Brasher Leisure Limited

Directors' report and financial statements

Registered number 999421

1 May 2011



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Officers and professional advisers

The board of directors	H W Brasher S J Brasher Nick Pearson Sarah Tanner Michelle David
Company secretary	H W Brasher
Registered office	12 Station Road Hampton Middlesex TW12 2BX
Auditor	KPMG LLP Arlington Business Park Theale Reading RG7 4SD United Kingdom

Directors' report

The directors have pleasure in presenting their report and the financial statements of the company for the period from 26 April 2010 to 1 May 2011

Principal activities and business review

The principal activity of the company is a specialist running retailer

We are the U K's number one performance running retailer (measured on volume of running shoes sold to run in, and the number of specialist shops) and for the fifth year running we won 'Best Retailer' in the Runners World awards

We entered the Sunday Times best employers competition and were awarded a very positive 'one to watch' status This is part of our five year plan to be one of 'the U K 's top 50 companies to work for' by 2016

Our focus is expanding the market share and profitability of the business and having a nationwide coverage of 70 stores by 2016

This year gross margin remained stable at 46 7% (2010 46 4%) of which core retail gross margin was 45 8% (2010 45 8%)

Overall sales were 1 0% down, like for like retail sales were down 8 7% and internet sales increased by 6 4%

New shops were opened in Fulham Broadway, Brighton, Castleford, Clapham, Holloway Road, Metro Centre Tyne and Wear and Windsor and we shut two stores situated in Virgin Active Barbican and Nuffield Health Club in Covent Garden Since the year end (May 11) we have opened Europe's first Nike Running store run by a third party retailer in Exeter (called Nike Running by Sweatshop), Westfield Stratford and Southampton opened in October 2011, Plymouth opened in December 2011 Further outlets are expected to be opened, in the current financial year, in Rathbone Place (Central London), Waterloo Bridge (Central London)

The lease on our Fulham Road store ended in July 2011 and we have exited the unit to concentrate on our newly opened Fulham Broadway store Our Teddington and Harrods stores have just undergone refits and more are planned for Milton Keynes and Maidstone in the current year

Cash-flow management has been careful throughout the year and this has meant that we have not had to use any of the unsecured facility from Sports Direct (initially up to £3million) which still remains available

Whilst we utilise many Key Performance Indicators to monitor our performance, we believe the three shown below are our primary ones

	2010/11	2009/10
Shop like for like growth	**(8.7%)**	7 4%
Mail order/internet like for like sales growth	**6.4%**	13 2%
Retail gross margin	**45.8%**	45 8%

Results and dividends

The profit for the period, after taxation, amounted to £212,662 *(2010 profit of £475,341)* Payments of arrears of preference dividends amounting to £70,000 were paid in the year (2010 £30,000)

Financial risk management objectives and policies

In the current financial period the company's principal financial instruments comprise bank overdraft, trade creditors, trade debtors, loans from the Directors and their family and hire purchase / finance leases The main purpose of these instruments is to finance the company's operations

Due to the nature of the financial instruments used by the company there is no exposure to price risk The company's approach to managing other risks applicable to the financial instruments is shown below

The business prepares an annual budget (with reference to the funding that is available to the business), the actual results are reviewed on a monthly basis and actions as required are taken A cash flow forecast is prepared on a weekly basis to ensure that there are sufficient funds available to meet current liabilities

The business reconciles all cash receipts on a monthly basis and physical stock is continually reconciled throughout the year The business has a relatively low level of invoiced sales on credit and as such has little debtor risk in that area

Directors' report (continued)

Directors

The directors who served the company during the period were as follows

H W Brasher
S J Brasher
Simon Bentley (Non Exec) (resigned 1/10/11)
Nick Pearson
Rob Henderson (resigned 1/7/11)
Sarah Tanner
Michelle David (appointed 9/8/11)

Potential and charitable donations

The company made no political donations during the period *(2010 £nil)* Charitable donations for the period amounted to £15,900 *(2010 £20,995)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

