

Registered number: 01616165

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

COMPANY INFORMATION

Directors	J S Davis G Dicken J E Preston K M Doyle
Company secretary	P Gauron
Registered number	01616165
Registered office	Appleton House 430 Birchwood Boulevard Birchwood Warrington Cheshire WA3 7WD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor St Peter's Square 1 Oxford Street Manchester M1 4PB
Bankers	HSBC Bank plc P O Box 648 27 - 32 Poultry London EC2P 2BX
Solicitors	CMS Cameron McKenna Nabarro Olswang LLP 1-3 Charter Square Sheffield S1 4HS

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 7
Independent Auditor's Report	8 - 12
Statement of Income and Retained Earnings	13
Statement of Financial Position	14
Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 34

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

To comply with the Companies Act 2006, the Company has provided below a review of the development and performance of the business during the year, including key financial performance indicators and a description of the principal risks and uncertainties facing the Company.

The strategic review contains forward looking statements and opinions that involve risks and uncertainties. These risks and uncertainties could cause results to differ materially from expectations. The principal risk factors are discussed in more detail below.

Business review

The loss for the year, after taxation amounted to £5,737,502 (2020: £11,795,381).

The reduction in year on year loss is largely attributable to the completion of the Liverpool Football Club and Celtic Football Club sponsorships contract, which concluded part way through 2020. The generated loss was driven by increasing logistical costs that impact all industries, in addition to our continual strategic investment in the UK, particularly in both the running and football categories.

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

The key business risks affecting the Company are set out below:

Pricing

The market remains sensitive to price increases borne out of increased import costs and forecast and foreign currency exposure. We continue to respond to such increases responsible to maintain margin levels, whilst remaining competitive.

Supply chain

Our Far East factories are managed by external companies leading us to rely on a third party to deliver some of our products. This process is monitored closely to ensure the output is of the quality expected by ourselves and our customers.

Foreign currency

New Balance continues to limit any foreign currency exchange risk where possible.

Economical

Inflation has been the dark clouds hanging over consumer and retail companies since early 2022. Increasing uncertainties arise as a result of higher production costs as well as operational cost pressures, in addition to the generally declining consumer sentiment. Demand for the New Balance brand remains high, and inventory management will be crucial to weather the storm.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

Turnover increased by 54.8% versus 2020 as growth was seen across all trading channels and Intercompany sales increased inline with expanded operations across Europe.

Gross margin 17.7% deteriorated against 2020 (21.2% in 2020) as Intercompany sales became a higher proportion of total turnover.

Other key performance indicators

There are no Non-Financial Key performance indicators for the period.

This report was approved by the board on 12/9/2022

and signed on its behalf.



K M Doyle
Director

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The Company's principal activities are the manufacture and distribution of sports footwear and apparel.

Results

The loss for the year, after taxation, amounted to £5,737,502 (2020: loss £11,795,381).

Directors

The directors who served during the year were:

J S Davis
G Dicken
J Preston
K Doyle

Going concern

The financial statements have been prepared on a going concern basis.

The continuity of the Company's activities is dependent upon the support of its ultimate parent company, New Balance Inc. The directors have received assurances that the parent company will continue to support the Company and for the foreseeable future. Additionally, the Company meets its day to day working capital requirements through an overdraft facility and trade finance facility which was renewed post year end.

The Company's forecasts and projections, taking account of reasonable changes in trading performance and foreign exchange volatility, show that the Company should be able to operate within the level of its current overdraft facility and also through the use of intercompany facilities, maintaining current liquidity.

On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

There has been risk sensitivity from some credit agencies and insurers given the continued losses of the Company losses for the past number of years. However, we have always been able to provide supporting financial information to secure credit limits, with this not having an impact on operations.

Future developments

New Balance continues to invest in strategic sports categories such as running, football, cricket, tennis and basketball to promote the brand's athletic range, aligning with the brand's objective in building a Top 3 Global Athletic Brand. In 2022, we will continue to drive our presence in Europe through our direct to consumer channel through growing ecommerce sales.

