

Nicholas Deakins Limited

Directors' report and financial statements

Registered number 03201284

52 week period ended

28 January 2012

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Directors' report

The Directors present their Directors' report and audited financial statements for the 52 week period ended 28 January 2012

Principal activities

The principal activity of the Company continues to be the design and wholesale of branded fashion footwear and apparel

Business review

The Directors are pleased with the result for the 52 week period ended 28 January 2012 during which the business increased Revenue by 22% and Operating profit by 65% due to strong wholesale sales of the Autumn Winter clothing and footwear ranges whilst successfully controlling operating expenses

The Directors are however, cautious about future performance due to an increasingly competitive fashion marketplace in the UK and a retail customer who is increasingly offer driven, leading to challenges in maintaining market share and gross profit margins for the company

In assessing the performance of the Company, the Directors make use of the following Key Performance Indicators

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Revenue	4,177	3,425
Gross profit %	31.9%	31.7%
Operating profit	301	182
Operating profit %	7.2%	5.3%

Proposed dividend

The Directors do not recommend the payment of a dividend (2011 £nil)

Principal risks and uncertainties

Any business undertaking will involve some risk with many risk factors common to any business regardless of what sector it operates in. However, the Directors consider that certain risks and uncertainties are more specific to the Company and the distribution sector in which it operates. These risks and uncertainties include the following

- Impact of exchange rates on the costs of materials,
- Demand within the fashion retail sector, and
- Seasonality

The Directors continue to endeavour to manage these risks and uncertainties to the extent possible within the business

Creditor payment policy

For all trade creditors it is the Company's policy to

- Agree the terms of payment at the start of business with the supplier,
- Ensure suppliers are aware of the terms of payment, and
- Pay in accordance with its contractual and other legal obligations

The average number of days taken to pay trade creditors by the Company at the period end was 22 (2011 21)

The Company does not follow any code or statement on payment policy

Directors' report *(continued)*

Directors

The Directors who held office during the period were as follows

CN Tate
PA Cowgill
BM Small

Employees

The Company is committed to promote equal opportunities in employment regardless of employees' or potential employees' sex, marital status, sexual orientation, creed, colour, race, ethnic origin or disability. Recruitment, promotion and the availability of training are based on the suitability of any applicant and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during his or her employment by the Company, every effort is made to continue employment and training within their existing capacity wherever practicable, or failing that, in some alternative suitable capacity.

The Company has continued throughout the period to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Company's performance and of any significant organisational changes.

Political and charitable contributions

The Company made no political contributions during the period (2011 £nil) and made charitable donations of £nil during the period (2011 £nil).

Disclosure of information to auditor

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 auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



BM Small
Director

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

9 October 2012

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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.



Independent Auditor's report to the Members of Nicholas Deakins Limited

We have audited the financial statements of Nicholas Deakins Limited for the 52 week period ended 28 January 2012 set out on pages 5 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 express an 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 website 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 28 January 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Stuart Burdass (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

15 October 2012

Statement of Comprehensive Income

For the 52 week period ended 28 January 2012

	Note	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Revenue	1	4,177	3,425
Cost of sales		(2,846)	(2,339)
Gross profit		1,331	1,086
Selling and distribution expenses		(536)	(524)
Administrative expenses		(501)	(439)
Other operating income	3	7	59
Operating profit		301	182
Financial expenses	4	(5)	(1)
Profit before tax	2	296	181
Income tax expense	7	(31)	(44)
Profit for the period attributable to equity holders of the Company		265	137
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period attributable to the equity holders of the Company		265	137

Statement of Changes in Equity

For the 52 week period ended 28 January 2012

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 30 January 2010	-	504	504
Total comprehensive income for the period	-	137	137
Balance at 29 January 2011	-	641	641
Total comprehensive income for the period	-	265	265
Balance at 28 January 2012	-	906	906

Statement of Financial Position

As at 28 January 2012

	Note	As at 28 January 2012 £000	As at 29 January 2011 £000
ASSETS			
Property, plant and equipment	9	66	80
Deferred tax assets	10	-	2
Total non-current assets		66	82
Inventories	11	373	340
Trade and other receivables	12	737	772
Cash and cash equivalents	13	250	59
Total current assets		1,360	1,171
TOTAL ASSETS		1,426	1,253
LIABILITIES			
Interest-bearing loans and borrowings	14	-	(192)
Trade and other payables	15	(436)	(364)
Income tax liabilities	16	(84)	(56)
Total current liabilities		(520)	(612)
TOTAL LIABILITIES		(520)	(612)
TOTAL ASSETS LESS TOTAL LIABILITIES		906	641
CAPITAL AND RESERVES			
Issued ordinary share capital	17	-	-
Retained earnings		906	641
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		906	641

