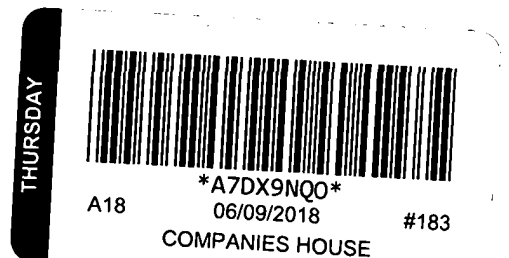


Foot Locker UK Limited

**Annual report and financial
statements**

Registered number 2568406

For the year ended 31 December 2017



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Strategic report

Business review

The principal activity of the Company is a holding company for Freedom Sportsline Limited.

The company made a loss of £ 675 during the year ended 31 December 2017 (2016: loss of £1,314) and this was principally due to interest expense.

The entity will continue to act as a holding company.

Principal risks and uncertainties facing the business

Due to the size of the Company and the limited range and number of transactions, it is not exposed to any significant risks.

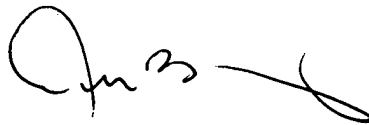
Key performance indicators

As the Company's principal activity is that of a holding company, KPI's linked to its trading performance are not applicable.

By order of the board:



LP Kimble
Director



S M Bieg
Company Secretary

29 August 2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Directors

The directors who held office during the year were as follows:

LP Kimble
JAM Van Der Staak

Results and dividends

The directors do not recommend the payment of a dividend for the year (2016: £Nil).

Disclosure of information to auditor

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

Charitable and political contributions

No charitable contributions were made to the group during the year (2016: £Nil). No donations were made to EU political organisations (2016: £Nil).

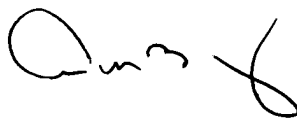
Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

On behalf of the board:



LP Kimble
Director



S M Bieg
Company Secretary

1st Floor
42 – 48 Great Portland Street
London
W1W 7NB

29 August 2018

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

The directors are responsible for preparing the Strategic report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Foot Locker UK Limited

We have audited the financial statements of Foot Locker UK Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Foot Locker UK Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

04 September 2018

Profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Interest payable and similar charges	3	(1)	(1)
Loss before taxation	2	(1)	(1)
Tax on profit on ordinary activities	5	-	-
Loss for the financial year		(1)	(1)

The Company has no recognised gains or losses other than those reflected in its profit and loss account for either the current or preceding financial year and all results are derived from continuing operations

There is no difference between the results as disclosed and the results on an unmodified historical cost basis.

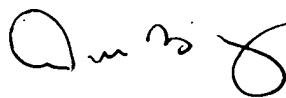
Balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000	£000
Fixed assets				
Investments	7	15,329		15,329
Creditors: amounts falling due within one year	8	(256)	(255)	
Net current liabilities		(256)		(255)
Total assets less current liabilities being net assets		15,073		15,074
Capital and reserves				
Called up share capital	9	14,912		14,912
Profit and loss account		161		162
Shareholders' funds		15,073		15,074

These financial statements were approved by the board of directors on 29 August 2018 and were signed on its behalf by:



LP Kimble
Director



S M Bieg
Company Secretary

Registered number: 2568406

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	14,912	163	15,075
Total comprehensive income for the year			
Profit or loss	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	14,912	162	15,074
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2017	14,912	162	15,074
Total comprehensive income for the year			
Profit or loss	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	14,912	161	15,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Foot Locker Inc includes the company in its consolidated financial statements. The consolidated financial statements of Foot Locker Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from <http://www.footlocker-inc.com>. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 *Going concern*

Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

1.3 *Foreign currency*

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.5 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.6 Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Notes (continued)

2 Profit on ordinary activities before taxation

Auditor's remuneration		
Audit of financial statements (borne by other group undertakings)	5	5
	<u>5</u>	<u>5</u>

3 Interest payable and similar charges

	2017 £000	2016 £000
Intra-group interest	1	1
	<u>1</u>	<u>1</u>

4 Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	127	153
Amounts receivable under long term incentive schemes	-	95
	<u>127</u>	<u>248</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £Nil (2016:£94,923), and company pension contributions of £Nil (2016:£Nil) were made to a money purchase scheme on his behalf.

	Number of directors	
	2017	2016
The number of directors who exercised share options was	-	1
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	-	1
	<u>-</u>	<u>1</u>

Notes (continued)

5 Staff numbers and costs

The company has no employees and, therefore, no staff costs.

6 Tax on profit on ordinary activities

(a) Analysis of charge in period

	2017 £000	£000	2016 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
	<hr/>		<hr/>	
Total current tax		-		-
		<hr/>		<hr/>
<i>Deferred tax</i>				
Origination of timing differences	-		-	
	<hr/>		<hr/>	
		-		-
		<hr/>		<hr/>
		<hr/>		<hr/>

(b) Factors affecting the tax charge for the current period

The tax charge (2016: charge) for the period is equal to (2016: is equal to) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00 %). The differences are explained below:

	2017 £000	2016 £000
<i>Current tax reconciliation</i>		
Loss before tax	(1)	(1)
	<hr/>	<hr/>
Tax thereon at 19.25% (2016: 20.0%)	-	-
	<hr/>	<hr/>

(c) Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Investments

Company

	Shares in subsidiary undertaking £000
<i>Cost</i>	
At beginning and end of year	15,329
<i>Provision</i>	
At beginning and end of year	-
<i>Net book value</i>	
At 31 December 2016 and 31 December 2015	15,329

Subsidiary undertakings	Registered office address	Principal activity	Percentage of ordinary shares held Group	Company
Freedom Sportsline Limited	1 st Floor 42-48 Great Portland Street London W1W 7NB	Sale of sports and leisure clothing, footwear and accessories	100%	100%

The above subsidiary is included in these consolidated financial statements.

8 Creditors: amounts falling due within one year

	Company	
	2017 £000	2016 £000
Amounts owed to group undertakings	256	255

Notes (continued)

9 Called up share capital

Company

	2016 £000	2015 £000
<i>Authorised:</i>		
18,450,462 (2016: 18,450,462) ordinary shares of £1 each	18,450	18,450
	<u> </u>	<u> </u>
<i>Allocated, called up and fully paid:</i>		
14,911,645 (2016: 14,911,845) ordinary shares of £1 each	14,912	14,912
	<u> </u>	<u> </u>

10 Reserves

	Profit and loss account £000
At beginning of year	162
Loss for the financial year	(1)
	<u> </u>
At end of year	161
	<u> </u>

11 Parent undertakings

The immediate parent company is Foot Locker Europe B.V., a company incorporated in the Netherlands.

The Company's ultimate parent undertaking and ultimate controlling party is Foot Locker Inc, a company incorporated in the USA. Copies of the group financial statements are available from:

330 West 34th Street
New York
NY 10001
USA

The group financial statements are also available on www.footlocker.com.

12 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 from readily apparent other sources. Actual results may differ from these estimates.

13 Related parties

Foot Locker UK Limited is a wholly owned subsidiary of Foot Locker Europe B.V. and ultimately Foot Locker Inc. The results of Foot Locker UK Limited are included in the consolidated financial statements of Foot Locker Inc. Consequently, the Group and Company are exempt under the terms of FRS102.33 'Related Party Disclosures' from disclosing details of transactions with Foot Locker Inc or other wholly owned entities that were members of the Foot Locker Inc group.