Within the UK, New Balance remains focused on promoting domestic manufacturing and continues to invest in Research and Development to create highly desirable footwear and sports clothing.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'), and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 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;
- 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 to 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.

Streamlined Energy and Carbon Reporting (SECR) report

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total use of electricity, gas, transport fuel and energy efficiency actions summary taken during the relevant financial year.

	1st January 2021 to 31st December 2021	1st January 2020 to 31st December 2020
Energy consumption used to calculate emissions (kWh)	5,105,060	4,184,805
Emissions from combustion of gas (scope 1) tCO ₂ e	913,023	1,233,622
Emissions from combustion of fuel for transport purposes (scope 1) tCO ₂ e	96,677	130,389
Emissions from purchased electricity (scope 2 location based) tCO ₂ e	1,485,635	1,313,243
Emissions from purchased electricity (scope 2 Home working) tCO ₂ e	30,600	46,674
Total avoided emissions (solar PV)	236,892	206,911
Total gross tCO ₂ e based on above	619.3	606.63
Intensity ratio (kWh per m ₂) offices	43	35
Intensity ratio (kWh per m ₂) factory	227.7	187

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Energy efficiency background summary year to December 2021

New Balance Athletic Shoes (UK) Ltd continues to target savings in energy and associated carbon emissions with examples below:

- New Balance Athletic Shoes (UK) has ISO 50001: 2018 certification.
- New Balance is a signatory to the Fashion Industry Charter for Climate Action, which targets Net carbon Zero by 2050.
- New Balance works inline with industry standards of measurement and transparency and works with stakeholders to develop and implement a decarbonisation strategy in line with the Fashion Industry Charter for Climate Action.

Methodology notes

Reporting period	1st January 2021 – 31st December 2021
Boundary	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the annual accounts made up to 31 st December 2021.
Reporting method	CHG Emissions reporting are in line with the Greenhouse gas (CHG) Protocol Corporate Accounting and Reporting Standard.
Emissions factor source	All CO ₂ e emissions are calculated using the UK Government Greenhouse Gas factors for 2021, which are valid from 01/06/2021 and cover more than 50% of the reporting year.
Calculation method	The methodology specified in the Energy Savings Opportunity Scheme, version 6, published 28/10/2019 has been used.
Other relevant information on calculation	All fuel data is calculated on the assumption that diesel cars average 45 mpg and petrol cars 35 mpg. Precise fuel consumption data is not available.
Intensity factors	The main intensity factors for gas and electricity are kWh per m ² of site area. All site areas are provided by New Balance Athletic Shoes (UK) Ltd and are accepted as true. The default intensity factor for business miles is kg of CO ₂ e per mile.
Renewable electricity Total generated PV array	236,892 kWhrs
Renewable electricity Total used on site PV array	149,867 kWhrs
Information on PV array	CHG emissions have been calculated using the UK Government Greenhouse Gas factors for 2021.

The streamlined Energy and Carbon report has been prepared for the year to the end of December 2021.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement by the directors on performance of their statutory duties in accordance with S172 (1) of the companies act 2006.

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

As part of their induction, a director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent advisor. The Board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the directors have fulfilled their duties, together with references to relevant areas within these financial statements are set out below.

Risk Management

As we continue to grow, it is vital that we effectively identify, evaluate, manage and mitigate the risks we face. For details of our principal risks and uncertainties, and how we manage our risk environment, please see page 1. The Board is also aware that an understanding of the future prospects of the Company is of vital importance to all stakeholders.

Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through internal media methods. Regular updates have been held virtually with local Management and have been cascaded through teams where appropriate, and video updates from Senior Management shared globally to keep employees connected with the workplace, despite working remotely.

Equality

New Balance is committed to equality of opportunity for all current and prospective associates regardless of age, disability, race, religion or belief, sexual orientation, pregnancy and maternity, marriage and civil partnership and gender reassignment. We are an equal opportunity employer and support a culture of diversity and inclusion.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions with any support needed and to provide training and career development and promotion to disabled employees wherever appropriate.