These financial statements were approved by the Board of Directors on 9 October 2012 and were signed on its behalf by



B M Small
Director

Registered number 03201284

Statement of Cash Flows

For the 52 week period ended 28 January 2012

	Note	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Cash flows from operating activities			
Profit for the period		265	137
Depreciation of non-current assets	9	18	14
Financial expense	4	5	1
Income tax expense	7	31	44
Decrease/(increase) in trade and other receivables	12	34	(231)
Increase in inventories	11	(33)	(123)
Increase in trade and other payables	15	72	71
Interest paid		(5)	(1)
Net cash from operating activities		387	(88)
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(4)	(75)
Net cash used in investing activities		(4)	(75)
Net decrease in cash and cash equivalents		383	(163)
Cash and cash equivalents at the beginning of the period		(133)	30
Cash and cash equivalents at the end of the period		250	(133)

Notes

(Forming part of the financial statements)

1 Accounting policies

Nicholas Deakins Limited (the "Company") is a company incorporated and domiciled in the UK

Basis of preparation

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs')

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The financial statements are prepared on the historical cost basis as modified for financial assets and liabilities at fair value through the Statement of Comprehensive Income

The financial statements are presented in pounds sterling, rounded to the nearest thousand

A number of new standards, amendments to standards and interpretations have been issued during the 52 week period ended 28 January 2012 but are not yet effective, and therefore have not yet been adopted by the Company

The Company continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Company in future reporting periods

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 that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 1 to 2. In addition note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital, and note 18 includes its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The Company has considerable financial resources, with access to intercompany borrowing from its immediate parent undertaking, JD Sports Fashion Plc. In addition since 12 April 2011, the Company has been encompassed in the new Group syndicated committed borrowing facility of £75,000,000. Prior to this date the Company had a £600,000 overdraft facility which was guaranteed by JD Sports Fashion Plc. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully, despite the uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Company assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element, which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the Statement of Comprehensive Income on a straight-line basis over the life of the lease. Lease incentives are credited to the Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets. These costs are amortised over the life of the lease.

(iii) Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Improvements to short leasehold properties life of lease on a straight line basis
- Computer equipment 3-4 years on a straight line basis
- Fixtures and fittings 5-7 years or length of lease if shorter, on a straight line basis

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, marks downs and shrinkage.

Financial instruments

Financial assets and financial liabilities are recognised in the Company statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Notes (continued)

1 Accounting policies (continued)

Trade receivables

Trade receivables are recognised at amortised cost less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The movement in the provision is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

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

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their cost.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through the distribution businesses, revenue is recognised when goods are sold and the title has passed less a provision for credit notes. Distribution sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

In the case of goods sold through the retail stores and trading websites, revenue is recognised when goods are sold and the title has passed, 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.

Financial expenses

Financial expenses comprise interest payable on interest bearing loans and borrowings. Financial expenses are recognised in the Statement of Comprehensive Income on an effective interest basis.

Income tax

Tax on the profit or loss for the period comprises current and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

1 Accounting policies (continued)

Income tax (continued)

(ii) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in respect of the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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 are discussed below.

(i) 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. 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 assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

(ii) Provisions to write inventories down to net realisable value

The Company makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

2 Profit before tax

Profit before tax is stated after charging:

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Auditor's remuneration		
Fees payable for the audit of the Company's annual accounts	10	10
Depreciation and amortisation of non-current assets		
Depreciation of property, plant and equipment – owned	18	14
Rentals payable under non-cancellable operating leases for		
Land and buildings	112	105
Other	11	11

Notes (continued)

3 Other operating income

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Royalties receivable	7	12
Other	-	47
	<u>7</u>	<u>59</u>

4 Financial expenses

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
On bank loans and overdrafts	5	1
	<u>5</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	52 week period ended 28 January 2012	52 week period ended 29 January 2011
Sales and distribution	14	12
Administration	4	4
	<u>18</u>	<u>16</u>
Full time equivalents	15	15

The aggregate payroll costs of these persons were as follows

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Wages and salaries	521	510
Social security costs	72	47
Other pension costs	13	34
	<u>606</u>	<u>591</u>

Notes (continued)

6 Directors' remuneration

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Directors' emoluments	222	195
Pension contributions	13	13
	<u>235</u>	<u>208</u>

Messrs Cowgill and Small received no remuneration from the Company in the current or prior period, these fees being borne by the Parent Company (see note 22) The amounts disclosed above relate to the highest paid director

