

ActivInstinct Limited

Annual report and financial statements

Registered number 04478999

17 month period ended

31 January 2015

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Strategic report

Principal activity

The principal activity of the Company during the period continued to be that of wholesaler, internet trader and retailer of sports clothing and equipment.

Business review

On 25 October 2013, ActivInstinct Limited was acquired by JD Sports Fashion Plc via its new 81.2% owned subsidiary, ActivInstinct Holdings Limited.

The extended accounting period is to align the Company's period end with its parent company, JD Sports Fashion Plc. This should be factored in when reviewing the current period financials against the comparative period.

In the 17 month period ended 31 January 2015, ActivInstinct Limited ('ActivInstinct') continued the trend of consistent growth, despite the continuing difficult economic climate in all of the major markets in which the company operates.

All channels performed well across the year, with the international business continuing its strong growth, however further growth in Europe in particular may be impacted by the strength of the pound going forward.

Over the course of the accounting period, the business has benefitted from being part of the JD Group by gaining access to new brands, improved supplier terms and other synergies.

Competition increased in the second half of 2014, which saw a significant rise in the amount of discounting across the key categories, which necessitated price matching that in turn impacted margins.

ActivInstinct continues to invest in technology, and during the course of the accounting period implemented several data-driven improvements to the websites, which improved conversion rates and revenues.

The Board believe that ActivInstinct's unique offering combined with the strengths of the JD Group make it well positioned to successfully continue the ambitious growth plans set for the business in the coming years.

The Directors monitor a number of key performance indicators in order to ensure that the Company continues to achieve its primary objectives of increased profitability and sustained growth within the industry. In assessing the performance of the Company, the Directors make use of the following Key Performance Indicators:

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Turnover	41,699	23,885
Gross profit %	37.2%	37.0%
Operating profit	2,635	1,804

Strategic report *(continued)*

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 sector in which it operates. These risks and uncertainties include the following:

- Impact of exchange rates;
- Demand within the sports clothing and equipment sector;
- Credit risk; and
- Seasonality

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

By order of the Board



BM Small
Director

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

15 October 2015

Directors' report

The Directors present their Directors' report and the audited financial statements for the 17 month period ended 31 January 2015.

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.

Proposed dividend

The Directors do not recommend the payment of a dividend (*31 August 2013: £nil*).

Directors

The Directors who held office during the period were as follows:

SJ Millet	
JV Millet	
M Thornhill	
AJ Millet	(Resigned 10 February 2015)
A Millet FCA	(Resigned 25 October 2013)
BM Small	(Appointed 25 October 2013)
BC Bown	(Appointed 25 October 2013, resigned 30 May 2014)
PA Cowgill	(Appointed 25 October 2013)
DR Williams	(Appointed 25 October 2013)
NJ Greenhalgh	(Appointed 1 June 2014)

Political and charitable contributions

The Company made no political contributions or charitable donations during the period (*31 August 2013: £nil*).

Going concern basis

The Company has sufficient financial resources, with access to a £300,000 overdraft and intercompany borrowing from its parent company, JD Sports Fashion Plc. As a consequence, the Directors believe that the Company is well placed to manage its business risk successfully.

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.

Directors' report *(continued)*

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Elman Wall Limited resigned as auditor of the Company during the period ended 31 January 2015. The Board of Directors appointed KPMG LLP as auditor of the Company for the financial period ended 31 January 2015. The auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office, in accordance with Section 487 of the Companies Act 2006.

By order of the Board



BM Small
Director

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

15 October 2015

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 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.



Independent Auditor's report to the Members of ActivInstinct Limited

We have audited the financial statements of ActivInstinct Limited for the 17 month period ended 31 January 2015 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 January 2015 and of its profit for the 17 month period ended 31 January 2015;
- 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 matter 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.

