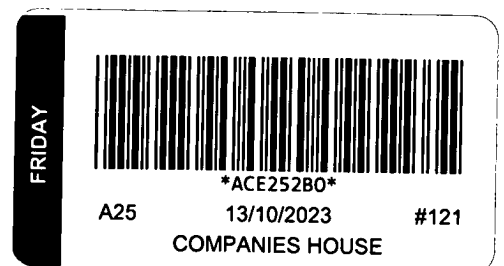


Kukri GB Limited

Annual report and financial statements

Registered number 06442735

For the year ended 31 January 2023



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Strategic report

The Company's principal activity continues to be the provision and sale of sportswear, supporting garments and accessories.

The Strategy of the Company is to be the leading bespoke kit supplier to universities, schools and private sporting clubs supported by direct high street retail and web sales. In working towards these objectives, the Company always aims to act in a responsible and ethical manner with all of its stakeholders including suppliers, employees and customers.

Business review

Kukri GB Limited revenue increased by 31% when compared to prior year. A profitable FY23 highlights the strategic changes implemented pre COVID, with a reduced headcount, a rationalised produce range, and a more structured client base that has allowed Kukri to excel in the teamwear supplier market.

Performance

The company has operated in three main market sectors namely:

- Universities and schools
- Private Sports Clubs
- Other retailers

The retail sector involves a small and focused web-based product range together with a few small retail outlets.

Kukri offers sportswear apparel solutions to over 100 sports within the above sectors.

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

	2023 £'000	2022 £'000
Turnover	10,002	7,637
Gross profit	4,569	3,476
Gross profit %	45.7%	45.5%
Operating profit	198	497

Balance Sheet

The level of stock held as at 31 January 2023 has increased by £0.4 million when compared to prior year, with a large proportion of stock holding underwritten within existing customer contracts.

Cash Flow

The company has sufficient financial resources to fund its operational activities going forward. This includes access to intercompany funds and an agreed overdraft facility guaranteed by its intermediate parent company, JD Sports Fashion Plc.

Strategic report (*continued*)

Principal risks and uncertainties

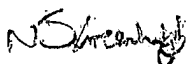
Any business undertaking will involve some risk with many risk factors common to any business regardless of what sector it operates in. However, the Directors consider that certain risks and uncertainties are more specific to the Company and the sports retail sector in which it operates. These risks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

- Ability to source cost effective supplies from overseas;
- The location and influence of competitors;
- General economic factors; and
- Seasonality

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

The Company leadership and Governance teams are reviewing and adopting business operations and strategies and assessing the impact on the Company. At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case.

By order of the Board



N J Greenhalgh
Director

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

26 September 2023

Directors' report

The Directors present their Directors' report and audited financial statements for the year ended 31 January 2023.

Employees

The Company is committed to promoting equal opportunities in employment regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. Recruitment, promotion and the availability of training and development at all areas within the Company are based on the suitability and merit of any applicant for the job and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during their employment by the Company, every effort is made to continue the employment, development and training of the employee in question within their existing capacity wherever practicable, or failing that, in an 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 (2022: £nil).

Directors

The Directors who held office during the period and to the date of signing the accounts were as follows:

A Ronnie
N J Greenhalgh
R Schultz (Appointed 28 September 2022)

Other changes in Directors holding office are as follows:

P A Cowgill resigned as Director of the Company on 28 September 2022

Political and charitable contributions

The Company made no political contributions or charitable donations during the period (2022: £nil).

Going concern basis

The Company is reliant on its intermediate parent undertaking, JD Sports Fashion Plc, for its continued financial support. JD Sports Fashion Plc has indicated its ongoing support for the foreseeable future provided that the Company remains in the Group. As a consequence, the Directors believe that with the continued support of its immediate parent, the Company is well placed to manage its business risks successfully, despite the current 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.

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.

Strategic report

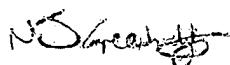
Matters required to be disclosed under Sch 7 of the Companies Act 2006 have been excluded from the Director's report. They are set out in the Strategic report instead, in accordance with s414c (11) of the Companies Act 2006.

