**	**42,203**

Reconciliation of 52 week period to 23 February 2019

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 24 February 2018	104	-	3,510	38,589	42,203
Comprehensive Income:					
Loss for the period	-	-	-	(6,399)	(6,399)
	104	-	3,510	32,190	35,804
Transactions with owners recorded directly in equity:					
Share-based payments charge	-	-	-	1,813	1,813
Balance at 23 February 2019	**104**	**-**	**3,510**	**34,003**	**37,617**

i On the 2nd of November 2017, the Company issued bonus shares of 12 to 1 for existing shareholders.
ii On the 2nd of November 2017, the Company sub divided existing Ordinary shares by 1000.
iii On the 2nd of November 2017, the Company issued 26,474,390 ordinary shares.
iv On the 13th February 2018, the Company reduced share premium account by £37,740,525.

FOOTASYLUM PLC
Company Statement of Financial Position

	Notes	At 23 February 2019 £'000	At 24 February 2018 £'000
Non-current assets			
Intangible assets	9	1,510	477
Property and equipment	10	27,372	19,905
Investments	8	1	1
Deferred tax asset	16	231	104
		29,113	20,487
Current assets			
Inventory	11	34,409	35,720
Trade and other receivables	12	11,068	7,493
Cash and cash equivalents	13	5,301	11,416
		50,778	54,629
Total assets		79,891	75,116
Current liabilities			
Trade and other payables	14	(32,255)	(25,577)
Provisions	15	(2,559)	(2,408)
		(34,814)	(27,985)
Net current assets		15,964	26,644
Non-current liabilities			
Accruals and deferred income	14	(6,251)	(4,693)
Net obligation under finance lease and hire purchase	14	(249)	(235)
Provision	15	(960)	-
		(7,460)	(4,928)
Total liabilities		(42,274)	(32,913)
Net assets		37,617	42,203
Equity			
Share capital	21	104	104
Share premium account		3,510	3,510
Retained earnings		34,003	38,589
Total equity		37,617	42,203

Company profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The company loss after tax is £6,399,000 (2018: profit £161,000).

Notes 1 to 24 form part of these financial statements.

On behalf of the Board:

Phillip Glenn
Finance Director
Company number: 05535565
Date: 6 September 2019

FOOTASYLUM PLC

Notes to the financial statements

1 Accounting policies

1.1 General information

Footasylum plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Footasylum plc is incorporated in the United Kingdom. The registered office was Sandbrook House, Sandbrook Park, Rochdale, Lancashire, OL11 1RY, but was changed on 16 May 2019 to Edinburgh House, Hollins Brook Way, Bury, BL9 8RR.

The principal activity of the company is the retail of sports and fashion footwear and clothing.

1.2 Basis of preparation

The Consolidated and Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the International Financial Reporting Interpretation Committee ('IFRIC') interpretations endorsed by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The functional currency of the Company and its subsidiary undertakings (the "Group") is pounds sterling and the financial statements are presented in pounds sterling, rounded to the nearest thousand, unless stated otherwise.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities at fair value through the Consolidated Income Statement.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the financial statements of the parent company, disclosure exemptions have been taken advantage of, in accordance with FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the group as they are wholly owned within the group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- The effect of future accounting standards not adopted
- Certain share based payment disclosures
- Disclosures in relation to impairment of assets
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having particular regard to the net assets position of the Group, the access to a revolving credit facility (£30m), and its forecast performance for the next 12 months. Additionally the ultimate parent company, JD Sports Fashion plc, has offered continued financial support for a period of 12 months from the date of signature of the financial statements. Thus, the directors consider that the Group can continue in operation as a going concern for the foreseeable future, adopting the going concern basis in preparing the financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group has summarised the expected impact of standards, amendments or interpretations issued by the IASB, but not yet applicable, in 1.17.

1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities is considered to surround inventory, due to the seasonal nature of the Group's retail businesses and the judgement required in assessing the recoverability of its carrying value. This is discussed further below:

1 Accounting policies

1.3 Critical accounting estimates and judgements *(Continued)*

Provisions to Write Inventories Down to Net Realisable Value (Estimate)
The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experience, the quality of the current season buy, market trends, management estimates of future events and an overall assessment of likely inventory discounting in the future. The provision requires estimates for shrinkage, the expected future selling price of items and identification of aged and obsolete items. The value of the year end provision and the charge to the Income Statement for the year are disclosed in note 11.

When determining the required inventory provision, management disaggregate stock by a combination of season, product type, gender and other specific attributes (for example, brand). Management also make reference to the value of inventory sold below cost both historically and subsequent to the period end. The provision calculation is more specific than the prior period basis where a more general aged basis has been used.

Provision for HMRC (Estimate)
Valuation of HMRC provisions – The Group holds provisions for expected regulatory and legislative costs that it expects to incur. Management exercises judgement to determine the amount of these provisions with reference to past experience and other known factors. Each provision is considered separately and the amount provided reflects the best estimate of the most likely amount, being the single most likely amount in a range of possible outcomes. In some cases, it can be difficult to predict the outcome and actual results may differ from this assessment. Certain HRMC provisions have been released during the period (see note 3) following the availability of additional information.

Provision for onerous leases (Estimate)
The group makes provision for onerous property leases on specific stores based on anticipated future cash outflows relating to the contractual lease cost less potential sublease income. Significant estimates include expected cash out flows, discount rates and potential sub lease income. Had the discount rate been reduced by 1% then the provision would be £31,000 higher.

Impairment of Property, Plant and Equipment and Non-current Other Assets
Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. A cash- generating unit is an individual store. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised. The impairment charge for the year is disclosed in note 10.