HW Brasher
CEO

12 Station Road
Hampton
Middlesex
TW12 2BX

20/1/12 [Date]

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

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

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Brasher Leisure Limited

We have audited the financial statements of Brasher Leisure Limited for the period from 26 April 2010 to 1 May 2011 set out on pages 7 to 23 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and to express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 May 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Brasher Leisure Limited
(continued)

Matters on which we are required to report by exception

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

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



31/1/12

D McAllan (Senior Statutory Auditor)
For and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and loss account

for the period from 26 April 2010 to 1 May 2011

	Note	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Turnover	2	**19,731,517**	19,930,758
Cost of sales		**(10,512,495)**	(10,682,368)
Gross profit		**9,219,022**	9,248,390
Administrative expenses		**(9,657,919)**	(9,056,412)
Other operating income	3	**873,613**	580,205
Operating profit	4	**434,716**	772,183
Interest payable and similar charges	7	**(124,080)**	(171,637)
Profit on ordinary activities before taxation		**310,636**	600,546
Tax on profit on ordinary activities	8	**(97,974)**	(125,205)
Profit for the financial period		**212,662**	475,341

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

Balance sheet
at 1 May 2011

	Note	1 May 2011 £	1 May 2011 £	25 Apr 2010 £	25 Apr 2010 £
Fixed assets					
Intangible assets	9		**104,458**		120,650
Tangible assets	10		**3,459,267**		3,110,020
			3,563,725		3,230,670
Current assets					
Stocks	11	**3,140,077**		2,858,754	
Debtors	12	**2,256,866**		1,853,228	
Cash at bank and in hand		**6,624**		5,096	
		5,403,567		4,717,078	
Creditors amounts falling due within one year	13	**(6,770,170)**		(5,652,641)	
Net current liabilities			**(1,366,603)**		(935,563)
Total assets less current liabilities			**2,197,122**		2,295,107
Creditors amounts falling due after more than one year	14		**(483,572)**		(798,716)
Provisions for liabilities					
Deferred taxation	16		**(299,806)**		(295,309)
			1,413,744		1,201,082
Capital and reserves					
Called up share capital	19		**8,159**		8,159
Share premium account	20		**44,777**		44,777
Revaluation reserve			**921,029**		921,029
Other reserves	21		**74,000**		74,000
Profit and loss account	22		**365,779**		153,117
Shareholders' funds	23		**1,413,744**		1,201,082

These financial statements were approved by the board of directors on 30/1/12 and were signed on its behalf by

HW Brasher

CEO

Company registered number 999421

Cash flow statement

for the period from 26 April 2010 to 1 May 2011

	Note	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Net cash inflow from operating activities	24	**855,280**	843,572
Returns on investments and servicing of finance	24	**(189,130)**	(171,637)
Taxation	24	**(85,230)**	4,828
Capital expenditure and financial investment	24	**(866,667)**	(429,569)
Cash (outflow)/inflow before financing		**(285,747)**	247,194
Financing	24	**37,461**	(2,355)
(Decrease)/increase in cash in the period	24	**(248,286)**	244,839

The reconciliation of net cash flow to movement in net debt is set out in note 24

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

Brasher Leisure Limited collects almost all of its revenues at point of sale (bank cleared within 3 days) or in advance of provision of services Excellent credit terms are available on a substantial part of its costs As a result the company employs a net current liability position Since this is a feature of the company's business model the financial statements have been prepared on a going concern basis Having considered cash flow forecasts for the foreseeable future, the directors consider that this is the appropriate basis for preparation of the financial statements

Turnover

The turnover shown in the profit and loss account represents revenue from goods sold and race events, exclusive of Value Added Tax

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	10% straight line
Trademarks	10% straight line

Fixed assets

All tangible fixed assets are initially recorded at cost or valuation less depreciation except for freehold property

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	over the period of the lease
Fixtures & Fittings	20% reducing balance/20% straight line and 25% straight line
Property Improvements	10% reducing balance