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

Mick Davies (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St. Peter's Square
Manchester
M2 3AE

22/10/15

Statement of Profit and Loss Account and Other Comprehensive Income

For the 17 month period ended 31 January 2015

	Note	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Turnover	<i>1</i>	41,699	23,885
Cost of sales		(26,181)	(15,042)
Gross profit		15,518	8,843
Selling and distribution expenses		(11,202)	(6,316)
Administrative expenses		(1,300)	(702)
Administrative expenses – exceptional		(381)	(21)
Operating profit		2,635	1,804
Operating profit before exceptional items		3,016	1,825
Exceptional items	<i>3</i>	(381)	(21)
Operating profit		2,635	1,804
Interest receivable and similar income	<i>4</i>	6	-
Interest payable and similar charges	<i>5</i>	(5)	(7)
Profit on ordinary activities before tax	<i>2</i>	2,636	1,797
Tax on ordinary activities	<i>8</i>	(691)	(380)
Profit for the period		1,945	1,417

Statement of Changes in Equity

For the 17 month period ended 31 January 2015

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 31 August 2012	65	431	379	875
Total comprehensive income for the period	-	-	1,417	1,417
Share based transactions	-	-	14	14
Balance at 31 August 2013	65	431	1,810	2,306
Issued in the period	8	101	-	109
Total comprehensive income for the period	-	-	1,945	1,945
Balance at 31 January 2015	73	532	3,755	4,360

Balance Sheet
As at 31 January 2015

	<i>Note</i>	As at 31 January 2015 £000	As at 31 January 2015 £000	As at 31 August 2013 £000	As at 31 August 2013 £000
Fixed assets					
Tangible fixed assets	9		285		146
Current assets					
Stocks	11	2,297		2,293	
Debtors	12	794		405	
Cash at bank and in hand		4,591		1,783	
		<u>7,682</u>		<u>4,481</u>	
Creditors: amounts falling due within one year	13	<u>(3,607)</u>		<u>(2,316)</u>	
Net current assets			<u>4,075</u>		<u>2,165</u>
Total assets less current liabilities			<u>4,360</u>		<u>2,311</u>
Creditors: amounts falling due after more than one year	14		<u>-</u>		<u>(6)</u>
Net assets			<u>4,360</u>		<u>2,305</u>
Capital and reserves					
Called up equity share capital	15		73		65
Share premium			532		431
Profit and loss account			3,755		1,809
Shareholders' funds			<u>4,360</u>		<u>2,305</u>

These financial statements were approved by the Board of Directors on 15 October 2015 and were signed on its behalf by:



BM Small
Director

Registered number 4478999

Notes

(Forming part of the financial statements)

1 Accounting policies

ActivInstinct Limited (the “Company”) is a company incorporated and domiciled in the UK.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted early FRS 101 and for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 21.

The Company’s immediate parent undertaking, JD Sports Fashion Plc includes the Company in its consolidated financial statements. The consolidated financial statements of JD Sports Fashion Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 19.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 September 2012 for the purposes of the transition to FRS 101.

The financial statements are prepared on the historical cost basis.

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

The preparation of financial statements in conformity with FRS 101 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 Strategic Report on page 1. In addition, note 15 to the financial statements includes the Company’s objectives, policies and processes for managing its capital.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The Company has considerable financial resources, with access to a £300,000 overdraft facility. In addition, since acquisition, the Company also has access to intercompany borrowing from its immediate parent undertaking, 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.

Tangible fixed assets

(i) Owned assets

Items of tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of tangible fixed assets have different useful economic lives, they are accounted for as separate items of tangible fixed assets.

(ii) Leased assets

Assets funded through finance leases and similar hire purchase contracts are capitalised as tangible fixed assets 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 profit and loss account on a straight-line basis over the life of the lease. Lease incentives are credited to the profit and loss account on a straight-line basis over the life of the lease.

(iii) Depreciation

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|--|-----------------------|
| • Improvements to short leasehold property | 20%-50% straight line |
| • Computer equipment | 33% straight line |
| • Fixtures, fittings and equipment | 20% straight line |
| • Motor vehicles | 25% straight line |

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first in first out) method. Provisions are made for obsolescence, slow moving or damaged items where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet 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.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less impairment losses. A provision for the impairment of trade and other debtors 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 and other debtors are impaired. The movement in the provision is recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Trade and other creditors

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

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 profit and loss account. 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 stocks 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 profit and loss account.

Turnover

Turnover 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.

Turnover is recognised on the date goods are dispatched.