1.4 Revenue

Revenue with customers is measured based on the five-step model under IFRS 15: 'Revenue from Contracts with Customers':

1. identify the contract with the customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to separate performance obligations in the contract; and
5. recognise revenues when (or as) each performance obligation is satisfied.

Revenue is measured through, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Goods supplied provides customers with a right of return within a specified period and this gives rise to variable consideration under IFRS 15. The right of return asset is recognised within inventory, with the refund liability due to customers on return of their goods recognised within trade and other payables.

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

In the case of goods sold on the internet, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer, which is the point of delivery to the customer. Transactions are settled by credit card or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

In the case of goods sold to other businesses via wholesale channels, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer upon delivery. There are no significant contract assets or liabilities.

Comparative amounts were not restated and the effect on initial application was immaterial to the Group financial statements.

No significant judgement has been applied in the application of this accounting standard.

1.5 Intangible assets

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Software development costs (including website development costs) are capitalised as intangible assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred.

Software development is stated at cost less any accumulated amortisation and any recognised impairment loss. Software development costs are being amortised on a straight line basis over a useful life of 2-7 years.

1 Accounting policies

1.6 Property, plant and equipment

Items of property, plant and equipment are stated at purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line or over the term of the lease
Computer equipment	-	17 - 25% straight line
Plant and machinery	-	20% straight line
Assets under construction	-	0%

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.

Assets under the course of construction are not depreciated until they are ready for use.

1.7 Leases

Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.8 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and production or conversion costs.

Trade discounts and other supplier rebates are deducted from the cost of inventory.

1.9 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected future credit losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents only for the purpose of the cash flow statement.

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into pounds sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the income statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any expected losses.

1.10 Exceptional costs

Items that are material in size and/or non-recurring in nature are presented as exceptional items in the income statement. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, gains or losses on the disposal or impairment of assets and other significant non recurring gains or losses.

1 Accounting policies

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.12 Pensions

Defined contribution pension plan
The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently-administered funds.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the income statement in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the effect of the time value of money is material, provisions are discounted as appropriate.

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

1.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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 substantively enacted by the reporting date.

1.15 Share capital & share premium

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

1.16 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

1.17 New standards, amendments to standards or interpretations

The Group has adopted the following standards and statements which are effective for the current financial accounting period. The adoption of these standards are not deemed to have a material impact on the Group's accounts, except where stated:

- IFRS 9 Financial Instruments
  The new standard is effective for the current annual reporting period and has therefore been adopted within these financial statements. The standard is not deemed to have had a material impact on the Group.
- IFRS 15 Revenue from Contracts with Customers
  The new standard is effective for the current annual reporting period and has therefore been adopted within these financial statements. The impact of the standard is not deemed to be material.

1 Accounting policies

1.17 New standards, amendments to standards or interpretations (continued)

The Group has not adopted the following standards as they are not yet effective, but will become effective in future accounting periods:

- IFRS 16 Leases
  IFRS 16 is effective for all accounting periods beginning on or after 1 January 2019. For the Group the first reported accounting period under IFRS 16 will be the financial year ending 1 March 2020.

On the adoption of IFRS 16, lease agreements will give rise to both a right-of-use asset and a lease liability for future lease payables. The right-of-use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

Transition
The Group intends to adopt the modified retrospective transition approach to measure the right of use asset values. Each individual lease will be considered separately, and the Group has chosen the available option to calculate the initial asset values based on the present value of the future lease payments as at the date of transition.

The Group will also apply the following practical expedients to the calculations:
• To grandfather the definition of a lease on transition,
• To rely on a previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review;
• To apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
• To exclude initial direct costs from the measurement of the right of use asset at the date of initial application.

The Group also intends to apply the recognition exemption for short term leases and leases of low-value items. Significant work has been completed in preparation for adoption, including collection of relevant data, changes to IT systems and processes, and the determination of relevant accounting policies in order to quantify the impact on the financial statements and key performance metrics.

Property dilapidations provisions are included within the Balance Sheet of these financial statements. Management are still considering the most appropriate accounting treatment of these provisions on transition, and their effect on the calculation of the initial right of use assets.

The current Balance Sheet also includes amounts relating to leasehold improvements. Management are still considering the most appropriate accounting treatment of these leasehold improvements on transition, and their effect on the calculation of the initial right of use assets.

Impact on the financial statements
Due to JD Sports Fashion plc's acquisition of the entire share capital of the business, management deem it likely that they will revise their proposed accounting policies in respect of IFRS 16 to be consistent with their parent company in future accounting periods. And as such management have disclosed a reasonable estimate of the expected impact of the accounting standard notwithstanding this expected change. Management are continuing to assess the impact of IFRS 16 in anticipation of this future change. The most significant lease liabilities relate to property. The indicative impact on both the Consolidated Statement of Financial Position and Consolidated Income Statement for the financial year ending 1 March 2020 is based on leases in existence at the current financial reporting date and includes no further assumptions. Given the minimum lease payments under non-cancellable operating leases (as disclosed in note 22) and the remaining lease term on our store portfolio, an estimate of the adjustment to recognise the right of use asset and corresponding lease liabilities would range between £110m and £140m. Due to the elimination of rental expenses, currently recognised as administrative expenses, being replaced by deprecation and finance charges then EBITDA for the business will increase by approximately £18-22m.

There will be no impact on cash flows, although the presentation of the Cash Flow Statement will change significantly, with an increase in net cash inflows from operating activities being offset by an increase in net cash outflows from financing activities (interest paid).

