

Company Registration No. 00262152

LITTLEWOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2016

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LITTLEWOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2016

DIRECTORS

A S Barclay
H M Barclay
D W Kershaw
P L Peters
M Seal

REGISTERED OFFICE

First Floor, Skyways House
Speke Road
Speke
Liverpool
L70 1AB

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

LITTLEWOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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STRATEGIC REPORT

The directors present their annual report of the Company for the year ended 30 June 2016. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

This set of financial statements for the year ended 30 June 2016 has been prepared in accordance with The Reduced Disclosure Framework (FRS 101). The Company has transitioned to FRS 101 during the current financial year and as such the financial information for the years ended 30 June 2015 and 30 June 2014 has been restated to be prepared in accordance with FRS 101. The impact of the restatement is explained in note 18.

Principal activities

The principal activity of the company is that of an investment holding company, which provides certain management services to various companies within the Shop Direct Limited group.

Review of the business

A key performance measure for the business is profit before taxation. The loss for the year before taxation was £0.9m (2015: profit of £5.4m). The loss after taxation of £0.9m has been withdrawn from reserves (2015: profit of £5.4m was transferred to reserves).

The profit and loss account for the year is set out on page 6.

Future outlook

The directors remain confident on the trading outlook of the investments owned by the business.

Principal risks and uncertainties

The Company's principal risk relates to the recoverable value of the Company's principal investments. This is mitigated through a regular review of the Company's investments.

Going concern

In determining whether the Company's accounts can be prepared on a going concern basis, the directors considered the Company's financial position in conjunction with the group forecasts and banking covenants for the next 12 months from the date of signing the audited financial statements. These have been appraised in the light of the uncertainty in the current economic climate.

After making appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual Report and Financial Statements.

By order of the board



P L Peters
Director
19 October 2016

DIRECTORS' REPORT

The directors present the report and the audited financial statements of the Company for the year ended 30 June 2016.

Directors

The directors that held office during the year and to the date of this report, unless otherwise stated, were as follows:

A S Barclay
H M Barclay
D W Kershaw
P L Peters
M Seal

Going concern

The directors' considerations regarding the going concern assumption are detailed in the strategic report (page 1).

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Elective resolutions

The company has passed elective resolutions to dispense with the holding of general meetings and for the laying of the annual report and financial statements before the Company in general meetings, until such time as the elections are revoked.

Statement to disclose information to the auditor

Each of the persons who are a director at the date of approval of this report confirms that:

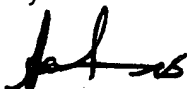
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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

Deloitte LLP have indicated their willingness to continue in office.

By order of the board



P L Peters
Director
19 October 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITTLEWOODS LIMITED

We have audited the financial statements of Littlewoods Limited for the year ended 30 June 2016 which comprise Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITTLEWOODS LIMITED
(continued)**

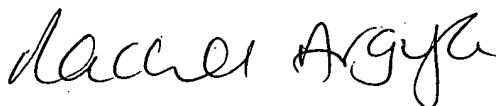
Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.



Rachel Argyle (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
19 October 2016

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PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2016 £'000	2015 £'000
Revenue	4	284	278
Administration expenses		(668)	(678)
Operating loss	6	(384)	(400)
Interest (payable)/receivable	8	(523)	19
Income from subsidiary undertakings	11	-	2,499
Profit on disposal of subsidiary	11	-	3,280
(Loss)/profit on ordinary activities before taxation		(907)	5,398
Taxation on loss on ordinary activities	9	-	-
(Loss)/profit for the year on ordinary activities		(907)	5,398

The (loss)/profit on ordinary activities before taxation for the current and prior year arises from the Company's continuing operations.

STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

	<i>Notes</i>	2016 £'000	2015 £'000
(Loss)/profit for the financial year		(907)	5,398
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on pension schemes	15	(699)	1,372
Total comprehensive (loss)/income for the year		(1,606)	6,770

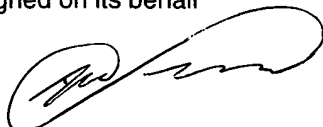
LITTLEWOODS LIMITED
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BALANCE SHEET
As at 30 June

	<i>Notes</i>	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	10	4,670	5,030
Investments	11	756,887	756,887
		<hr/> 761,557	<hr/> 761,917
Current assets			
Debtors	12	10	10
Cash at bank and in hand		1	1
		<hr/> 11	<hr/> 11
Creditors: Amounts falling due within one year	13	(510,178)	(507,290)
		<hr/> (510,167)	<hr/> (507,279)
Net current liabilities			
Net pension liabilities	15	(13,987)	(15,629)
		<hr/> (524,165)	<hr/> (522,919)
Total liabilities			
		<hr/> 237,403	<hr/> 239,009
Net assets			
Capital and reserves			
Share capital	14	100,000	255,312
Profit and loss account		137,403	(224,703)
Capital redemption reserve		-	208,400
		<hr/> 237,403	<hr/> 239,009
Total shareholders' funds			
		<hr/> 237,403	<hr/> 239,009

The financial statements of Littlewoods Limited, company number 00262152 were approved by the Board of Directors on 19 October 2016.

Signed on its behalf



D Kershaw
Director

LITTLEWOODS LIMITED
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STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Profit and loss account £'000	Capital contribution reserve £'000	Total £'000
Balance as at 1 July 2014 as previously reported	255,312	(214,491)	208,400	249,221
Changes on transition to FRS101 (note 18)	-	(16,982)	-	(16,982)
Balance as at 1 July 2014 as restated	255,312	(231,473)	208,400	232,239
Profit for the year	-	5,398	-	5,398
Other comprehensive income for the year	-	1,372	-	1,372
Total comprehensive income for the year	-	6,770	-	6,770
Balance at 30 June 2015	255,312	(224,703)	208,400	239,009
Changes in equity for the year to 30 June 2016				
Balance as at 1 July 2015	255,312	(224,703)	208,400	239,009
Profit for the year	-	(907)	-	(907)
Other comprehensive income for the year	-	(699)	-	(699)
Transfer to profit and loss account	-	208,400	(208,400)	-
Share capital reduction	(155,312)	155,312	-	-
Total comprehensive income for the year	(155,312)	362,106	(208,400)	(1,606)
Balance at 30 June 2016	100,000	137,403	-	237,403

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Littlewoods Limited ("the Company") is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations is set out in the Directors' Report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the company has undergone transition from reporting under generally accepted accounting practice in the UK (UK GAAP) to FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and transactions with related party and key management personnel. Where relevant, equivalent disclosures have been given in the group accounts of Shop Direct Limited which are available to the public.

In preparing its opening FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in note 18 to the financial statements.

The significant accounting policies have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 balance sheet at 1 July 2014.

The accounts are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday.

As the Company is a wholly owned subsidiary of Shop Direct Limited through an intermediate company, it is exempt under S408 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Going concern

In determining whether the Company's accounts can be prepared on a going concern basis, the directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Strategic Report.

After making appropriate enquiries, and on the basis that the company has the support of its parent company, Shop Direct Limited, 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 the preparation of the annual report and accounts.

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

~~Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.~~

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

Intangible assets

Intangible assets comprise an acquired brand which is being amortised over its useful economic life, taken to be 20 years. Provision is made for any impairment.

Investments

Investments are included in the balance sheet at their cost on acquisition. Where appropriate, provision is made for any impairment in their value.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Revenue

Revenue relates to the provision of management services to other group companies and is recognised, net of value added tax, when the service has been provided.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to contributions.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Company presents the first component of defined benefit costs within administrative expenses (see note 15) in its profit and loss account. Curtailments gains and losses are accounted for as past-service cost.

Net interest expense or income is recognised within interest receivable (see note 8).

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgments or key sources of estimation uncertainty that are relevant for the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Revenue

An analysis of the company's revenue is as follows:

	2016 £'000	2015 £'000
Provision of management services	284	278
Total revenue as defined in IAS18	284	278

The company's revenue activities consist solely of the provision of management services with its origin and destination in the United Kingdom.

5. Profit for the year

The auditor's remuneration has been borne by fellow subsidiary undertakings and not recharged (2015: same).

There are no non-audit fees payable to the auditor in the current or prior year.