Interest payable and similar charges

Interest payable and similar charges comprise interest payable on interest bearing loans and borrowings. Financial expenses are recognised in the profit and loss account 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.

Exceptional items

Items that are, in aggregate, material in size and unusual or infrequent in nature are included within operating profit and disclosed separately as exceptional items in the profit and loss account.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the profit and loss account, helps provide an indication of the Company's underlying business performance. The principal items which will be included as exceptional items are:

- Provision for rentals on onerous property leases
- Impairment of tangible and other fixed assets
- Impairment of other assets
- Impairment of goodwill, brand names and fascia names
- Impairment of investment property
- Profit/(loss) on disposal of subsidiary undertakings
- Negative goodwill
- Business restructuring and business closure related costs
- (Gains)/losses arising on changes in ownership interest where control has been obtained
- Relocation costs

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 FRS 101 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:

Provisions to write stocks down to net realisable value

The Company makes provisions for obsolescence, slow moving or damaged stock based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

2 Profit on ordinary activities before tax

Profit before tax is stated after charging:

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Auditor's remuneration:		
Audit of these financial statements	15	15
Depreciation of tangible fixed assets	155	184
Foreign exchange loss recognised	187	234
Rentals payable under non-cancellable operating leases for:		
Land and buildings	268	192
	<hr/>	<hr/>

Notes (continued)

3 Exceptional items

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Costs related to business sale	-	7
Share based payment	-	14
Legal and professional fees	381	-
	<hr/>	<hr/>
Administrative expenses - exceptional	381	21
	<hr/>	<hr/>

The legal and professional fees relate to the acquisition of the business in the period by JD Sports Fashion Plc.

4 Interest receivable and similar income

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Bank interest receivable	6	-
	<hr/>	<hr/>

5 Interest payable and similar charges

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
On bank loans and overdrafts	-	1
On other loans wholly repayable within five years	-	1
Finance lease interest	5	5
	<hr/>	<hr/>
	5	7
	<hr/>	<hr/>

6 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	
	17 month period ended 31 January 2015	12 month period ended 31 August 2013
Sales and distribution	50	54
Administration	14	12
	<hr/>	<hr/>
	64	66
	<hr/>	<hr/>
Full time equivalents	62	63
	<hr/>	<hr/>

Notes *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Wages and salaries	2,377	1,398
Social security costs	227	128
	<u>2,604</u>	<u>1,526</u>

7 Directors' remuneration

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Directors' emoluments	<u>421</u>	<u>326</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Directors' emoluments	<u>136</u>	<u>95</u>

Messrs Cowgill, Bown, Small, Williams and Greenhalgh received no remuneration from the Company in the current period, these fees being borne by the Parent Company (see note 19).

Notes (continued)

8 Income tax

Recognised in the profit and loss account

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
<i>Current tax</i>		
UK Corporation tax – current year	598	426
Adjustments to prior periods	98	(50)
	<hr/>	<hr/>
Total current tax expense	698	376
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(5)	4
	<hr/>	<hr/>
Total deferred tax (credit) / expense	(5)	4
	<hr/>	<hr/>
Total tax in profit and loss account	691	380
	<hr/> <hr/>	<hr/> <hr/>

	17 month period ended 31 January 2015 £000	12 month period ended 31 August 2013 £000
Profit for the period	1,945	1,417
Total tax expense for the period	691	380
	<hr/>	<hr/>
Profit before taxation	2,636	1,797
Profit before tax multiplied by the standard rate of corporation tax in the UK of 21.82% (2013: 23.58%)	575	424
Effect of:		
Non-deductible expenses	27	4
Depreciation and impairment of non-qualifying non-current assets	2	17
Utilisation of tax losses	-	(15)
Change in the tax rate	(11)	-
Prior year adjustment	98	(50)
	<hr/>	<hr/>
Income tax expense	691	380
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Tangible fixed assets

	Improvements to property £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At 31 August 2013	121	528	172	2	823
Additions	28	221	45	-	294
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2015	149	749	217	2	1,117
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 31 August 2013	83	432	160	2	677
Charge for the period	33	110	12	-	155
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2015	116	542	172	2	832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 August 2013	38	96	12	-	146
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2015	33	207	45	-	285
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 2015, the net carrying amount of tangible fixed assets held under finance leases or similar hire purchase contracts was £237 (31 August 2013: £603). Depreciation on these assets in the period was £365 (12 month period ended 31 August 2013: £38,877).