1.18 Treatment of IPO costs

Various costs were incurred when listing and issuing shares as part of the IPO. The nature of these costs have been determined to ensure that the costs are correctly accounted for either through equity or profit or loss, namely:

• Transaction costs directly attributable to the issuance of new shares that otherwise would have been avoided are deducted from equity;
• Transaction costs relating to the listing of shares, whether new or existing, should be expensed through profit or loss;
• Where transaction costs relate jointly to more than one transaction (e.g. the issue of new shares, the sale of existing shares and listing all the shares), the costs have been appropriately allocated to each activity.

1.19 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes simulation. The main assumptions are provided in note 20.

1.20 Tax provisions

Provision is made for known issues based on management's interpretation of legislation and the likely outcome of negotiations or litigation. The Group's approach is to consider each uncertain tax position separately. Where management considers it is probable that there will be a future outflow of funds to an authority, a provision is recognised. The position is reviewed on an ongoing basis. Provisions are measured using management's best estimate of the most likely amount, being the single most likely amount in a range of possible outcomes. The Group discloses any significant uncertainties in relation to tax matters to the relevant tax authority. The resolution of tax positions taken by the Group can take a considerable period to conclude, and in some cases it is difficult to predict the outcome.

2 Segmental reporting

The Directors consider there to be one operating and reportable segment.

Whilst the business and Chief Operating Decision Maker ('CODM') do review analysis of revenues at a disaggregated level, as disclosed below, information in relation to assessing business performance and making resource allocation decisions at a level below the whole business is not made available. In particular, operating profit is not calculated at a level below the whole business. As such, the Directors consider there to be one operating and reportable segment.

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Store	146,190	133,119
Web	76,329	59,027
Wholesale	4,830	2,623
	227,349	194,769

Geographic Information
The following table provides analysis of the Group's revenue by geographical market:

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
United Kingdom	221,333	191,282
Europe	4,477	1,484
Rest of the World	1,539	2,003
	227,349	194,769

3 (Loss) / Profit before tax

This is stated after charging:

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Exceptional costs	173	6,023
Depreciation of property, plant and equipment	5,950	3,803
Loss / (gain) on disposal of property, plant and equipment	27	(7)
Exchange differences	20	30
Hire of assets - operating leases	17,120	14,572
Share-based payments charge	2,064	421

Exceptional costs in the period ending 23 February 2019 relate to two onerous lease provisions totalling £1,425,000, new warehouse costs relating to set up, migration and mezzanine infrastructure of £554,000, restructuring and redundancy costs of £423,000 and investment and store impairments of £1,049,000. This has been offset against a receipt of £2,559,000 for the early surrender of a store lease, release of prior period provisions relating to HMRC VAT and IPO costs totalling £719,000. All of these items have been classified as exceptional costs since they are material in size and also non-recurring.

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Notes to the financial statements

3 (Loss) / Profit before tax *(continued)*

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Auditor's remuneration		
Fees payable for the auditing of the Group's annual accounts	63	45
Other taxation advisory services	14	10
Audit-related services	5	-
Other assurance services	5	75
Taxation compliance services	6	4

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
EBITDA reconciliation		
Operating (loss) / profit	(5,894)	2,210
Exceptional items	173	6,023
Underlying operating (loss) / profit before share-based payments charge, depreciation and amortisation	(5,721)	8,233
Depreciation and amortisation	5,950	3,803
EBITDA	229	12,036
Share-based payments charge	2,064	421
Underlying EBITDA	2,293	12,457

Underlying EBITDA is calculated as Group underlying operating profit under IFRS plus depreciation and amortisation. It excludes exceptional items and IFRS 2 related share-based payments charges. FY19 exceptional expenses of £173,000 have been detailed earlier in note 3.

4 Staff numbers and costs

Staff costs (including directors) consist of:

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Wages and salaries	35,691	28,284
Social security costs	1,801	1,447
Pension costs	231	127
	37,723	29,858

The average number of employees (including directors) during the period was as follows:

	52 Week Period ended 23 February 2019 Number	52 Week Period ended 24 February 2018 Number
Retail	1,035	885
Administration	288	243
Warehouse	215	184
	1,538	1,312

The staff costs and numbers for the company are not materially different to the Group disclosures made above.

5 Directors' remuneration

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Directors' emoluments	592	932
Company contributions to defined contribution pension scheme	15	17
Share-based payments	792	388
	1,399	1,337

Directors' remuneration includes 4 executive directors (2018: 8) and 2 non-executive directors (2018: 2).

6 Finance income and expense

	52 Week Period ended 23 Februarv 2019 £'000	52 Week Period ended 24 Februarv 2018 £'000
Finance income and expense		
Bank interest payable	259	147
Bank interest receivable	(8)	-
Directors' loan interest	-	57
Other interest payable	96	65
	347	269

No equity dividends were paid or proposed in 2019 (2018: £nil).

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Notes to the financial statements

7 Taxation on profit on ordinary activities

Group and Company	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Current tax expense		
Current period	198	1,702
Adjustments in respect of prior periods	87	78
Current tax expense	285	1,780
Deferred taxation (income) / expense		
Origination and reversal of timing differences	(127)	-
Deferred tax expense	(127)	-
Total tax expense	158	1,780

The tax charge for the period can be reconciled to the Group profit per the Income Statement as follows:

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
(Loss) / profit before tax	(6,241)	1,941
(Loss) / profit at the standard rate of corporation tax in the UK of 19.0% (2018: 19.1%)	(1,186)	371
Effects of:		
Expenses not deductible for tax purposes	1,257	1,331
Adjustments to tax charge in respect of prior periods	87	78
Total tax charge for the period	158	1,780

The UK corporation tax rate was 20% in the period 1 April 2015 to 31 March 2017. The rate reduced to 19% with effect from 1 April 2017 and will reduce to 17% with effect from 1 April 2020. This will reduce the Group's current tax charge in future years accordingly. The deferred tax asset as at 23 February 2019 has been calculated based on a rate of 19% based on when the Group expects the deferred tax liability to reverse.