Business Relationships

Our strategy prioritises growth, both organically and through acquisition. Organic growth is driven through maximising direct to consumer opportunities and growth plans with existing customers. To do this, we need to develop and maintain strong customer relationships. We value all of our suppliers and treat them fairly and adhere to agreed payment terms.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Community and Environment

The Company's looks for ways to create positive change for the people and communities with which we interact, giving back wherever we can. We want to leverage our expertise and enable our people to support the communities around us and we encourage all employees to spend one day per year away from their job to volunteer in their local communities.

We recognise our responsibilities to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. We are committed to energy efficiency improvement and continue to take steps in a continuous improvement strategy. We believe in protecting our planet and are working fiercely to achieve our environmental commitments. We celebrate our ongoing efforts to minimize and prevent negative environmental impacts in our operations, across our global supply chain, and throughout our products.

Culture and Values

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our employees, customers and other stakeholders. We are committed to domestic manufacturing. We have carefully developed corporate values which are embedded within the day-to-day interactions of the Company.

Post balance sheet events

There are no post balance sheet events, adjusted or non-adjusting.

Qualifying third party indemnity provisions

The Company has indemnified, by means of directors' and officers' liability insurance, one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12/9/2022 and signed on its behalf.



K M Doyle
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

Opinion

We have audited the financial statements of New Balance Athletic Shoes (U.K.) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Companies Act 2006 and the relevant tax compliance regulations.
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Challenge assumptions and judgements, made by management in its significant accounting estimates;
 - Consideration for the potential for fraud in revenue recognition;
 - Identifying and testing journal entries; and
 - Identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - the entity's control environment, including management's knowledge of relevant laws and regulations and how the Company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of law and regulations are appropriately resolved.
- We enquired of management whether they were aware of any instances or noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED (CONTINUED)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

No matters relating to non-compliance with laws and regulations or relating to fraud were identified in relation to the above mentioned laws and regulations that were identified by us as most significant.

Use of our report

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.

A circular stamp with the text "Grant Thornton UK LLP" around the perimeter and a signature in the center.

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 12/9/2022

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	413,584,720	267,153,977
Cost of sales		(340,439,594)	(210,630,962)
Gross profit		73,145,126	56,523,015
Administrative expenses		(75,654,935)	(65,752,856)
Other operating income	5	405,031	2,008,956
Operating loss	6	(2,104,778)	(7,220,885)
Interest receivable and similar income	10	504,923	33,751
Interest payable and similar expenses	11	(4,303,945)	(4,752,878)
Loss before tax		(5,903,800)	(11,940,012)
Tax on loss	12	166,298	144,631
Loss after tax		(5,737,502)	(11,795,381)
Retained earnings at the beginning of the year		(87,577,681)	(75,782,300)
		(87,577,681)	(75,782,300)
Loss for the year		(5,737,502)	(11,795,381)
Retained earnings at the end of the year		(93,315,183)	(87,577,681)

The notes on pages 17 to 34 form part of these financial statements.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED
REGISTERED NUMBER:01616165

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	1	1
Tangible assets	15	6,829,668	7,383,318
		<u>6,829,669</u>	<u>7,383,319</u>
Current assets			
Stocks	16	89,972,180	74,462,481
Debtors: amounts falling due within one year	17	44,694,191	28,950,050
Cash at bank and in hand	18	11,022,123	6,159,564
		<u>145,688,494</u>	<u>109,572,095</u>
Creditors: amounts falling due within one year	19	(234,943,623)	(193,635,978)
Net current liabilities		<u>(89,255,129)</u>	<u>(84,063,883)</u>
Total assets less current liabilities		<u>(82,425,460)</u>	<u>(76,680,564)</u>
Creditors: amounts falling due after more than one year	20	(40,616)	(48,010)
Net liabilities		<u><u>(82,466,076)</u></u>	<u><u>(76,728,574)</u></u>
Capital and reserves			
Called up share capital	23	1,003	1,003
Share premium account	22	8,819,997	8,819,997
Other reserves	22	2,028,107	2,028,107
Profit and loss account	22	(93,315,183)	(87,577,681)
		<u><u>(82,466,076)</u></u>	<u><u>(76,728,574)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/9/2022