Directors' report – continued

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Hart Shaw Chartered Accountants will therefore continue in office, in accordance with Section 487 of the Companies Act 2006.

By order of the Board



N J Greenhalgh
Director

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR

26 September 2023

Statement of Directors' responsibilities

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 Kukri GB Limited

Opinion

We have audited the financial statements of Kukri GB Limited (the 'Company') for the year ended 31 January 2023 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 FRS 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 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained in the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic 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 has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Kukri GB Limited (continued)

Matters on which we are required to report by exception

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 and directors' report.

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
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response

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

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organisation and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low, therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Independent auditor's report to the members of Kukri GB Limited (continued)

We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud. Management override is the most common way in which fraud might present itself and is therefore inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of business, especially with related parties
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period
- Presenting bias in accounting judgements and estimates, particularly the ones disclosed in "*Critical accounting estimates and judgements*" section of the accounting policies; note 1 to the financial statements.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud
- Review of material journal entries made throughout the period as well as those made to prepare the financial statements
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business
- Increased substantive testing across material income streams
- Assessing whether management's judgements and estimates indicated potential bias, particularly those disclosed in "*Critical accounting estimates and judgements*" section of the accounting policies; note 1 to the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.



Adam Shield (Senior Statutory Auditor)
For and on behalf of Hart Shaw LLP
Chartered Accountants, Statutory Auditor
Europa Link, Sheffield Business Park
Sheffield
S9 1XU

Date: 05 October 2023

Statement of Profit and Loss Account and Other Comprehensive Income
For the year ended 31 January 2023

	Note	2023 £	2022 £
Turnover	2	10,001,915	7,636,578
Cost of sales		(5,432,452)	(4,160,090)
Gross profit		<u>4,569,463</u>	<u>3,476,488</u>
Other operating income	3	104,696	145,081
Selling and distribution expenses		(234,458)	(179,708)
Administrative expenses		(4,242,084)	(2,944,923)
Operating profit	4	<u>197,617</u>	<u>496,938</u>
Interest payable and similar expenses	7	(16,133)	(13,076)
Profit before tax		<u>181,484</u>	<u>483,862</u>
Tax on profit	8	23,200	(25,842)
Profit for the year		<u>204,684</u>	<u>458,020</u>
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Other comprehensive profit for the year		<u>204,684</u>	<u>458,020</u>

The notes on pages 12 to 23 form part of the financial statements.

Statement of Changes in Equity
For the year ended 31 January 2023

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 31 January 2021	12,911,293	(11,393,738)	1,517,555
Total comprehensive loss for the year	-	458,020	458,020
Balance at 31 January 2022	12,911,293	(10,935,718)	1,975,575
Total comprehensive profit for the year	-	204,684	204,684
Balance at 31 January 2023	12,911,293	(10,731,034)	2,180,259

Statement of Financial Position
As at 31 January 2023

	<i>Note</i>	2023	2023	2022	2022
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		35,912		46,378
			<hr/>		<hr/>
			35,912		46,378
Current assets					
Stocks	11	1,943,835		1,565,256	
Debtors	12	2,688,185		2,870,123	
Cash at bank and in hand		181,186		13,891	
		<hr/>		<hr/>	
		4,813,206		4,449,271	
Creditors: amounts falling due within one year	13	(2,668,859)		(2,520,074)	
		<hr/>		<hr/>	
Net current assets			2,144,347		1,929,197
			<hr/>		<hr/>
Net assets			2,180,259		1,975,575
			<hr/>		<hr/>
Capital and reserves					
Called up equity share capital	14	12,911,293		12,911,293	
Profit and loss reserve		(10,731,034)		(10,935,718)	
		<hr/>		<hr/>	
Shareholders' surplus			2,180,259		1,975,575
			<hr/>		<hr/>

The notes on pages 12 to 23 form part of the financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 26 September 2023 and were signed on its behalf by:



N J Greenhalgh
Director

Registered number 06442735

Notes

(Forming part of the financial statements)

1 Accounting policies

Kukri GB Limited (the “Company”) is a private company limited by shares, incorporated, domiciled and registered in England & Wales in the UK. The registered number is 06442735 and the registered address is Hollinsbrook Way, Pilsworth, Bury, BL9 8RR.