8 Subsidiaries

The following companies were the undertakings of the Group as at 23 February 2019:

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
Drome Limited	England	Sandbrook House, Sandbrook Park, Rochdale, Lancashire, OL11 1RY *	Dormant	100%	100%
Footasylum Brands Limited	England	Sandbrook House, Sandbrook Park, Rochdale, Lancashire, OL11 1RY *	Non-trading	100%	100%
Loyalti Limited	England	Sandbrook House, Sandbrook Park, Rochdale, Lancashire, OL11 1RY	Non-trading	49%	49%
Projekts NYC Limited	England	Sandbrook House, Sandbrook Park, Rochdale, Lancashire, OL11 1RY *	Dormant	100%	100%

* The registered address was changed on 16 May 2019 to Edinburgh House, Hollins Brook Way, Bury, BL9 8RR.

Subsequent to year end, Footasylum disposed of the Loyalti shareholding for a consideration of £1.

9 Intangible assets

	Group IT Development Software £'000	Group Goodwill £'000	Group Total £'000	Company IT Development Software £'000	Company Goodwill £'000	Company Total £'000
For the year ended 23 February 2019						
Cost:						
As at 24 February 2018	530	21	551	530	21	551
Additions	1,472	-	1,472	1,472	-	1,472
As at 23 February 2019	2,002	21	2,023	2,002	21	2,023
Accumulated amortisation:						
As at 24 February 2018	(74)	-	(74)	(74)	-	(74)
Amortisation charge	(418)	(21)	(439)	(418)	(21)	(439)
As at 23 February 2019	(492)	(21)	(513)	(492)	(21)	(513)
Net book value:						
As at 23 February 2019	1,510	-	1,510	1,510	-	1,510
For the period ended 24 February 2018						
Cost:						
As at 25 February 2017	-	21	21	-	21	21
Additions	530	-	530	530	-	530
As at 24 February 2018	530	21	551	530	21	551
Accumulated amortisation:						
As at 25 February 2017	-	-	-	-	-	-
Amortisation charge	(74)	-	(74)	(74)	-	(74)
As at 24 February 2018	(74)	-	(74)	(74)	-	(74)
Net book value:						
As at 24 February 2018	456	21	477	456	21	477

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Notes to the financial statements

10 Property, plant and equipment

Group and Company

	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Plant and Machinery £'000	Assets Under Construction £'000	Total £'000
For the year ended 23 February 2019						
Cost:						
As at 24 February 2018	1,037	26,487	4,369	145	2,280	34,317
Additions	38	9,090	1,360	206	3,540	14,234
Disposals	(303)	-	(1)	-		(304)
Transfers	(30)	2,228	82	-	(2,280)	-
As at 23 February 2019	742	37,805	5,810	351	3,540	48,247
Accumulated depreciation:						
As at 24 February 2018	(553)	(11,547)	(2,254)	(58)	-	(14,412)
Depreciation charge	(253)	(4,644)	(784)	(60)	-	(5,741)
Impairment	-	(1,000)	-	-	-	(1,000)
Disposals	278	-	-	-	-	278
As at 23 February 2019	(528)	(17,191)	(3,038)	(118)	-	(20,875)
Net book value:						
As at 23 February 2019	214	20,614	2,772	233	3,540	27,372

	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Plant and Machinery (Restated*) £'000	Assets Under Construction (Restated*) £'000	Total £'000
For the year ended 24 February 2018						
Cost:						
As at 25 February 2017	790	21,089	3,214	-	515	25,608
Additions	312	5,549	1,155	144	2,280	9,440
Disposals	(65)	(666)	-	-	-	(731)
Transfers	-	515	-	-	(515)	-
As at 24 February 2018	1,037	26,487	4,369	144	2,280	34,317
Accumulated depreciation:						
As at 25 February 2017	(383)	(9,298)	(1,712)	-	-	(11,393)
Depreciation charge	(214)	(2,915)	(542)	(58)	-	(3,729)
Impairment	-	-	-	-	-	-
Disposals	44	666	-	-	-	710
As at 24 February 2018	(553)	(11,547)	(2,254)	(58)	-	(14,412)
Net book value:						
As at 24 February 2018	484	14,940	2,115	86	2,280	19,905

Assets held under finance lease had a net book value of £477,000 (2018: £443,000) with a depreciation charge of £253,000 (2018: £141,000).

During the year, management reassessed the useful economic life of assets as part of an impairment review and this resulted in an additional depreciation charge of £585,000 (2018: £273,000). A post balance sheet review indicated performance in concept store, Seven, has been significantly below budget, and as such in an impairment to fixed assets of £1m has been provided. This store is still being traded with the view of turning around its loss making position.

*Assets under construction have been separately disclosed for FY19 and FY18. These were previously included within fixtures and fittings in FY18. There is no impact to the overall net book value of property, plant and equipment.