Kevin Doyle

K M Doyle
Director

The notes on pages 17 to 34 form part of these financial statements.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the financial year		(5,737,502)	(11,795,381)
Adjustments for:			
Depreciation of tangible assets		1,511,186	1,858,823
Interest paid		4,303,945	4,752,878
Interest received		(504,923)	(33,751)
Taxation credit/(charge)		(166,298)	(144,631)
(Increase) in stocks		(15,509,696)	(8,807,771)
(Increase)/decrease in debtors		(3,624,390)	2,382,300
Increase in creditors		21,082,095	13,645,093
(Decrease)/Increase in amounts owed to groups		(12,408,953)	30,259,620
Corporation tax received		166,298	-
Net cash generated from operating activities		<u>(10,888,238)</u>	<u>32,117,180</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(960,447)	(349,704)
Sale of tangible fixed assets		2,911	-
Interest received		504,923	33,751
Net cash from investing activities		<u>(452,613)</u>	<u>(315,953)</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Cash flows from financing activities			
Repayment of/new finance leases		(7,394)	31,396
Interest paid		(4,303,945)	(4,752,878)
Net cash used in financing activities		<u>(4,311,339)</u>	<u>(4,721,482)</u>
Net (decrease)/increase in cash and cash equivalents	14	<u>(15,652,190)</u>	<u>27,079,745</u>
Cash and cash equivalents at beginning of year		(28,222,084)	(55,301,829)
Cash and cash equivalents at the end of year		<u><u>(43,874,274)</u></u>	<u><u>(28,222,084)</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		11,022,123	6,159,564
Bank overdrafts		(54,896,397)	(34,381,648)
		<u><u>(43,874,274)</u></u>	<u><u>(28,222,084)</u></u>

The notes on pages 17 to 34 form part of these financial statements.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

New Balance Athletic Shoes (U.K.) Limited is a private Company limited by shares and incorporated in England and Wales. It's registered office is located at Appleton House, 430 Birchwood Boulevard, Warrington, Cheshire WA3 7WD.

The Company's principal activities are the manufacture and distribution of footwear and apparel.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The continuity of the Company's activities is dependent upon the support of its ultimate parent company, New Balance Inc. The directors have received assurances that the parent company will continue to support the Company and for the foreseeable future. Additionally, the Company meets its day to day working capital requirements through an overdraft facility and trade finance facility which was renewed post year end.

The Company's forecasts and projections, taking account of reasonable changes in trading performance and foreign exchange volatility, show that the Company should be able to operate within the level of its current overdraft facility and also through the use of intercompany facilities, maintaining current liquidity.

On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The key revenue streams are considered to be E-commerce, retail, and wholesale channels. Revenue is recognised at the point that the goods are dispatched to the customer. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods - retail

The company operates retail shops for the sale of sports apparel. Consideration is received at the point of purchase via either cash or card payment, at this point the risk and rewards of ownership of the goods is transferred and the revenue is recognised.

Sale of goods - online

The company sells goods via its website for delivery to the customer. Turnover is recognised when the risks and rewards of the transaction have been transferred which is considered to be the point at which the goods are despatched.

Sale of goods - wholesale

The company sells goods in the wholesale market. Sale of goods are recognised when the customer receives the goods where the ownership of the goods is transferred to the customer.

2.4 Government grants

Government grants received are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Furlough income, which is a grant awarded by the government, is recognised in income over the periods in which the Company recognises the related costs for which the grant is intended to compensate.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Website development is considered to have a useful economic life of three years, and is amortised over this life on a straight line basis.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	- Period of lease
Plant & machinery	- 10 - 50% p.a.
Motor vehicles	- 25% p.a.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Operating leases

An operating lease is defined as a lease in which substantially all of the risks and rewards of incidental ownership of the leased asset remain with the lessor.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard of 01 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.8 Finance Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future installments.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.19 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. There are no significant judgements in these financial statements.