6. Operating loss

Operating loss is stated after charging:

	2016 £'000	2015 £'000
Amortisation of intangible assets (note 10)	360	360

7. Staff costs

	2016 £'000	2015 £'000
Staff costs during the year:		
Wages and salaries	239	234
Social security costs	25	25
Other pension costs (note 15)	20	19
	284	278
	2016 Number	2015 Number
Average monthly number of full time equivalents employed:		
Administration	2	2

Director's emoluments are paid by other group companies and are not recharged as no practical allocation can be made (2015: same).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Interest (payable)/receivable

	2016 £'000	2015 £'000
Net interest on defined benefit obligation (see note 15)	(523)	19

9. Tax

Corporation tax is calculated at 20.0% (2015: 20.8%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2016 £'000	2015 £'000
(Loss)/profit before tax from discontinued operations	(907)	5,398
Tax at the UK rate of 20.0% (2015: 20.8%)	(181)	1,123
Group relief	181	1,123
Current tax charge for the year	-	-

The Government has announced that it intends to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The 18% main rate of corporation tax was set by the Finance (No. 2) Act 2015 which received Royal Assent on 18 November 2015. The Finance Bill 2016 introduces legislation that further reduces, from 1 April 2020, the main rate of corporation tax to 17%, as this legislation was not substantively enacted by 30 June 2016 the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts.

The total potential asset for deferred taxation is as follows:

	2016 £'000	2015 £'000
Short term timing differences and tax losses	12,068	15,134
Deferred tax asset	12,068	15,134
Deferred tax not recognised	(12,068)	(15,134)
Deferred tax recognised	-	-

The deferred tax asset has not been recognised as it is not considered to be recoverable in future years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Intangible assets

	Acquired brands £'000
Cost	
At 1 July 2015 and 30 June 2016	7,186
Amortisation	
At 1 July 2015	2,156
Charge for the year	360
At 30 June 2016	2,516
Net book value	
At 30 June 2016	4,670
At 30 June 2015	5,030

The intangible asset relates to the purchase of the Woolworths and Ladybird brands and intellectual property rights.

11. Investments

	Group undertakings £'000
Cost and Net book value	
At 1 July 2015 and 30 June 2016	756,887

Details of all subsidiaries are disclosed in note 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Debtors: Amounts falling due within one year

	2016 £'000	2015 £'000
Other debtors	10	10
	<hr/>	<hr/>

13. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	1	1
Amounts due to group undertakings	510,177	507,289
	<hr/>	<hr/>
	510,178	507,290
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

14. Share capital

	2016 £'000	2015 £'000
Allotted, issued and fully paid:		
100,000,000 (2015: 255,311,679) ordinary shares of £1 each	100,000	255,312
	<hr/>	<hr/>

There was a share capital reduction in the year which reduced the issued share capital from £255.3m to £100.0m.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Retirement benefit obligations

Defined contribution scheme

The Company operates a contributory pension scheme for all employees; the Shop Direct Group Personal Pension Plan. This defined contribution scheme is in compliance with employer pension duties in accordance with part 1 of the Pensions Act 2008, including auto enrolment requirements.

Contributions to the defined contribution schemes are also charged to the profit and loss account. The total cost of the contributions to all the schemes within these accounts amounted to £20,000 (2015: £19,000). At 30 June 2016 there were pension contributions payable of £nil (2015: £nil).

Defined benefit schemes

The Company participates in the following pension arrangements:

- a. The Littlewoods Pensions Scheme ("Scheme"), which is a defined benefit arrangement based on final pensionable salaries. The pension scheme is set up under trust and the assets of the scheme are held separately from those of the Company. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed by the parent undertaking and all other Shop Direct Holdings Limited group companies and the Scheme Trustee. The Scheme was closed to new entrants with effect from 1 October 2001 and is closed to future accrual.
- b. From 1 October 2001 certain employees of the Company were eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the company contribute.