7 Income tax

Recognised in the Statement of Comprehensive Income

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
<i>Current tax</i>		
UK Corporation tax – current year	(81)	(55)
Adjustments to prior periods	52	9
Total current tax expense	<u>(29)</u>	<u>(46)</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	1	(2)
Adjustments to prior periods	(3)	4
Total deferred tax expense	<u>(2)</u>	<u>2</u>
Income tax expense	<u>(31)</u>	<u>(44)</u>

	52 week period ended 28 January 2012 £000	52 week period ended 29 January 2011 £000
Profit for the period	265	137
Total tax expense for the period	31	44
Profit before taxation	<u>296</u>	<u>181</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 26.3% (2011 28.0%)	78	51
Effect of		
Non-deductible expenses	1	2
Non-qualifying depreciation	1	2
Change in deferred tax rate	-	2
Adjustments relating to prior periods	(49)	(13)
Income tax expense	<u>31</u>	<u>44</u>

Notes (continued)

8 Intangible assets

	Goodwill £000
Cost	
At 30 January 2010, at 29 January 2011 and at 28 January 2012	57
Amortisation and impairment	
At 30 January 2010, at 29 January 2011 and at 28 January 2012	(57)
Net book value	
At 30 January 2010, at 29 January 2011 and at 28 January 2012	-

9 Property, plant and equipment

	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost				
At 30 January 2010	39	21	105	165
Additions	8	3	64	75
At 29 January 2011	47	24	169	240
Additions	-	3	1	4
At 28 January 2012	47	27	170	244
Depreciation and impairment				
At 30 January 2010	(39)	(9)	(98)	(146)
Charge for the period	(1)	(4)	(9)	(14)
At 29 January 2011	(40)	(13)	(107)	(160)
Charge for the period	(2)	(5)	(11)	(18)
At 28 January 2012	(42)	(18)	(118)	(178)
Net book value				
At 30 January 2010	-	12	7	19
At 29 January 2011	7	11	62	80
At 28 January 2012	5	9	52	66

At 28 January 2012, the net carrying amount of tangible fixed assets held under finance leases or similar hire purchase contracts was £nil (2011 £nil). Depreciation on these assets in the period was £nil (2011 £nil).

Notes (continued)

10 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets 2012 £000	Assets 2011 £000	Liabilities 2012 £000	Liabilities 2011 £000	Net 2012 £000	Net 2011 £000
Tax losses	-	2	-	-	-	2

Movement in deferred tax during the period

	Property, plant and equipment £000	Total £000
Balance at 30 January 2010	-	-
Recognised in income	2	2
Balance at 29 January 2011	2	2
Recognised in income	(2)	(2)
Balance at 28 January 2012	-	-

11 Inventories

	As at 28 January 2012 £000	As at 29 January 2011 £000
Finished goods and goods for resale	373	340

The cost of inventories recognised as expenses and included in cost of sales for the 52 week period ended 28 January 2012 was £2,846,000 (2011 £2,339,000)

Notes (continued)

12 Trade and other receivables

	As at 28 January 2012 £000	As at 29 January 2011 £000
Trade receivables	339	389
Other receivables	-	16
Amounts owed by Group undertakings	225	159
Prepayments and accrued income	173	208
	<u>737</u>	<u>772</u>

The ageing of trade receivables is detailed below

	Gross £000	2012 Provision £000	Net £000	Gross £000	2011 Provision £000	Net £000
Not past due	164	-	164	266	-	266
Past due 30- 60 days	36	-	36	43	-	43
Past 60 days	140	(1)	139	84	(4)	80
	<u>340</u>	<u>(1)</u>	<u>339</u>	<u>393</u>	<u>(4)</u>	<u>389</u>

As at 28 January 2012, trade receivables at nominal value £1,000 was provided for, of which £nil was not past due, £nil was past due 30-60 days and £1,000 was past 60 days

The Board consider that the carrying amount of trade and other receivables approximate their fair value. No further credit risk provision is considered to be required in excess of the normal provision for impairment losses, which has been calculated following individual assessments of credit quality based on historic default rates and knowledge of debtor insolvency or other credit risk. Movement on this provision is shown below

	£000
At 30 January 2010	8
Released in the period	(4)
	<u>4</u>
At 29 January 2011	4
Created in the period	1
Released in the period	(3)
Utilised in the period	(1)
	<u>1</u>
At 28 January 2012	<u>1</u>

The other classes within trade and other receivables are not considered to contain impaired assets

Notes (continued)

13 Cash and cash equivalents

	As at 28 January 2012 £000	As at 29 January 2011 £000
Bank balances and cash floats	250	59

Cash and cash equivalents are held with major United Kingdom and European clearing banks and earn floating rates of interest based upon bank base rates or rates linked to LIBOR. Included within the figure shown is a Euro denominated balance of £2,000 and US Dollar denominated balance of £11,000. The remaining balance is denominated in sterling.