Freehold property is not amortised The directors estimate the market value of the freehold property to equate to its carrying value at cost The last formal valuation of freehold property was undertaken on 26 September 2007

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

Notes *(continued)*

1 Accounting policies *(continued)*

***Leasing and hire purchase commitments** (continued)*

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged to profit and loss account represents the contribution payable to the scheme in respect of the accounting period

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes *(continued)*

1 Accounting policies *(continued)*

Supplier contributions

The company receives supplier contributions which support new store shop fits (see note 13) These contributions sit as a creditor on the balance sheet in deferred income and have been released through the profit and loss over time The new shops opened during this financial year have a change to that agreement whereby the contributions received give the supplier ownership of the assets that the funds have been used to purchase, thereby reducing the capital expenditure attributed to Brasher Leisure Limited's fixed assets The company then has an option after 3 years to purchase the title to the goods for a nominal fee

2 Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
United Kingdom	**19,731,517**	19,930,758

3 Other operating income

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Rent receivable	**34,303**	12,077
Sundry income	**839,310**	568,128
	873,613	580,205

Notes *(continued)*

4 Operating profit

Operating profit is stated after charging

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Amortisation of intangible assets	**16,192**	16,192
Depreciation of owned fixed assets	**474,585**	404 021
Depreciation of assets held under finance lease agreements	**42,835**	59,746
Operating leases – equipment	**37,274**	99,573
Auditor's remuneration		
As auditor	**20,000**	19,750
For other services	**4,870**	7,500

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Audit of these financial statements	**20,000**	19,750
All other services	**-**	5,750
Other services relating to taxation	**4,870**	1 750
	24,870	27,250

Amounts receivable by the auditors and their associates in respect of the period from 27 April 2009 to 25 April 2010 were receivable by the former auditors Wingrave Yeats Partnership LLP

Notes *(continued)*

5 Staff numbers and costs

The average number of staff employed by the company during the financial period amounted to

	Number of employees	
	Period from 26 Apr 10 to 1 May 11	Period from 27 Apr 09 to 25 Apr 10
Office and management	**25**	23
Retail	**148**	133
	173	156

The aggregate payroll costs of the above were

	Period from 26 Apr 10 to 1 May 11	Period from 27 Apr 09 to 25 Apr 10
	£	£
Wages and salaries	**3,636,901**	3,476,674
Social security costs	**285,645**	273,452
Pension costs	**900**	4,500
Pensions paid to former employees	**-**	6,551
	3,923,447	3,761,177

6 Remuneration of directors

The directors' aggregate remuneration in respect of qualifying services were

	Period from 26 Apr 10 to 1 May 11	Period from 27 Apr 09 to 25 Apr 10
	£	£
Directors emoluments	**295,787**	72,427
Company contributions to money purchase pension schemes	**-**	3,600
	295,787	76,027

Notes *(continued)*

7 Interest payable and similar charges

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Interest payable on bank borrowing	**13,033**	9,122
Finance charges	**24,178**	19,986
Other similar charges payable	**86,869**	142,529
	124,080	171,637

8 Taxation

Analysis of charge in period

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Current tax		
UK Corporation tax based on the results for the period at 27 84% *(2010 28%)*	**93,477**	85,230
Over provision in prior year	**-**	(5,334)
Total current tax	**93,477**	79,896
Deferred tax		
Origination and reversal of timing differences	**4,497**	45 309
Tax on profit on ordinary activities	**97,974**	125,205

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 27 84% *(2010 28%)*

On 23rd March 2011 the Chancellor announced the change in the main rate of UK Corporation Tax to 26% with affect from 1st April 2011 This change became substantively enacted on 29th March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Profit on ordinary activities before taxation	**310,636**	600,546
Profit on ordinary activities by rate of tax	**86,481**	168 153
Non-deductible income / expense	**(45,500)**	26,015
Depreciation in excess of capital allowances	**71,452**	(8,680)
Tax losses utilised	**-**	(80 566)
Marginal relief	**(18,956)**	(19,692)
Adjustments in respect of previous periods	**-**	(5,334)
Total current tax	**93,477**	79,896