FOOTASYLUM PLC

Notes to the financial statements

11 Inventory

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Inventory	37,002	37,804	37,002	37,804
Provision	(2,593)	(2,084)	(2,593)	(2,084)
	34,409	35,720	34,409	35,720

Expenses recorded within cost of sales:

	Group 52 Week Period ended 23 February 2019 £'000	Group 52 Week Period ended 24 February 2018 £'000	Company 52 Week Period ended 23 February 2019 £'000	Company 52 Week Period ended 24 February 2018 £'000
Inventory expense	132,396	106,693	132,396	106,693
Impairment	(338)	467	(338)	467

12 Trade and other receivables

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Trade receivables	1,455	1,162	1,455	1,162
Corporation tax	74	-	74	-
Other debtors	4,603	3,671	4,603	3,671
Prepayments and accrued income	4,936	2,660	4,936	2,660
	11,068	7,493	11,068	7,493

Expected credit losses at the period end are immaterial. Credit losses during the period are also immaterial.

13 Cash and cash equivalents

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Cash and cash equivalents	5,301	11,416	5,301	11,416
	5,301	11,416	5,301	11,416

14 Trade and other payables

Trade and other payables (current)

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Trade payables	14,992	11,973	14,992	11,973
Corporation tax	-	861	-	861
Other taxation and social security	5,435	3,993	5,435	3,993
Net obligation under finance lease and hire purchase	229	180	229	180
Accruals and deferred income	11,475	8,563	11,600	8,570
	32,130	25,570	32,255	25,577

Accruals and deferred income includes £86,000 of unamortised debt costs (2018: £84,000) and £783,000 of lease incentives (2018: £575,000) which are spread over the lease term.

14 Trade and other payables (continued)

Trade and other payables (non-current)

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Net obligation under finance lease and hire purchase	249	235	249	235
Accruals	6,369	4,693	6,251	4,693
	6,618	4,928	6,500	4,928

Accruals include £118,000 of unamortised debt costs (2018: £198,000) and £5,934,000 of lease incentives (2018: £4,029,000) which are spread over the lease term.

The minimum lease payments under finance leases fall due as follows:

	Group At 23 February 2019 £'000	Group At 24 February 2018 £'000	Company At 23 February 2019 £'000	Company At 24 February 2018 £'000
Within one years	229	180	229	180
Between one and five years	249	235	249	235
	478	415	478	415
Future finance charges on finance leases	(8)	(8)	(8)	(8)
Present value of finance lease liabilities	470	407	470	407

15 Provision for Liabilities

Group and Company

	Dilapidations Provision £'000	VAT Provision £'000	Onerous Lease Provision £'000	Other Provisions £'000	Total £'000
At 24 February 2018	425	1,919	-	63	2,408
Charge to profit and loss account	40	(108)	1,442	66	1,440
Utilised during the period	-	(329)	-	-	(329)
At 23 February 2019	465	1,483	1,442	129	3,519

Included within the VAT provision are amounts relating to VAT payable on junior apparel of £629,000 (2018: £973,000), and the remainder of this provision relates to VAT surcharge of £853,000 (2018: £946,000).

	Dilapidations Provision £'000	VAT Provision £'000	Onerous Lease Provision £'000	Other Provisions £'000	Total £'000
Amounts falling due within one year	440	1,483	507	129	2,559
Amounts falling due after one year	25	-	935	-	960
At 23 February 2019	465	1,483	1,442	129	3,519

16 Deferred taxation

The following are the major deferred tax assets and liabilities recognised by the Group and Company in the period.

	At 23 February 2019 £'000	At 24 February 2018 £'000
Deferred tax asset	231	104
	231	104

	At 23 February 2019 £'000	At 24 February 2018 £'000
Reconciliation of deferred tax balances		
Balance at beginning of period	104	104
Deferred tax credit	127	-
Balance at end of period	231	104

Deferred tax balances relate to the following:

	At 23 February 2019 £'000	At 24 February 2018 £'000
Tax losses carried forward	-	-
Other temporary differences	231	104

17 Interest-bearing loans and borrowings

	At 23 February 2019 £'000	At 24 February 2018 £'000
Creditors falling due within less than one year		
Net obligation under finance lease and hire purchase	229	180
Creditors falling due after more than one year		
Unsecured borrowings at amortised cost		
Directors' loan (see notes 19 and 21)	-	-
Preference shares (see notes 18, 19 and 21)	-	-
Net obligation under finance lease and hire purchase	249	235
Total interest-bearing loans and borrowings	478	415

The bank facility is secured against certain defined non-current assets held by the Group.

18 Financial instruments

Fair values of financial instruments

Footasylum's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management framework
Risk management is carried out by the Footasylum finance department under policies approved by the Board. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

Footasylum sources an amount of purchases in US dollars and Euros and monitors its foreign currency requirements through short, medium and long term cash forecasting. The Group enters into forward contracts to hedge key currencies in proportion to the calculated net exposure.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount of monetary financial instruments.

23 February 2019	**US Dollar £000**	**Euro £000**	**Japanese Yen £000**	**Total £000**
Trade payables	-	7	-	7
Balance sheet exposure	-	7	-	7

24 February 2018	**US Dollar £000**	**Euro £000**	**Japanese Yen £000**	**Total £000**
Trade payables	1	38	-	39
Balance sheet exposure	1	38	-	39

Sensitivity Analysis

A 5% percent strengthening of the following currencies against pounds sterling at the balance sheet date would have decreased profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	52 Week Period ended 23 February 2019 £'000	**52 Week Period ended 24 February 2018 £'000**
US Dollar	-	-
Euro	(0)	(2)
Japanese Yen	-	-

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

A 5% percent weakening of the above currencies against pounds sterling in any period would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

Cash flow and fair value interest rate risk
The Group's interest rate risk arises from long-term borrowings. The Group has a revolving credit facility of £30,000,000 which expires 6 July 2021. As at 23 February 2019, £nil (2018: £nil) was drawn down and £30,000,000 was unused. The borrowings incur interest at varying rates between 1.40% to 2.15% plus LIBOR which exposes the Group to cash flow interest rate risk. The analysis of loan repayments is detailed in note 19. The Director's loan incurred interest at 2% above base rate and the loan was repaid in full during FY18.