14 Interest bearing loans and borrowings

	As at 28 January 2012 £000	As at 29 January 2011 £000
Current liabilities		
Bank overdraft	-	192

15 Trade and other payables

	As at 28 January 2012 £000	As at 29 January 2011 £000
Current		
Trade payables	106	103
Other payables and accrued expenses	107	100
Other tax and social security costs	57	10
Amounts owed to Group undertakings	166	151
	436	364

16 Income tax liability

	As at 28 January 2012 £000	As at 29 January 2011 £000
Income tax liability	84	56

Notes (continued)

17 Capital

Issued ordinary share capital

	Number of ordinary shares	Ordinary share capital £000
At 29 January 2011 and 28 January 2012	200	-

The total number of issued ordinary shares was 200 (2011 200) with a par value of £1 00 per share (2011 £1 00)
 All shares are fully paid up

The capital structure of the Company comprises issued share capital and retained earnings. The policy adopted by the Directors is to seek to improve the capital base of the Company so as to maintain creditor confidence and to sustain future development of the business. There were no changes to the Company's approach to capital management during the period.

On a show of hands at a general meeting, every holder of ordinary shares present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder. Subject to the relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. Subject to the relevant statutory provisions and the Company's Articles of Association, on a return of capital on a winding-up, holders of ordinary shares are entitled to participate in such a return equally in proportion to their shareholding.

Notes (continued)

18 Financial instruments

Financial assets

The Company's financial assets are all categorised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents'.

Financial liabilities

The Company's financial liabilities are all categorised as other financial liabilities. Other financial liabilities are measured at amortised cost. The Company's other financial liabilities comprise 'Trade and other payables'.

Included within Trade and other payables are £50,000 of Euro denominated payables.

Risk management

The Company's operations expose it to a combination of financial risks that include the effects of changes in interest rates, exchange rates, credit risk and its liquidity position. These risks are managed as a part of a wider Group, further information on which is provided in the annual report of the immediate parent company (see note 22).

Interest rate risk

The Company finances its operations through bank (as party to the Group syndicated committed bank facility) and intercompany borrowings, both of which are at floating rates.

Interest rate risk therefore arises from Company drawings against the Group facility and on interest bearing intercompany loans. The Company is exposed to cash flow interest risk with interest paid on its bank borrowings at a rate of LIBOR plus a margin of 1.25%. Intercompany borrowing does not attract interest.

The Board of the immediate parent regularly reviews the interest rate risk of the enlarged Group, and seeks to use interest rate swaps to minimise exposure to interest rate fluctuations where appropriate. The Board did not consider that an interest rate swap was necessary as at 28 January 2012. As at 28 January 2012 the Group's syndicated committed bank facility was drawn down by £nil.

A change of 1% in average interest rates during the period when applied to the average net cash/debt position of the Company as at the reporting date, would change profit before tax by £nil (2011 £1,000) and would change equity by £nil (2011 £1,000). This assumes that all other variables remain unchanged. Calculations are performed on the same basis as the prior year.

Foreign currency risk

A large proportion of the Company's purchases are denominated in either Euro or US Dollars. The Company is therefore exposed to fluctuations in exchange rates. The Board seek to minimise this risk by agreeing fixed forward currency rates with the Parent Company, which are set in advance of the buying season.

A 10% strengthening of sterling relative to the Euro and US Dollar as at the reporting date would have reduced profit before tax by £3,000 (2011 £nil) and would change equity by £3,000 (2011 £nil). A 10% weakening of sterling relative to Euro and US Dollar as at the reporting date would have increased profit before tax by £4,000 (2011 £nil) and would change equity by £4,000 (2011 £nil). These figures assume that all other variables remain unchanged. Calculations are performed on the same basis as the prior year.

Credit risk

Investments of cash surpluses and borrowings are made through major United Kingdom clearing banks, which meet minimum credit ratings as required by the Board of the immediate parent.

Receivable balances are monitored on an ongoing basis and provision is made for impairment where amounts are not thought to be recoverable (see note 12).

On 12 April 2011 a Group syndicated committed £75,000,000 bank facility for 54 months to 11 October 2015 was signed. This facility encompasses cross guarantees between the Company, JD Sports Fashion Plc, RD Scott Limited, Bank Fashion Limited, Topgrade Sportswear Limited, Canterbury Limited, Canterbury of New Zealand Limited and Focus International Limited. As at 28 January 2012, this facility was drawn down by £nil.