Notes *(continued)*

9 Intangible fixed assets

	Goodwill	Trademarks	Total
	£	£	£
Cost			
At 26 April 2010	124 010	37,911	161,921
Additions	-	-	-
At 1 May 2011	124,010	37,911	161 921
Amortisation			
At 26 April 2010	35,385	5,886	41,271
Charged in period	12,401	3,791	16 192
At 1 May 2011	47 786	9,677	57,463
Net book value			
At 1 May 2011	**76,224**	**28,234**	**104,458**
At 25 April 2010	88,625	32,025	120,650

Goodwill relates to the acquisition of Up + Running (Hyde, 1992) Limited in 2007 and is being amortised over 10 years

10 Tangible fixed assets

	Freehold property £	Property improvements £	Leasehold property £	Fixtures and fittings £	Total £
Cost or valuation					
At 26 April 2010	1,200,000	256,729	55,724	4,392,774	5,905,227
Additions	-	228,000	169,280	469,387	866,667
At 1 May 2011	1,200,000	484,729	225,004	4,862,161	6 771,894
Depreciation					
At 26 April 2010	-	79,650	43,719	2,671,838	2,795,207
Charged in period	-	58,359	7,854	451,207	517,420
At 1 May 2011	-	138 009	51 573	3,123,045	3,312,627
Net book value					
At 1 May 2011	**1,200,000**	**346,720**	**173,431**	**1,739,116**	**3,459,267**
At 25 April 2010	1,200,000	177,079	12,005	1,720,936	3,110 020

Finance lease agreements

Included within the net book value of £3,459,267 is £128,504 *(2009 £171,339)* relating to assets held under finance lease agreements The depreciation charged to the financial statements in the period in respect of such assets amounted to £42,835 *(2009 £59,746)*

Notes *(continued)*

11 Stocks

	1 May 11 £	25 Apr 10 £
Finished goods	**3,140,077**	2,858,754

12 Debtors

	1 May 11 £	25 Apr 10 £
Trade debtors	**629,723**	179,668
Prepayments and accrued income	**1,627,143**	1,673,560
	2,256,866	1,853,228

13 Creditors. amounts falling due within one year

	1 May 11 £	25 Apr 10 £
Bank loans and overdrafts	**813,654**	657,156
Trade creditors	**4,186,041**	3 436,031
Corporation tax	**93,477**	85,236
Other taxation and social security	**308,231**	484,210
66 000 7 5% cumulative redeemable preference shares of £1 each	**66,000**	-
Arrears of preference dividends	**89,450**	-
Finance lease agreements	**34,456**	49,784
Loan from related party (note 18)	**33,333**	33,333
Accruals and deferred income	**1,145,528**	906,891
	6,770,170	5,652,641

Included in accruals and deferred income is £168,952 *(2010 £271,881)* of unamortised deferred income for inducements from suppliers which contribute to the cost of the company's fixed assets

14 Creditors: amounts falling due after more than one year

	1 May 11 £	25 Apr 10 £
Bank loans	**-**	24,722
Finance lease agreements	**-**	21,840
7 5% cumulative redeemable preference shares of £1 each	**-**	66,000
Arrears of preference dividends	**-**	154,500
Loan from related party (note 18)	**33,334**	66,667
Other creditors	**145,020**	145,020
Accruals and deferred income	**305,218**	319,967
	483,572	798,716

The bank loans and overdraft are secured by a debenture and a legal charge over the freehold property of the company

Notes *(continued)*

14 Creditors: amounts falling due after more than one year (continued)

The cumulative redeemable preference shares and the attached arrears of preference dividends have been reclassified to amounts falling due within one year to reflect the potential for future draw downs

Included in accruals and deferred income is £209,104 *(2010 £319,967)* of unamortised deferred income for inducements from suppliers which contribute to the cost of the company's fixed assets