The principal activity of the business is noted within the strategic report on Page 1.

The principal accounting policies applied in the preparation of these statements are set out below.

Basis of preparation

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”) as issued in August 2014. The financial statements are prepared on the historical cost basis and are presented in pounds sterling. In accordance with allowable FRS102 exemptions the Company has taken advantage of the exemption under section 7 “Statement of Cash Flows” from the requirement to present a cash flow statement and related notes and disclosures.

The Company’s intermediate 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 20.

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

Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant received.

Going concern

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.

The Company is reliant on its intermediate parent undertaking, JD Sports Fashion Plc, for its continued financial support, JD Sports Fashion Plc has indicated its ongoing support for the foreseeable future provided that the Company remains in the Group. As a consequence, the Directors believe that with the continued support of its intermediate parent, the Company is well placed to manage its business risks successfully, despite the current 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.

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 the 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.

Financial instruments

The Company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102, in full, to all of its financial instruments.

1 Accounting Policies (*continued*)

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tangible fixed assets

(i) Owned assets

Items of tangible fixed assets are initially measured at cost and subsequently measured 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.

(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:

- | | |
|-------------------------|------------------------------|
| • Plant and machinery | 25% on a straight line basis |
| • Fixtures and fittings | 25% on a straight line basis |
| • Computer Equipment | 25% on a straight line basis |

Stocks

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

Impairment excluding stocks, and deferred tax assets

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value in use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit and loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reason for the impairment losses have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the assets revised carrying amount (less any residual value) over its remaining useful life.

1 Accounting Policies (continued)

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with the trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit and loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit and loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of the liabilities.

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Trade and other creditors

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Turnover is measured at the fair value of 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 when goods are sold and the title has passed less a provision for credit notes. Distribution sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1 Accounting Policies (*continued*)

Expenses

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expense 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). Borrowing costs that are director attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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

Income tax

Tax on profit or loss for the year comprised current and deferred tax.

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised in respect of 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 or realisation of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at 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 judgments

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the applicable 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 critical judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(i) Recoverability of intercompany debt

A provision for impairment of intercompany debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit and loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit and loss. Actual outcomes could vary significantly from these estimates.

No impairments losses (or gains) have been recognised in the current or preceding years' profit and loss account.

Notes (continued)

2 Turnover

	2023 £	2022 £
Sale of goods	10,001,915	7,636,578
Total turnover	<u>10,001,915</u>	<u>7,636,578</u>
By activity		
Sale of sportswear, sporting garments and accessories	<u>10,001,915</u>	<u>7,636,578</u>
By geographical market		
UK and Ireland	<u>10,001,915</u>	<u>7,636,578</u>

3 Other operating income

	2023 £	2022 £
Furlough government grants	-	43,460
Distribution charges invoiced	104,696	101,621
	<u>104,696</u>	<u>145,081</u>

4 Operating profit is stated after charging

	2023 £	2022 £
Depreciation of tangible fixed assets	15,437	9,369
Loss on disposal of fixed assets	-	21
Rentals payable under non-cancellable operating leases for:		
Other (vehicles)	4,893	3,647
Property	102,500	102,500
	<u>107,330</u>	<u>106,137</u>
<i>Auditor's remuneration</i>		
	2023	2022
	£	£
Audit of these financial statements	<u>10,720</u>	<u>10,300</u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Sales and distribution	24	31
Administration	5	5
	<u>29</u>	<u>36</u>
Full time equivalents	28	36
	<u>28</u>	<u>36</u>

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£	£
Wages and salaries	955,980	1,009,467
Social security costs	103,315	107,369
Other pension costs	20,884	22,202
	<u>1,080,179</u>	<u>1,139,038</u>
	<u>1,080,179</u>	<u>1,139,038</u>

6 Directors' remuneration

The directors are employed by other group companies and therefore any remuneration is borne by those group companies. No remuneration is given in respect of acting as a director of this entity as it is incidental to their overall responsibilities to the group.