Notes (continued)

18 Financial instruments (continued)

Liquidity risk

The Company's cash and borrowing requirements are managed as part of a wider Group in order to minimise net interest expense, whilst ensuring sufficient liquid resources to meet the operating needs of the business. Cash forecasts and borrowing profiles of the Company are monitored on an ongoing basis, to ensure that adequate headroom remains under committed borrowing facilities.

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows

	Carrying amount 2012 £000	Fair value 2012 £000	Carrying amount 2011 £000	Fair value 2011 £000
Trade and other receivables	737	737	772	772
Cash and cash equivalents	250	250	59	59
Trade and other payables	(436)	(436)	(364)	(364)
Interest-bearing loans and borrowings	-	-	(192)	(192)
	<u>551</u>	<u>551</u>	<u>275</u>	<u>275</u>
Unrecognised (losses) / gains		-		-

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments reflected in the table are as follows

Trade and other receivables/ payables

For trade and other receivables/ payables, the notional amount is deemed to reflect the fair value

19 Operating lease commitments

The Company leases one retail outlet and one office under non-cancellable operating lease agreements. The leases have differing terms, escalation clauses and renewal rights. Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows

	Land and buildings 2012 £000	Plant and equipment 2012 £000	Land and buildings 2011 £000	Plant and equipment 2011 £000
Less than one year	96	4	96	10
Between one and five years	343	5	370	2
More than five years	122	-	191	-
	<u>561</u>	<u>9</u>	<u>657</u>	<u>12</u>

The future minimum rentals payable on land and buildings represent the base rents that are due on each property

20 Capital commitments

During the period ended 28 January 2012, the Company entered into contracts to purchase property plant and equipment totalling £nil (2011 £nil)

Notes (continued)

21 Related parties

Transactions and balances with related parties during the period are shown below. Transactions were undertaken in the ordinary course of business. Outstanding balances are unsecured and will be settled in cash.

JD Sports Fashion Plc

Nicholas Deakins Limited is 100% owned by JD Sports Fashion Plc

	Value of transactions 2012 £000	(Payable)/ receivable at period end 2012 £000	Value of transactions 2011 £000	(Payable)/ receivable at period end 2011 £000
Sale of inventory	858	-	291	-
Purchase of inventory	(379)	-	(92)	-
Amounts owed to JD Sports Fashion Plc	-	(136)	-	(152)

R.D. Scott Limited

R D Scott Limited is a 100% owned subsidiary of JD Sports Fashion Plc

	Value of transactions 2012 £000	(Payable)/ receivable at period end 2012 £000	Value of transactions 2011 £000	(Payable)/ receivable at period end 2011 £000
Sale of inventory	525	-	367	-
Royalty income	7	-	14	-
Amounts owed by R D Scott Limited	-	83	-	48

Bank Fashion Limited

Bank Fashion Limited is a 100% owned subsidiary of JD Sports Fashion Plc

	Value of transactions 2012 £000	(Payable)/ receivable at period end 2012 £000	Value of transactions 2011 £000	(Payable)/ receivable at period end 2011 £000
Sale of inventory	499	-	533	-
Amounts owed by Bank Fashion Limited	-	108	-	112

Notes (continued)

21 Related parties (continued)

Premium Fashion Limited

Premium Fashion Limited is a 100% owned subsidiary of JD Sports Fashion Plc

	Value of transactions 2012 £000	(Payable)/ receivable at period end 2012 £000	Value of transactions 2011 £000	(Payable)/ receivable at period end 2011 £000
Sale of inventory	3	-	-	-
Amounts owed by Premium Fashion Limited	-	3	-	-

Topgrade Sportswear Limited

Topgrade Sportswear Limited is a 80% owned subsidiary of JD Sports Fashion Plc

	Value of transactions 2012 £000	(Payable)/ receivable at period end 2012 £000	Value of transactions 2011 £000	(Payable)/ receivable at period end 2011 £000
Sale of inventory	82	-	-	-
Amounts owed by Topgrade Sportswear Limited	-	-	-	-

22 Parent Company

The Company is a subsidiary undertaking of JD Sports Fashion Plc, which is the smallest group in which the Company is a member and for which Group Financial Statements are drawn up. JD Sports Fashion Plc is registered in England. Copies of the consolidated financial statements of JD Sports Fashion Plc are available to the public and can be obtained from the Company Secretary, Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or at www.jdplc.com

23 Ultimate parent company

The ultimate parent company is Pentland Group Plc, which is the largest group in which the Company is a member and for which group financial statements are drawn up. Pentland Group Plc is registered in England. Copies of the consolidated financial statements of Pentland Group Plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