	1 May 11 £	25 Apr 10 £
Analysis of loans & other borrowings		
Bank loans and overdrafts	**813,654**	681,878
7 5% cumulative redeemable preference shares	**66,000**	66,000
Arrears of preference dividends	**89,450**	154,500
Loan from related party	**66,667**	100,000
Other creditors	**145,020**	145,020
	1,180,791	1,147,398

	1 May 11 £	25 Apr 10 £
Maturity of loans & other borrowings		
In one year or less or on demand	**1,147,457**	690 489
In more than one year but not more than two years	**33,334**	324,242
In more than two years but not more than five years	**-**	66,667
In more than five years	**-**	66,000
	1,180,791	1,147,398

Non-equity shares

	1 May 11 £	25 Apr 10 £
Authorised		
66,000 (2010 70,000) 7 5% cumulative redeemable preference shares of £1 each	**66,000**	70,000
Allotted, called up and fully paid		
66,000 (2010 66,000) 7 5% cumulative redeemable preference shares of £1 each	**66,000**	66 000

The 7 5% cumulative redeemable preference shares carry a fixed cumulative preferential dividend payable annually They are redeemable on 31 December 2047, or before at the company's option On a winding up, the holders have priority before all the other classes of shares to receive repayment of capital The shares carry no voting right

15 Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows

	1 May 11 £	25 Apr 10 £
Amounts payable within 1 year	**34,456**	49 784
Amounts payable between 2 to 5 years	**-**	21,840
	34,456	71,624

Notes *(continued)*

16 Deferred taxation

The movement in the deferred taxation provision during the period was

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Provision brought forward	**295,309**	250,000
Profit and loss account movement arising during the period	**4,497**	45,309
Provision carried forward	**299,806**	295,309

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	1 May 11 £	25 Apr 10 £
Excess of taxation allowances over depreciation on fixed assets	**299,806**	295,309
Trading losses	**-**	-
	299,806	295,309

An unprovided deferred tax liability of £239,467 (2010 £257,888) arises in respect of the revaluation reserve The liability remains unprovided as there is no binding agreement in place to sell the assets on which the revaluation reserve arose The movement in the unprovided deferred tax liability reflects the reduction in substantially enacted tax rates from 28% to 26%

On 23rd March 2011 the Chancellor announced the reduction in the main rate of UK Corporation Tax to 26% with effect from 1st April 2011 This change became substantively enacted on 29th March 2011 and therefore the effect of the rate reduction creates a reduction in the deferred tax liability which has been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of UK Corporation Tax by 1% per annum to 23% by 1st April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The overall effect of the further reductions from 26% to 23%, if these applied to the deferred tax balance at 31st March 2011, would be to further reduce the deferred tax liability by approximately £36,000

17 Commitments under operating leases

At 1 May 2011 the company had annual commitments under non-cancellable operating leases as set out below

	1 May 11 Land and buildings £	1 May 11 Other items £	25 Apr 10 Land and Buildings £	25 Apr 10 Other items £
Operating leases which expire				
Within 1 year	**268,335**	**44,991**	598,851	70,133
Within 2 to 5 years	**1,371,861**	**-**	1,071,530	21,511
After more than 5 years	**409,000**	**-**	336,500	-
	2,049,196	**44,991**	2,006,881	91,644

Notes *(continued)*

18 Related party transactions

Included within creditors falling due within one year, note 13, is a loan of £33,333 *(2010 £33,333)* and in creditors falling due after more than one year, note 14, is a loan of £33,334 *(2010 £66,667)* due to Yerhurst Limited, a company under the control of S J Brasher, a director of Brasher Leisure Limited This loan is repayable in full by 31 December 2012 and interest is charged at the rate of 2 5% above the Bank of England base rate

Included within other creditors amounts falling within one year, note 13 are amounts due to one of the directors, H W Brasher, relating to other creditors and preference dividends of £85,604 *(2010 £85,604)* and £15,000 *(2010 £75,000)* respectively

Also included within other creditors amounts falling due within one year in note 13 are further arrears of other creditors and preference dividends due to close family members of H W Brasher of £8,417 *(2010 £8,417)* and £39,500 *(2010 £49,500)* respectively