7 Interest payable and similar expenses

	2023	2022
	£	£
Other similar charges payable	16,133	13,076
	<u>16,133</u>	<u>13,076</u>
	<u>16,133</u>	<u>13,076</u>

Notes (continued)

8 Income tax

Recognised in the profit and loss account

	2023 £	2022 £
<i>Current tax</i>		
Current tax charge	31,065	87,630
Adjustment relating to prior periods	(69,560)	(56,193)
	<hr/>	<hr/>
Total current tax (credit)/charge	(38,495)	31,437
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	4,263	(5,595)
Adjustment relation to prior periods	11,032	-
	<hr/>	<hr/>
Total deferred tax charge/(credit)	15,295	(5,595)
	<hr/>	<hr/>
Total tax (credit)/charge in profit and loss account	(23,200)	25,842
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2023 £	2022 £
Profit for the year	204,684	458,020
Total tax (credit)/charge for the year	(23,200)	25,842
	<hr/>	<hr/>
Profit before taxation	181,484	483,862
	<hr/>	<hr/>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19.0% (2022: 19.0%)	34,482	91,934
Effect of:		
UK Research and Development tax credits and other allowances	(177)	-
Non-deductible expenses	-	1,140
Adjustments in respect of prior years	(58,528)	(56,127)
Change in tax rate	1,023	(11,105)
	<hr/>	<hr/>
	(23,200)	25,842
	<hr/>	<hr/>

The rate of UK Corporation tax for the year ending 31 January 2023 is 19%. The Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2022 and is therefore used to measure deferred taxes in both 2022 and 2023, to the extent the related timing differences are expected to reverse in 2024 or later.

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures & Fittings £	IT Equipment £	Total £
Cost				
At 31 January 2022	49,273	215,338	99,360	363,971
Additions	-	-	4,971	4,971
Disposals	(945)	(1,011)	(25,537)	(27,493)
	<u>48,328</u>	<u>214,327</u>	<u>78,794</u>	<u>341,449</u>
At 31 January 2023	48,328	214,327	78,794	341,449
Depreciation and impairment				
At 31 January 2022	47,745	174,663	95,185	317,593
Charge for the year	382	12,391	2,664	15,437
Disposals in the year	(945)	(1,011)	(25,537)	(27,493)
	<u>47,182</u>	<u>186,043</u>	<u>72,312</u>	<u>305,537</u>
At 31 January 2023	47,182	186,043	72,312	305,537
Net book value				
At 31 January 2022	1,528	40,675	4,175	46,378
	<u>1,528</u>	<u>40,675</u>	<u>4,175</u>	<u>46,378</u>
At 31 January 2023	1,146	28,284	6,482	35,912
	<u>1,146</u>	<u>28,284</u>	<u>6,482</u>	<u>35,912</u>

10 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2023 £	Assets 2022 £	Liabilities 2023 £	Liabilities 2022 £	Net 2023 £	Net 2022 £
Accelerated capital allowances	36,521	51,816	-	-	36,521	51,816

Movement in deferred tax during the year

	Deferred tax current assets £
Balance at 31 January 2021	46,221
Recognised in profit and loss account	5,595
	<u>51,816</u>
Balance at 31 January 2022	51,816
Recognised in profit and loss account	(15,295)
	<u>36,521</u>
Balance at 31 January 2023	36,521

Notes (continued)

11 Stocks

	2023 £	2022 £
Finished goods and goods for resale	1,943,835	1,565,257

The Company has £78,404 (2022: £100,016) of stock provisions at the end of the year.

12 Debtors

	2023 £	2022 £
Trade debtors	515,516	941,177
Amounts owed by group undertakings	1,830,120	1,466,288
Prepayments and accrued income	274,363	410,842
Deferred tax (note 10)	36,521	51,816
Corporation tax	31,665	-
	2,688,185	2,870,123

The amounts owed by group undertakings are unsecured, interest free and have no fixed payment terms.