10 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 £000	Assets 2013 £000	Liabilities 2015 £000	Liabilities 2013 £000	Net 2015 £000	Net 2013 £000
Tangible fixed assets	25	20	-	-	25	20
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Movement in deferred tax during the period

	Tangible fixed assets £000
Balance at 1 September 2012	24
Recognised in income	(4)
	<hr/>
Balance at 31 August 2013	20
Recognised in income	5
	<hr/>
Balance at 31 January 2015	25
	<hr/>

Notes (continued)

11 Stocks

	As at 31 January 2015 £000	As at 31 August 2013 £000
Goods for resale	2,297	2,293

The cost of stocks recognised as expenses and included in cost of sales for the 17 month period ended 31 January 2015 was £26,181,000 (12 month period ended 31 August 2013: £15,042,187).

12 Debtors

	As at 31 January 2015 £000	As at 31 August 2013 £000
Trade debtors	186	33
Other debtors	86	247
Amounts owed by Group undertakings	1	-
Prepayments and accrued income	80	105
Taxation and social security	416	-
Deferred tax asset (see note 10)	25	20
	<u>794</u>	<u>405</u>

13 Creditors: amount falling due within one year

	As at 31 January 2015 £000	As at 31 August 2013 £000
Bank loans and overdraft	179	237
Trade creditors	1,762	1,311
Other creditors and accrued expenses	914	356
Taxation and social security	302	412
Amounts owed to Group undertakings	450	-
	<u>3,607</u>	<u>2,316</u>

14 Creditors: amount falling due after more than one year

	As at 31 January 2015 £000	As at 31 August 2013 £000
Other creditors and accrued expenses	-	6

Notes (continued)

15 Capital

Issued ordinary share capital

	As at 31 January 2015 £000	As at 31 August 2013 £000
Allotted, called up and fully paid		
1,228,040 A Ordinary shares of 5p each	-	61
74,991 D Ordinary shares of 5p each	-	4
1,455,590 Ordinary shares of 5p each	73	-
	<u>73</u>	<u>65</u>

During the year, 1,228,040 A Ordinary shares of 5p each and 74,991 D Ordinary shares of 5p each were converted into Ordinary shares of 5p each. A further 152,559 Ordinary shares of 5p each were issued during the period.

The total number of issued ordinary shares as at 31 January 2015 was 1,455,590 (31 August 2013: 1,303,031) with a par value of £0.05 per share (31 August 2013: £0.05). All shares are fully paid up.

The capital structure of the Company comprises issued share capital, share premium 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.

16 Operating lease commitments

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2015 £000	Land and buildings 2013 £000
Less than one year	187	187
Between one and five years	641	671
More than five years	247	404
	<u>1,075</u>	<u>1,262</u>

17 Capital commitments

The Company had no capital commitments as at 31 January 2015 (31 August 2013: £nil).

18 Related parties

During the period the Company paid £3,400 (12 month period ended 2013: £14,400) to Wisteria Limited, a company in which A Millet is also a director, for consultancy services. The Company owed Wisteria Limited £nil at the period end (31 August 2013: £1,200).

Transactions with Pentland Group Plc

Pentland Group Plc owns 57.5% of the issued ordinary share capital of JD Sports Fashion Plc.

	Value of transactions 2015 £000	(Payable)/ receivable at period end 2015 £000
Purchase of inventory	(924)	-
Trade payables (gross including VAT)	-	(113)

Notes (continued)

18 Related parties

Transactions with JD Sports Fashion Plc

During the period, ActivInstinct Limited was a 100% subsidiary of ActivInstinct (Holdings) Limited. ActivInstinct (Holdings) Limited was an 81.2% subsidiary of JD Sports Fashion Plc.

	Value of transactions 2015 £000	(Payable)/ receivable at period end 2015 £000
Purchases of inventory	(37)	-
Intercompany loan	(11)	(11)
	<hr/>	<hr/>

Transactions with Blacks Outdoor (Retail) Limited

Blacks Outdoor Retail Limited is a 100% owned subsidiary of JD Sports Fashion Plc.