18 Financial instruments *(continued)*

Profile
At the Balance Sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	At 23 February 2019 £'000	At 24 February 2018 £'000
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Total financial liabilities	-	-

Revolving credit facilities
The Group has a revolving credit facility of £30,000,000 which expires 6 July 2021. As at 23 February 2019, £nil (2018: £nil) was drawn down and £30,000,000 was unused. The borrowings incur interest at varying rates between 1.40% to 2.15% plus LIBOR which exposes the Group to cash flow interest rate risk.

Director loans
The Director's loan of £3,850,000 was repaid in full during FY18 with no movement during FY19.

Preference shares
The preference shares of £18,700,000 were settled in full during FY18 with no movement during FY19.

Sensitivity analysis
A change of 0.5 basis points in interest rates at the Balance Sheet date would have changed the value of equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the Balance Sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remained constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis as for the comparative period.

	52 Week Period ended 23 February 2019 £'000	52 Week Period ended 24 February 2018 £'000
Increase	-	-
Decrease	-	-

(b) Credit risk

Financial risk management

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for impairment where amounts are not thought to be recoverable. At the reporting date there were no significant concentrations of credit risk and receivables which are not believed to be recoverable.

Exposure to credit risk
The Group's maximum exposure to credit risk, being the carrying amount of financial assets, is summarised in the table within the fair values section below.

18 Financial instruments *(continued)*

(c) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management prepares and monitors rolling forecasts of the Group's cash balances based on expected cash flows to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without risking damage to the Group's reputation. Banking covenants are monitored on a regular basis to ensure there is no risk or breach which would lead to 'Event of Default'.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	At 23 February 2019 £'000	At 24 February 2018 £'000
Non-derivative financial liabilities		
Trade and other payables		
- within one year	31,348	24,995
- between one and five years	683	899
	32,031	25,894

Fair values of financial instruments

Trade and other payables and receivables

The fair value of these items are considered to be their carrying value, as the impact of discounting future cash flows has been assessed as not material.

Cash and cash equivalents
The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand, then the fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the Balance Sheet date.

Long-term and short-term borrowings
The fair value of bank loans and other loans approximates their carrying value as they have an interest rate based on LIBOR.

Short-term deposits
The fair value of short term deposits is considered to be the carrying value, as the balances are held in floating rate accounts where the interest rate is reset to market rates.

Preference shares
The Directors believe that the fair value of preference shares approximates to their carrying value.

Fair values
The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the Balance Sheet, are as follows:

	Group carrying value 23 February 2019 £'000	Group fair value 23 February 2019 £'000	Group carrying value 24 February 2018 £'000	Group fair value 24 February 2018 £'000
Loans and receivables				
Cash and cash equivalents	5,301	5,301	11,416	11,416
Trade and other receivables	11,068	11,068	7,493	7,493
Trade and other payables	(38,755)	(38,755)	(30,505)	(30,505)
Total financial liabilities	(22,386)	(22,386)	(11,596)	(11,596)

Following a full review, the Directors believe that the fair value of the Group's financial instruments is not materially different to its carrying value.

Within trade receivables, there are £892k of wholesale receivables which have been assessed for their potential future credit risk. The Directors believe there is no material impact or risk relating to wholesale customers. At year end, the ageing of wholesale debtors was as follows: Not due: 59%; 1-31 days overdue: 29%; 32-62 days overdue: 7%; 63-92 days overdue: 1%; more than 92 days overdue: 4%.

18 Financial instruments (continued)

	Company carrying value 23 February 2019 £'000	Company fair value 23 February 2019 £'000	Company carrying value 24 February 2018 £'000	Company fair value 24 February 2018 £'000
Loans and receivables				
Cash and cash equivalents	5,301	5,301	11,416	11,416
Trade and other receivables	11,068	11,068	7,493	7,493
Trade and other payables	(38,755)	(38,755)	(30,505)	(30,505)
Total financial liabilities	(22,386)	(22,386)	(11,596)	(11,596)

19 Reconciliation of liabilities arising from financing activities

	Preference Shares £'000	Directors' Loans £'000	Lease Liabilities £'000	Total £'000
Group and Company				
25 February 2017	18,700	3,850	117	22,667
Cash-flows:				
- Repayments	(18,700)	(3,850)	(75)	(22,625)
- Proceeds	-	-	-	-
- New finance leases	-	-	446	446
Non-cash:				
- Acquisition	-	-	(73)	(73)
- Fair value	-	-	-	-
- Reclassification	-	-	-	-
24 February 2018	-	-	415	415
24 February 2018	-	-	415	415
Cash-flows:				
- Repayment	-	-	(188)	(188)
- Proceeds	-	-	-	-
- New finance leases	-	-	272	272
Non-cash:				
- Acquisition	-	-	(22)	(22)
- Fair value	-	-	-	-
- Reclassification	-	-	-	-
23 February 2019	-	-	477	477

20 Share-based payments

At 23 February 2019, the Group had three share award plans, all of which are equity-settled schemes.

Following the acquisition by JD Sports Fashion Plc all LTIPs have subsequently been cash-settled at 82.5 pence per ordinary share.