Sports Direct com Retail Limited (previously Sports World International Limited), which owns a 24 99% stake in the business has made available an unsecured loan facility of £3 million (2010 £3 million) with an option of a further £2 million (2010 £2 million) Neither of these facilities has been used in the period

During the year Brasher Leisure Limited sold stock to the value of £ nil (2010 £109,287) to Sports Direct com Retail Limited

19 Share capital

	1 May 11 £	25 Apr 10 £
Authorised share capital:		
10,000 Ordinary shares of £1 each	**10,000**	10,000

	1 May 11 Number	1 May 11 £	25 Apr 10 Number	25 Apr 10 £
Allotted, called up and fully paid				
8,159 Ordinary shares of £1 each	**8,159**	**8,159**	8,159	8,159

20 Share premium account

There was no movement on the share premium account during the financial period (2010 no movement)

21 Other reserves

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Capital redemption reserve	**74,000**	74,000

Notes *(continued)*

22 Profit and loss account

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Balance brought forward	**153,117**	(322,224)
Profit for the financial period	**212,662**	475,341
Balance carried forward	**365,779**	153,117

23 Reconciliation of movements in shareholders' funds

	1 May 11 £	25 Apr 10 £
Profit for the financial period	**212,662**	475,341
Opening shareholders' funds	**1,201,082**	725,741
Closing shareholders' funds	**1,413,744**	1,201,082

24 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Operating profit	**434,716**	772,183
Amortisation	**16,192**	16,192
Depreciation	**517,420**	463,767
Shop fitting contributions	**(168,952)**	(148,128)
Increase in stocks	**(281,323)**	(107,254)
(Increase)/decrease in debtors	**(403,638)**	100,159
Increase/(decrease) in creditors	**740,865**	(253,347)
Net cash inflow from operating activities	**855,280**	843,572

Returns on investments and servicing of finance

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Interest element of leases	**(81,920)**	(137,279)
Interest element of bank overdraft	**(13,032)**	(9,122)
Interest element of bank loan	**(24,178)**	(19,986)
Dividends on shares classed as financial liabilities	**(70,000)**	(5,250)
Net cash outflow from returns on investments and servicing of finance	**(189,130)**	(171,637)

Notes *(continued)*

24 Notes to the cash flow statement *(continued)*

Taxation

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Tax (paid) / repaid	**(85,230)**	4,828

Capital expenditure

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Payments to acquire intangible fixed assets	**-**	(2,000)
Payments to acquire tangible fixed assets	**(866,667)**	(427,569)
Net cash outflow from capital expenditure	**(866,667)**	(429,569)

Financing

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Repayment of bank loans	**(118,038)**	(100,278)
Loan from related party	**(33,333)**	100,000
Capital element of finance leases	**(37,168)**	(114,566)
Net outflow from other long-term creditors	**-**	(22,907)
Shop fitting contributions	**226,000**	135,396
Net cash inflow/(outflow) from financing	**37,461**	(2 355)

Reconciliation of net cash flow to movement in net debt

	1 May 11 £	25 Apr 10 £
(Decrease)/increase in cash in the period	(248,286)	244,839
Net cash outflow from bank loans	118,038	100,278
Loan from repaid to/(received from) related party	33,333	(100 000)
Cash outflow in respect of finance leases	37,168	114,566
Net cash outflow from other creditors	70,000	22,907
Other non cash items	(4,950)	-
Change in net debt	5,303	382,590
Net debt at 25 April 2010	(1,213,926)	(1,596,516)
Net debt at 1 May 2011	(1,208,623)	(1,213,926)