The major assumptions used by the actuaries were:

	2016	2015
Rate of increase in pensionable salaries	3.2%	3.6%
Rate of increase in pensions in payment if RPI 5%	2.6%	3.1%
Rate of increase in pensions in payment if RPI 2.5%	2.0%	2.3%
Discount rate	2.9%	3.8%
Rate of increases in pensions in deferment	1.7%	2.1%
RPI inflation assumption	2.7%	3.1%
CPI inflation assumption	1.7%	2.1%

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Retirement benefit obligations (continued)

Mortality assumptions

The life expectancy assumptions used by the actuaries were:

	Male: 65 year old retiring in the current year		Male: retiring in 25 years aged 65		Female: 65 year old retiring in the current year		Female: retiring in 25 years aged 65	
	2016	2015	2016	2015	2016	2015	2016	2015
	Years	years	Years	years	Years	years	Years	years
Scheme	22.1	22.7	23.9	24.4	23.3	24.1	25.6	26.5
Plan	23.9	24.4	26.1	26.8	25.9	26.8	28.3	29.2

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2016 £'000	2015 £'000
Current service cost	(24)	(38)
Included within admin expenses	(24)	(38)
Net interest (charge)/credit included within interest receivable (note 8)	(523)	19
Components of defined benefit costs recognised in profit or loss	(547)	(19)

Amounts recognised in the statement of comprehensive income are as follows:

	2016 £'000	2015 £'000
The return on plan assets (excluding amounts included in net interest expense)	45,393	26,396
Actuarial losses	(7,859)	9,531
Adjustments for restrictions on the defined benefit asset	(38,233)	(34,555)
Remeasurement of the net defined benefit liability	(699)	1,372

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Retirement benefit obligations (continued)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	(248,430)	(253,323)
Fair value of plan assets	305,859	269,692
	<hr/>	<hr/>
Funded status	57,429	16,369
Restrictions on asset recognised	(57,429)	(16,369)
IFRIC 14 liability	(13,987)	(15,629)
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	(13,987)	(15,629)
	<hr/>	<hr/>

An asset ceiling has been imposed as the Company is unable to realise the surplus on the Scheme and Plan. In addition, under IFRIC 14, the Company has recognised an additional liability to reflect the value of future funding commitments.

The Company participates in the Scheme and the Plan which are pension schemes that share risks between entities under common control. The Company's allocation of the assets and liabilities is based on its proportion of section 75 debt.

Movements in the present value of defined benefit obligations in the year were as follows:

	2016 £'000	2015 £'000
Opening defined benefit obligation	(253,323)	(237,738)
Movement in year:		
Current service cost	(24)	(38)
Interest cost	(9,091)	(10,008)
Actuarial gains/(losses)	(747)	(16,865)
Benefits paid	14,755	11,326
	<hr/>	<hr/>
Closing defined benefit obligation	(248,430)	(253,323)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Retirement benefit obligations (continued)

Movements in the fair value of plan assets in the year were as follows:

	2016 £'000	2015 £'000
Opening fair value of plan assets	269,692	241,806
Movement in year:		
Interest income	9,753	10,028
Actuarial gains	38,281	26,396
Contributions from the employer	2,888	2,788
Benefits paid	(14,755)	(11,326)
	<hr/>	<hr/>
Closing fair value of plan assets	305,859	269,692
	<hr/>	<hr/>

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2016 £'000	2015 £'000
Cash and equivalents	14,689	2,063
Equity instruments	81,541	122,737
Derivatives	209,629	144,892
	<hr/>	<hr/>
Total	305,859	269,692
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Subsidiary companies

A list of all subsidiary companies at 30 June 2016 is given below. Subsidiary undertakings are incorporated in England and Wales, carry out their principal operations in the country of incorporation, and the company owns 100% of the ordinary share capital.

<i>Subsidiary undertakings</i>	<i>Nature of business</i>
Shop Direct Home Shopping Limited	Retail
Shop Direct Licensing Limited*	Retail
Brian Mills Limited*	Dormant
Burlington Warehouses Limited*	Dormant
Business Express Network Limited	Dormant
Exind Limited	Dormant
Janet Frazer Limited*	Dormant
J&C Moores (Direct) Limited	Dormant
John Moores Home Shopping Service Limited*	Dormant
Littlewoods7 Limited	Dormant
Littlewoods Home Shopping Finance Limited *	Dormant
Littlewoods Home Shopping Limited	Dormant
Littlewoods Retail Limited	Dormant
Littlewoods Warehouses Limited*	Dormant
Love Label Limited*	Dormant
MC Hitchen & Sons Limited*	Dormant
Peter Craig Limited*	Dormant
Shop Direct Secretarial Services Limited	Dormant
St James's Street Properties Limited	Dormant
Swan Warehouses Limited*	Dormant
Woolworth Limited	Dormant
Woolworths Cinema Club Limited	Dormant
Woolworths Entertainment Group Limited	Dormant
Woolworths Group Finance Limited	Dormant
Woolworths Holdings Limited	Dormant
Woolworths Limited	Dormant
Woolworths Marketing Limited	Dormant
Woolworths Media Limited	Dormant
Woolworths Nominees Limited	Dormant
Woolworths On Line Limited	Dormant
Woolworths On Line Shopping Limited	Dormant
Woolworths Publishing Limited	Dormant