1 LTIP 2017

On 2 November 2017 the Company adopted the LTIP. Awards under the LTIP (as described in section 1(b) below) were made on 2 November 2017 to Executive Directors and the Senior Executives by reference to corresponding investment pledges by those colleagues.

These matching awards vested over a period of three years. These awards were granted at £0.001 cost.

(a) Eligibility

Only the Executive Directors, the Senior Executives and certain other senior colleagues were selected to participate in the LTIP.

(b) Type of awards

Colleagues were invited to participate in the LTIP upon IPO.

(c) Individual limits

There is a limit in individual awards linked to salary.

(d) Performance, vesting and performance adjustment

There are no performance obligations.

2 SAYE

On 2 November 2017, the Company adopted the SAYE (which was registered with and self-certified with HMRC on 2 November 2017). The rules of the SAYE were adopted pursuant to Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 and provide for the grant of tax approved options. In November each year, the Company issues invitations under the rules of the SAYE which provides eligible colleagues with an opportunity to receive share options at a 20% discount to the market price. The maximum monthly savings is £500 per month. The Executive Directors have elected to participate in the Sharesave, along with 14% of eligible colleagues.

The first options were granted on 30 November 2017, and in normal circumstances they are not exercisable until completion of a three year savings period, beginning on 1 December each year, and will then be exercisable for a period of six months following completion of the relevant savings period.

(a) Eligibility

All colleagues and full-time Directors of the Group, who have been in continuous service for such period of time (not exceeding five years) as may be determined by the Board prior to the relevant date of grant of an option and who are liable to UK income tax, are eligible to participate in the SAYE.

Participation may also be offered, at the discretion of the Board (taking account of the recommendations of the Remuneration Committee), to other Directors or employees who otherwise do not satisfy all of the above criteria, although Non-Executive Directors are not eligible to participate in the SAYE.

(b) Issue of invitations

Invitations to participate in the SAYE may be made during each 42 day period from (and including) (i) the date on which any amendment to the SAYE is approved or adopted by the Company's shareholders (ii) the announcement of the Company's final or interim results for any financial period, (iii) the occurrence of an event which the Remuneration Committee considers to be an exceptional event concerning the Group or (iv) changes to the legislation affecting tax approved SAYE option schemes coming into effect. If any of the above periods is a 'close period' as a result of the application of the Model Code for Securities Transactions by Directors of Listed Companies (or as a result of the Company's equivalent internal share dealing rules) and the Company is prohibited from issuing invitations and/or granting options as a result, then invitations may be made within 42 days of the end of the close period.

Invitations may be issued by the trustee of an employee benefit trust. No invitations may be issued or options granted more than ten years after the adoption of the SAYE.

(c) Exercise price

The price at which an option holder may acquire shares on the exercise of an option shall be determined by the Board but shall not be less than the greater of 80% of the market value of a share at the time of grant and its nominal value.

(d) Savings contract

Options may be granted by the Board or the trustee of an employee benefit trust. Upon applying for an option, the colleague will be required to enter into an approved savings contract with a savings institution nominated by the Company which lasts for three years. The maximum amount which an employee is permitted to contribute under SAYE contracts is £500 per month. The Board may set lower savings limits than this for different colleagues by reference to objective criteria such as levels of salary or length of service. The minimum contribution is £5 per month (or such greater amount as the Board may specify, not to exceed £10). The total exercise price of the shares over which the option is granted may not exceed the aggregate of the monthly contributions and bonus payable at the end of the colleague's related SAYE contract.

20 Share-based payments *(continued)*

2 SAYE *(continued)*

(e) Scheme limits
The number of newly issued shares over which (or in respect of which) options may be granted under the SAYE on any date of grant shall be limited so that the total number of shares issued or capable of being issued in any ten year period under all the Company's employee share schemes is restricted to 10% of the Company's issued shares calculated at the relevant time. Any options or rights to acquire shares granted before, on or in connection with Admission will be excluded from this limit, and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

(f) Exercisability
Options will normally be exercisable during a period of six months following the allocation of a bonus under the related SAYE contract and will normally lapse upon cessation of employment. Earlier exercise is, however, permitted if the colleague dies or leaves employment through injury, disability, redundancy or retirement or where a colleague leaves employment of the Group by reason of his employing company ceasing to be a member of the Group, or if the undertaking in which he is employed is sold outside the Group. Early exercise will also be permitted in the event of a takeover, reconstructions or voluntary winding up of the Company.

3 LTIP 2018
On 21 June 2018 the Company granted awards under the LTIP (as described in section 3(b) below) to Executive Directors and the Senior Executives by reference to corresponding investment pledges by those colleagues.

These matching awards vested over a period of three years. These awards were granted at £0.001 cost.

(a) Eligibility
Only the Executive Directors, the Senior Executives and certain other senior colleagues were selected to participate in the LTIP.

(b) Type of awards
Colleagues were invited to participate in the LTIP upon IPO.

(c) Individual limits
There is a limit in individual awards linked to salary.

(d) Performance, vesting and performance adjustment
There are no performance obligations.

Fair value of share awards
The expected volatility is based on historical volatility of a peer group of companies over a relevant period prior to award. The expected life is the average expected period to exercise, which has been taken as three years. The risk free rate of return is the yield on zero-coupon UK government bonds with a life equal to this expected life.

Options are valued using a Black-Scholes option-pricing model for the non-market based (EPS element) performance conditions.

Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the Company which employs the option holder ceases to be part of the Group, or in the event of a change in control, reconstruction or winding up of the Company.