The items in the financial statements where significant estimates have been made include:

- Stock provisions - the stock provision is determined by ageing stock appropriately into specific categories based on management's knowledge and experience. An appropriate level of provision is then applied based on the mark down that management would expect to apply to sell the stock.
- Depreciation of tangible fixed assets - depreciation is charged on a straight line basis across the useful economic life of an asset. The useful economic life is applied by management, based on an estimation of the time period it is expected to be in revenue generating use.

4. Turnover

	2021 £	2020 £
Sale of apparel and footwear	413,584,720	267,153,977

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	116,373,835	100,895,953
Rest of the world	297,210,885	166,258,024
	413,584,720	267,153,977

5. Other operating income

	2021 £	2020 £
Government grant income	405,031	2,008,956

In the current year, government grant income related to furlough income and other government support received in relation to the COVID-19 outbreak.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating loss

The operating loss is stated after charging:

	2021	2020
	£	£
Research & development	1,404,801	2,939,459
Depreciation of owned tangible fixed assets	1,511,186	1,858,823
Other operating lease rentals	107,397	239,016
	<u>2,023,384</u>	<u>5,037,298</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	108,500	90,000
Fees payable to the Company's auditor in respect of tax compliance	20,000	16,650
Other tax advisory services	17,000	31,949
Other assurance services	8,250	1,500
	<u>153,750</u>	<u>139,500</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	20,713,821	19,001,877
Social security costs	2,082,224	1,823,767
Cost of defined contribution scheme	1,688,169	1,283,387
	<u>24,484,214</u>	<u>22,109,031</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production Staff	256	247
Distribution Staff	190	217
Administration Staff	178	151
	<u>624</u>	<u>615</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>173,308</u>	<u>106,899</u>

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,492 (2020: £7,102).

The remuneration of all but one director is paid by fellow Group companies. The directors are directors of both the parent entity and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of remuneration in respect of each Group company.

10. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	<u>504,923</u>	<u>33,751</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	1,840,124	2,322,024
Loans from group undertakings	2,463,660	2,427,370
Finance leases and hire purchase contracts	161	3,484
	<u>4,303,945</u>	<u>4,752,878</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(166,298)	(172,492)
Foreign tax		
Foreign tax on income for the year	-	27,861
Total current tax	<u>(166,298)</u>	<u>(144,631)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(166,298)</u>	<u>(144,631)</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(5,903,800)	(11,940,012)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(1,121,722)	(2,268,602)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	779,873	550,472
Fixed asset differences	(29,723)	109,330
Adjustments to tax charge in respect of prior periods	(7,673)	(172,492)
Deferred tax not recognised	(7,937,171)	2,112,132
Foreign tax expensed	2,342	27,861
Income not taxable for tax purposes	(445)	(28,448)
Remeasurement of deferred tax for changes in tax rates	(1,336,037)	(1,344,896)
Group relief surrendered	-	870,012
Adjustment to losses	9,645,225	-
RDEC 2020	(160,967)	-
Total tax charge for the year	(166,298)	(144,631)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantially enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date would not impact the entity as deferred tax is not recognised.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Intangible assets

	Web development £
Cost	
At 1 January 2021	352,567
At 31 December 2021	352,567
Amortisation	
At 1 January 2021	352,566
At 31 December 2021	352,566
Net book value	
At 31 December 2021	1
At 31 December 2020	1

Amortisation on intangible assets is charged to admin expenses.

14. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank	6,159,564	4,862,559	11,022,123
Bank overdrafts	(34,381,648)	(20,514,749)	(54,896,397)
	(28,222,084)	(15,652,190)	(43,874,274)