* indicates the company was owned by an intermediary company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Ultimate controlling party

The immediate holding company is LW Investments Limited, a company registered in England and Wales. The smallest group into which the results of the company are consolidated is the financial statements of Shop Direct Limited, a company registered in England and Wales. The largest UK group into which the results of the company are consolidated into is the financial statements of Shop Direct Holdings Limited, a company registered in England and Wales, which the directors regard as being controlled by Sir David Barclay and Sir Fredrick Barclay Family Settlements.

18. Impact of transition to FRS 101

As stated in note 2, the company has transitioned from United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 during the current financial year.

The accounting policies set out in note 2 have been applied in preparing these financial statements and comparative information and in the preparation of an opening FRS 101 balance sheet at 1 July 2014.

In preparing its opening FRS 101 balance sheet the company has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out below:

Reconciliation of equity as at 1 July 2014

		£'000
Capital and reserves as previously stated		249,221
Retirement benefit obligations	A	(16,982)
Capital and reserves as restated		<u>232,239</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Impact of transition to FRS 101

Reconciliation of profit for the year ended 30 June 2015

		UK GAAP £'000	Impact of transition £'000	FRS 101 £'000
Revenue		278	-	278
Operating expenses	A	(640)	(38)	(678)
Operating loss		(362)	(38)	(400)
Interest receivable	A	-	19	19
Income from subsidiary undertakings		2,499	-	2,499
Profit on disposal of subsidiary		3,280	-	3,280
Profit on ordinary activities before tax		5,417	(19)	5,398
Tax		-	-	-
Profit for the year		5,417	(19)	5,398

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Impact of transition to FRS 101 (continued)

Reconciliation of equity for the year ended 30 June 2015

	UK GAAP £'000	Impact of transition £'000	FRS 101 £'000
Fixed assets			
Intangible assets	5,030	-	5,030
Investments	756,887	-	756,887
	<u>761,917</u>	<u>-</u>	<u>761,917</u>
Current assets			
Debtors	10	--	10
Cash at bank and in hand	1	-	1
	<u>11</u>	<u>-</u>	<u>11</u>
Creditors: Amounts falling due within one year			
Trade and other creditors	(507,290)	-	(507,290)
	<u>(507,290)</u>	<u>-</u>	<u>(507,290)</u>
Net current liabilities	<u>(507,279)</u>		<u>(507,279)</u>
Net pension liabilities	A -	(15,629)	(15,629)
	<u>(507,290)</u>	<u>(15,629)</u>	<u>(522,919)</u>
Total liabilities			
	<u>(507,290)</u>	<u>(15,629)</u>	<u>(522,919)</u>
Net assets	<u>254,638</u>	<u>(15,629)</u>	<u>239,009</u>
Capital and reserves			
Called-up share capital	255,312	-	100,000
Profit and loss account	(209,074)	(15,629)	(224,703)
Capital contribution reserve	208,400	-	208,400
	<u>254,638</u>	<u>(15,629)</u>	<u>239,009</u>
Total shareholders' funds	<u>254,638</u>	<u>(15,629)</u>	<u>239,009</u>

Notes to the reconciliation of profit and reconciliation of equity

A Retirement benefit obligations

The retirement benefit obligations have been restated in accordance with IAS 19R: Employee Benefits and IFRIC 14. This has resulted in a charge to the profit and loss account of £19,000 for the year ended 30 June 2015 in order to apply IAS 19R.

IFRIC 14 requires a liability to be recognised for funding commitments; this has been recognised at each year end.