The key assumptions used in the fair value of the awards were as follows:

	LTIP 2017	SAYE 2017	LTIP 2018
At grant date			
Share price	£1.640	£2.065	£0.790
Exercise price	£0.001	£1.312	£0.001
Expected volatility	30%	30%	30%
Option life (years)	3	3	3
Risk free interest rate	1.32%	1.32%	1.32%
Weighted average fair value of options granted	£1.630	£0.890	£0.789

As LTIP awards have a £0.001 exercise price the risk free rate of return does not have any effect on the estimated fair value.

Movements in awards under share based payment schemes:

	LTIP	SAYE	Total
Outstanding at start of year	1,829,268	858,018	**2,687,286**
Granted	2,531,645	-	**2,531,645**
Forfeited	-	(450,067)	**(450,067)**
Exercised	-	-	-
Lapsed	-	-	-
Outstanding at end of year	**4,360,913**	**407,951**	**4,768,864**
Weighted average exercise price	**£0.001**	**£1.312**	**£0.001**

The Group and Company income statement charge recognised in respect of share-based payments for the current period is £2,064,000 (2018: £421,000).

FOOTASYLUM PLC

Notes to the financial statements

21 Share capital

Group & Company

	At 23 February 2019 £'000	At 24 February 2018 £'000
Allotted and fully paid		
104,474,390 'A' ordinary shares of £0.001 each	104	104
	104	104
Shares classified as debt		
18,700,000 'B' Preference shares of £1 each classified as liabilities	-	18,700

On 2 November 2017, the Company issued bonus shares of 12 to 1 for existing shareholders and then sub-divided existing ordinary shares by 1,000.
On 2 November 2017, the Company issued 26,474,390 ordinary shares.

22 Commitments under operating leases

Group & Company

The Group and the Company had minimum lease payments under non-cancellable operating leases as set out below:

	At 23 February 2019 £000	At 24 February 2018 £000
Less than one year	18,628	17,575
Between one and five years	70,145	61,554
More than five years	52,574	43,136
	141,347	122,265

The Group had capital commitments at the balance sheet date of 23 February 2019 of £3,540,000 (2018: £2,279,000).

23 Events after the reporting period

On 18 March 2019, in conjunction with the Board at Footasylum Plc, JD Sports Fashion Plc announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional on 12 April 2019 with acceptances received for a total of 78,176,481 shares representing a further 74.8% of the issued ordinary share capital. The Board believes that JD Sports Fashion Plc is a well-established business with a strong reputation for lifestyle fashion and, with JD's offering being differentiated to Footasylum, it is complementary as a Group. The Board also believes that there will be significant operational and strategic benefits from a combination of the two businesses.

On 17 May 2019, the CMA served an initial enforcement order under section 72(2) of the Enterprise Act 2002 on Pentland Group Plc (Pentland) and JD Sports Fashion Plc (JD Sports), in relation to the completed acquisition by JD Sports of Footasylum Plc. The deadline for the CMA to announce its decision whether to refer the merger for a Phase 2 Investigation is 19 September 2019. Whilst the enforcement order is ongoing, JD Sports Fashion Plc will continue to offer financial support to Footasylum Plc and maintain Footasylum Plc as a going concern..

24 Related party transactions

During the period the Group entered into commercial transactions with related parties as show in the tables below:

52 Week Period ended 23 February 2019

	Description of related party	Sales to related party £000	Purchases from related party £000	Balance owed by related party £000	Balance owed to related party £000
John Wardle	a	-	-	-	-
2Squared Agency Limited	b	-	69	3	-
Refuel Global Brands Limited	b	4	1,192	-	-
Creative Pedestrian Limited	c	-	-	5	-
Above Surface Limited	c	-	120	-	-
SW Trading Limited (T/A Big Brand Outlet)	d	539	75	-	4
Peak Business Insight Limited	e	-	163	-	-
BCB Retail Consultancy	f	-	34	-	-
Loyalti Limited	g	-	334	670	348

52 Week Period ended 24 February 2018

	Description of related party	Sales to related party £000	Purchases from related party £000	Balance owed by related party £000	Balance owed to related party £000
John Wardle	a	-	-	-	-
2Squared Agency Limited	b	-	464	2	5
Refuel Global Brands Limited	b	-	1,725	-	37
Creative Pedestrian Limited	c	-	129	5	-
Above Surface Limited	c	-	60	-	-
SW Trading Limited (T/A Big Brand Outlet)	d	100	108	4	10
Peak Business Insight Limited	e	-	10	-	12
Loyalti Limited	g	-	-	-	-

The nature of the relationship and the transactions entered into with the related party are:

a) The company had an unsecured loan outstanding from one of its directors, repayable on 6 August 2021. Interest is charged at 2% above base. The loan was repaid in full on 2 November 2017.
b) The company made purchases from 2Squared Agency Limited and Refuel Global Brands Limited, companies of which David Makin's brother, Steve Makin, is a director.
c) The company made purchases from Creative Pedestrian Limited and Above Surface Limited, companies of which David Makin's brother, Martin Makin, is a director.
d) The company made sales and purchases from SW Trading Limited (T/A Big Brand Outlet), a company of which John Wardle's Nephew, Stan Weekes, is a director.
e) The company made purchases from Peak Business Insight Limited, a company in which John Wardle, Clare Nesbitt, Tom Makin and Amy Mason each have a 2.5% shareholding.
f) The company made purchases from BCB Retail Consultancy, a company of which Barry Bown is a director.
g) The company made sales and purchases from Loyalti Limited, a company in which Footasylum have a 49% shareholding.

Key management compensation

The remuneration of the Directors, who are considered to be the only key management personnel of the Group, is disclosed in note 5 of these financial statements. The Directors' remuneration was £1,399,000 (2018: £1,337,000).