	Value of transactions 2015 £000	(Payable)/ receivable at period end 2015 £000
Income tax Group relief	(387)	(387)
	<hr/>	<hr/>

Transactions with Kooga Rugby Limited

Kooga Rugby Limited is a 100% owned subsidiary of JD Sports Fashion Plc.

	Value of transactions 2015 £000	(Payable)/ receivable at period end 2015 £000
Trade receivables	1	1
Trade payables	(3)	(3)
	<hr/>	<hr/>

Notes (continued)

19 Parent Company

On 25 October 2013, the entire share capital of the Company was purchased by ActivInstinct Holdings Limited, a company incorporated in England and Wales. ActivInstinct Holdings Limited is a subsidiary 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.

20 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.

21 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the 17 month period ended 31 January 2015, the comparative information presented in these financial statements for the 12 month period ended 31 August 2013 and in the preparation of an opening FRS 101 balance sheet at 1 September 2012 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (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 the following tables and the notes that accompany the tables.

Notes (continued)

21 Explanation of transition to FRS 101

Balance Sheet

Reconciliation of equity

	1 September 2012			31 August 2013		
	UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
	£000	£000	£000	£000	£000	£000
Fixed assets						
Tangible fixed assets	166	-	166	146	-	146
	<u>166</u>	<u>-</u>	<u>166</u>	<u>146</u>	<u>-</u>	<u>146</u>
Current assets						
Stocks	1,497	-	1,497	2,293	-	2,293
Trade debtors	9	-	9	33	-	33
Other debtors	118	-	118	372	-	372
Cash at bank and in hand	862	-	862	1,783	-	1,783
	<u>2,486</u>	<u>-</u>	<u>2,486</u>	<u>4,481</u>	<u>-</u>	<u>4,481</u>
Creditors: amounts due within one year						
Bank loans and overdrafts	127	-	127	237	-	237
Trade creditors	992	-	992	1,311	-	1,311
Taxation and social security	248	-	248	413	-	413
Other creditors and accrued expenses	390	-	390	355	-	356
	<u>1,757</u>	<u>-</u>	<u>1,757</u>	<u>2,316</u>	<u>-</u>	<u>2,316</u>
Net current assets	<u>729</u>	<u>-</u>	<u>729</u>	<u>2,165</u>	<u>-</u>	<u>2,165</u>
Creditors: amounts due after more than one year						
Other creditors and accrued expenses	21	-	21	6	-	6
	<u>21</u>	<u>-</u>	<u>21</u>	<u>6</u>	<u>-</u>	<u>6</u>
Net assets	<u>874</u>	<u>-</u>	<u>874</u>	<u>2,305</u>	<u>-</u>	<u>2,305</u>
Capital and reserves						
Called up share capital	65	-	65	65	-	65
Share premium	431	-	431	431	-	431
Profit and loss account	378	-	378	1,809	-	1,809
	<u>874</u>	<u>-</u>	<u>874</u>	<u>2,305</u>	<u>-</u>	<u>2,305</u>
Shareholders' equity	<u>874</u>	<u>-</u>	<u>874</u>	<u>2,305</u>	<u>-</u>	<u>2,305</u>

Notes (continued)

21 Explanation of transition to FRS 101

Profit and loss account

Reconciliation of profit for 12 month period ended 31 August 2013

	UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Turnover			
Cost of sales	23,885	-	23,885
	<u>(15,042)</u>	<u>-</u>	<u>(15,042)</u>
Gross profit	8,843	-	8,843
Administrative expenses – normal	(7,018)	-	(7,018)
Administrative expenses – exceptional	(21)	-	(21)
	<u> </u>	<u> </u>	<u> </u>
Operating profit	1,804	-	1,804
Interest payable and similar charges	(7)	-	(7)
	<u> </u>	<u> </u>	<u> </u>
Profit on ordinary activities before taxation	1,797	-	1,797
Tax on profit on ordinary activities	(380)	-	(380)
	<u> </u>	<u> </u>	<u> </u>
Profit for the year	1,417	-	1,417
	<u> </u>	<u> </u>	<u> </u>