Notes *(continued)*

24 Notes to the cash flow statement *(continued)*

Analysis of changes in net debt

	At 25 Apr 10	Cash flows	Other non cash items	**At 1 May 11**
	£	£	£	**£**
Net cash				
Cash in hand and at bank	5 096	1,528	-	**6,624**
Overdrafts	(557,156)	(249,814)	-	**(806,970)**
	(552,060)	(248,286)	-	**(800,346)**
Debt.				
Bank loans	(124,722)	118,038	-	**(6,684)**
Loan from related party	(100,000)	33,333	-	**(66,667)**
Finance lease agreements	(71,624)	37,168	-	**(34,456)**
Other debt	(365,520)	70,000	(4,950)	**(300,470)**
	(661,866)	258,539	(4,950)	**(408,277)**
Net debt	(1,213,926)	10,253	(4,950)	**(1,208,623)**

25 Ultimate controlling party

The ultimate controlling party is H W Brasher, a director of the company, as he holds a majority stake in the equity of the company

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.

Detailed profit and loss account

Period from 26 April 2010 to 1 May 2011

	Period from 26 Apr 10 to 1 May 11 £	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £	Period from 27 Apr 09 to 25 Apr 10 £
Turnover		**19,731,517**		19,930,758
Cost of sales				
Purchases	**(10,414,094)**		(10,686,519)	
Discounts	**144,530**		147,592	
Other costs	**(240,562)**		(140,456)	
Security	**(2,369)**		(2,985)	
		(10,512,495)		(10,682,368)
Gross profit		**9,219,022**		9,248,390
Overheads				
Administrative expenses		**(9,657,919)**		(9,056,412)
		(438,897)		191,978
Other operating income		**873,613**		580,205
Operating profit		**434,716**		772,183
Interest payable and similar charges		**(124,080)**		(171,637)
Profit on ordinary activities		**310,636**		600,546

Notes to the detailed profit and loss account

Period from 26 April 2010 to 1 May 2011

Administrative expenses

	Period from 26 Apr 10 to 1 May 11 £	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £	Period from 27 Apr 09 to 25 Apr 10 £
Personnel costs				
Directors' salaries	**294,886**		70,000	
Directors' pensions	**-**		3,600	
Wages and salaries	**3,338,603**		3,406,674	
Employer's national insurance contributions	**285,645**		273,452	
Staff pension contributions	**900**		900	
Medical costs	**3,413**		2,951	
		3,923,447		3,757,577
Establishment expenses				
Rent	**2,047,179**		2,054,653	
Rates	**590,731**		506,471	
Light and heat	**101,523**		115,242	
Insurance	**78,513**		37,552	
Repairs and maintenance	**149,875**		102,385	
Cleaning of premises	**27,651**		19,040	
Service charges	**130,441**		102,881	
		3,125,913		2,938,224
General expenses				
Motor expenses	**64,469**		55,492	
Travel and subsistence	**123,898**		93,062	
Telephone	**88,305**		74,938	
Data processing	**18,455**		16,848	
Printing, stationery and postage	**300,737**		297,422	
Marathon costs	**686,497**		601,606	
Staff training	**41,747**		56,554	
Sundry expenses	**29,320**		20,549	
Advertising	**510,443**		492,119	
Entertaining	**13,462**		7,286	
Legal and professional fees	**28,247**		17,542	
Other professional fees	**124,975**		87,327	
Accountancy fees	**8,370**		18,366	
Auditor's remuneration	**20,000**		19,750	
Amortisation	**16,192**		16,192	
Depreciation	**517,420**		463,767	
		2,592,537		2,338,820
Financial costs				
Bad debts written off	**9,589**		4,508	
Bank charges	**6,433**		17,283	
		16,022		21,791
		9,657,919		9 056,412

Notes to the detailed profit and loss account

Period from 26 April 2010 to 1 May 2011

Other operating income

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Property income	**102,613**	12,077
Shop fitting contributions	**226,000**	148,128
Consulting income	**545,000**	420,000
	873,613	580,205

Interest payable and similar charges

	Period from 26 Apr 10 to 1 May 11 £	Period from 27 Apr 09 to 25 Apr 10 £
Bank overdraft interest	**13,032**	9,122
Bank loan interest	**24,178**	19,986
Lease charges	**81,920**	137,279
Dividend on non equity preference shares	**4,950**	5,250
	124,080	171,637