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2021	2,202,060	15,880,672	12,375	18,095,107
Additions	13,303	947,144	-	960,447
Disposals	-	(67,763)	-	(67,763)
At 31 December 2021	<u>2,215,363</u>	<u>16,760,053</u>	<u>12,375</u>	<u>18,987,791</u>
Depreciation				
At 1 January 2021	1,323,988	9,375,426	12,375	10,711,789
Charge for the year	55,432	1,455,754	-	1,511,186
Disposals	-	(64,852)	-	(64,852)
At 31 December 2021	<u>1,379,420</u>	<u>10,766,328</u>	<u>12,375</u>	<u>12,158,123</u>
Net book value				
At 31 December 2021	<u>835,943</u>	<u>5,993,725</u>	<u>-</u>	<u>6,829,668</u>
At 31 December 2020	<u>878,072</u>	<u>6,505,246</u>	<u>-</u>	<u>7,383,318</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Stocks

	2021 £	2020 £
Raw materials and consumables	2,597,659	3,034,754
Work in progress	59,345	268,202
Finished goods and goods for resale	87,315,176	71,159,525
	<u>89,972,180</u>	<u>74,462,481</u>

17. Debtors

	2021 £	2020 £
Trade debtors	21,333,211	17,294,454
Amounts owed by group undertakings	22,001,707	9,881,953
VAT recoverable	80,872	4,319
Prepayments and accrued income	1,099,068	1,596,956
Tax recoverable	179,333	172,368
	<u>44,694,191</u>	<u>28,950,050</u>

The amounts owed to group undertakings are repayable on demand, unsecured and bear no interest.

18. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	11,022,123	6,159,564
Less: bank overdrafts	(54,896,397)	(34,381,648)
	<u>(43,874,274)</u>	<u>(28,222,084)</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	54,896,397	34,381,648
Trade creditors	72,067,188	54,749,527
Amounts owed to group undertakings	88,429,661	88,718,860
Other taxation and social security	446,724	390,303
Government grants received	11,508	28,122
Accruals and deferred income	19,092,145	15,367,518
	<u>234,943,623</u>	<u>193,635,978</u>

The amounts owed from group undertakings are repayable on demand, unsecured and bear interest at 3%.

Secured loans

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the Company.

20. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Government grants received	<u>40,616</u>	<u>48,010</u>

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Financial risk management

The Company has exposures to three main areas of risk- foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the Company is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The Company is exposed to currency exchange rate risk due to a significant proportion of its purchases being denominated in non-Sterling currencies. Also, some customers also are invoiced and received in non-Sterling currencies. Non-Sterling bank accounts are maintained in order to reduce this risk exposure.

Liquidity risk

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company meets its financial obligations through operating cash flows, credit facilities and the continuing support from its ultimate parent holding company.

Customer credit exposure

The Company offers credit terms to some of its customers, which allow payment of the debt after delivery of the goods. The Company is therefore at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk

The Company borrows from its bankers, HSBC, using either overdrafts or term loans. The tenure of these will depend on management's risk assessment of the direction of interest rates in the future and also future borrowing needs.

22. Reserves**Share premium account**

The share premium account includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium.

Other reserves

Other reserves represent capital contributions received by the Company.

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

23. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,003 (2020: 1,003) Ordinary Share Capital shares of £1 each	1,003	1,003
	<u>1,003</u>	<u>1,003</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Contingent liabilities

There are no contingent liabilities to disclose at the year end (2020: £Nil).

25. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>501,740</u>	<u>248,444</u>

26. Pension commitments

The Company operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

27. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	4,504,597	4,492,446
Later than 1 year and not later than 5 years	14,734,579	15,322,880
Later than 5 years	10,898,588	15,522,885
	<u>30,137,764</u>	<u>35,338,211</u>

28. Other financial commitments

There are no other financial commitments to disclose at the year end (2020: £Nil).

29. Related party transactions

As a wholly owned subsidiary of New Balance Holding Inc, the Company is exempt from the requirement of FRS102 section 33 to disclose transactions with other members of the group.

NEW BALANCE ATHLETIC SHOES (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

30. Controlling party

The immediate parent undertaking and controlling party is New Balance Intermediate Inc., a company incorporated in the United States of America.

The ultimate parent undertaking of the company is New Balance Holding Inc., which is incorporated in the United States of America. This is the largest group of undertakings for which group accounts are prepared. The smallest group of undertakings for which group accounts are prepared is New Balance Holding (U.K.) Limited.