13 Creditors

	2023 £	2022 £
Amount falling due within one year		
Trade creditors	652,221	258,555
Amounts owed to group undertakings	645,555	705,426
Other tax and social security costs	56,702	96,680
Corporation tax	-	87,630
Other creditors and accrued expenses	915,716	1,080,196
Payments received on account	398,665	291,587
	2,668,859	2,520,074

The amounts owed to group undertakings are unsecured, interest free and have no fixed payment terms.

Notes (continued)

14 Capital

Called up share capital

	Number of ordinary shares	Ordinary share capital £
At 31 January 2022 and 31 January 2023	12,911,293	12,911,293

The total number of issued ordinary shares was 12,911,293 (2022: 12,911,293) with a par value of £1.00 per share (2022: £1.00). All shares are fully paid.

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

15 Profit and Loss reserves

The profit and loss reserve represents cumulative profit and loss net of distributions to owners.

16 Operating lease commitments

The Company leases various retail outlets, offices, warehouses and plant and equipment under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. Undiscounted total future minimum rentals payable under non-cancellable operating lease are as follows:

	Land and buildings 2023 £	Other items 2023 £	Land and buildings 2022 £	Other items 2022 £
Less than one year	-	-	102,500	3,607
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	102,500	3,607
	<hr/>	<hr/>	<hr/>	<hr/>

The future minimum rentals payable on land and buildings represent the base rents that are due on each property over the non-cancellation lease term, being usually the earliest date at which the lease can be exited. Certain properties have rents which are partly dependent on turnover levels in the individual store concerned.

Notes (continued)

17 Pension schemes

The Company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Company of £20,884 (2022: £22,202) in respect of employees, and £nil (2022: £nil) in respect of directors. The amount owed at the year-end was £957 (2022: £812).

18 Related parties

Transactions and balances with related parties (excluding those transactions with its wholly owned group members) during the year are shown below. Transactions were undertaken in the ordinary course of business. Outstanding balances are unsecured and will be settled in cash.

As at the year end the following amounts were owed, the balances have arisen due to various recharges between the group companies:

	2023 Year End Balance	2022 Year End Balance
Subsidiary		
Kukri New Zealand Limited	£384,296	£302,273
Kukri Canada Limited	(£158,934)	(£168,829)
JD Sports Fashion PLC	£63,749	£nil

As at year end the following amounts were owed to other group companies:

<i>Current year</i>			
<u>Fellow subsidiary</u>	<u>Sales in year</u>	<u>Purchases in year</u>	<u>Year end balance</u>
Source Lab	£62	£11,590	(£7,302)
<i>Prior year</i>			
<u>Fellow subsidiary</u>	<u>Sales in year</u>	<u>Purchases in year</u>	<u>Year end balance</u>
Source Lab	£454	£1,918	£190

19 Financial commitments, guarantees and security

There is a debenture over all assets of the company and the company has given an unlimited guarantee over the parent company's borrowings. At 31 January 2023 the amount outstanding was an overdrawn balance of £1,033,018 (2022: £1,267,244).

20 Parent company

The Company is a subsidiary undertaking of Kukri Sports Limited, a company incorporated in England and Wales, which itself 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.

21 Ultimate parent company

The ultimate parent undertaking is Pentland Group Holdings Limited (a company registered in Jersey). R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Holdings Limited.

Consolidated financial statements will be prepared by Pentland Group Holdings Limited, which is the parent undertaking of the largest group of undertakings to consolidate these financial statements for the year ended 31 December 2022. The consolidated financial statements of Pentland Group Holdings Limited can be obtained from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.

Notes *(continued)*

22 Contingent liabilities

It is inevitable that commercial claims and disputes may arise from time to time during the course of the Company's business. If the risk of a financial outflow arising from one of these disputes is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of a financial outflow is considered probable and can be measured reliably then the Company would make a provision for this matter.

Further, the activities of the Company are overseen by a number of regulators and, whilst the Company strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Company would make a provision for this matter.