

**CANTERBURY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Registered number: 06930025**



# CANTERBURY LIMITED

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# **CANTERBURY LIMITED**

## **Directors' Report for the year ended 31 December 2019**

The directors present their report of the company for the year ended 31 December 2019.

The directors have elected to take advantage of the small companies exemption from the requirement to prepare a strategic report, permissible under section 414B of Companies Act 2006.

### **Principal Activity**

The company holds the intellectual property of the 'Canterbury' and 'Canterbury of New Zealand' brands for which it receives licensed royalty income from subsidiary companies and third party licensees. The company bears the cost of global brand development including for trademark protection, international marketing and product development and acts as a holding company for subsidiary undertakings of the Canterbury Group.

### **Results and Dividends**

The company's loss for the financial year is £3,143k (2018: loss of £14,278k) and is shown in the profit and loss account on page 8. The company's net liabilities as at 31 December 2019 is £3,193k (2018: net liability of £50k). The directors do not recommend the payment of a dividend (2018: £nil).

### **Future Developments and Financial Risk Management**

Given the prevalence of uncertainty arising from political and economic instability in the global market, as well as the inherent risks faced by the business, the directors' acknowledge that the future year will be a challenging period. However, through a combination of strong industry knowledge and robust long-term strategic planning, the directors remain confident that the business will continue to meet the challenges it faces.

### **Statement in relation to COVID-19**

The COVID-19 crisis has had a major impact on our royalty partners and, although from July 2020, we have started to see some of the retail industry open back up, the effect remains significant. Our expectation is that the COVID-19 global pandemic will have a major ongoing impact on our business for, at least, the next 12-18 months. The outbreak has seen the postponement of the Six Nations campaign and Rugby Football Union's decision to end the league season early, with a roadmap in place to return to Rugby for the 2020/2021 season. The company's turnover and profit performance will be impacted, however management are focussing on the company's working capital position, to ensure cash is managed appropriately.

As a result, in April 2020, Pentland Brands Limited, the entity where employee contracts are held, placed a number of our UK employees into the UK Government's Coronavirus Job Retention Scheme (referred to as furlough). While these decisions are never easy, it allowed our people more time to take care of their families and many took the opportunity to volunteer in their local communities. Our Pentland Brands Executive and leadership teams took a 20% to 40% pay-cut up until the end of August 2020 and Pentland Brands topped up the UK Government employee payments to ensure all UK furloughed employees received full pay until, at least, October 2020.

With regards to our supply chain, we endorse the call to action initiative convened by the International Labour Organisation (ILO) to address the impact of COVID-19 on the global garment sector. As a founding member of ACT (Action, Transformation, Collaboration), we have committed to paying for goods produced for Pentland Brands, which we will continue to do during the COVID-19 pandemic.

While these remain difficult times for all, the decisive action we've taken during this crisis will allow us to be in a stronger position to build-up business operations as our customer demand increases.

# **CANTERBURY LIMITED**

## **Directors' Report for the year ended 31 December 2019 (continued)**

### **Going Concern**

Notwithstanding net current liabilities of £3,224k as at 31 December 2019 and a loss for the year then ended of £3,143k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its immediate parent company, Pentland Group Limited ("Pentland Group", formerly Pentland Group plc), to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Pentland Group providing additional financial support during that period. Pentland Group has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

### **Subsequent Events**

Subsequent to the year end, there has been significant volatility in the economy as a result of the COVID-19 pandemic. The directors consider the outbreak to be a non-adjusting post balance sheet event and, as a result, no year end positions have been considered.

Management will continue to review trade debtors and amounts due from other group subsidiaries to monitor any risk of impairment. However, there have been no significant impairments post year end.

The company has investments in subsidiaries, which it will continue to support, via the immediate parent company, Pentland Group.

Following a strategic review, it is expected that over the course of 2020, a number of roles will be made redundant in Pentland Brands Limited as the business looks to operate in a post-COVID-19 world.

### **Financial Instruments**

Flows which are denominated in a foreign currency present risk and uncertainty as to the value of these flows in an entity's functional currency. Due to the significant volumes of USD and EUR flows across the group, these exposures are managed centrally by Group Treasury on a combined rather than individual brand basis. The objectives of this policy are to maximise the efficiency benefits of group hedging and to provide a level of exchange rate certainty to individual brands to assist them in the forecasting, planning and budgeting processes.

### **Directors**

The following directors who held office during the year and up to the date of signing the financial statements were:

A K Rubin

A M Long

C S Davies (resigned 13 August 2019)

K L Nurse (appointed 2 January 2019, resigned 30 September 2020)

C Y Patel (appointed 1 October 2020)

J M Godden (appointed 1 October 2020)

D Highfield (appointed 1 October 2020)

# **CANTERBURY LIMITED**

## **Directors' Report for the year ended 31 December 2019 (continued)**

### **Qualifying Third Party and Pension Scheme Liability Provisions**

The company has provided an indemnity for the directors and the secretary of the company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006 and was in force during the financial year and at the date of approving these financial statements.

### **Employee Policies**

The immediate parent, Pentland Group's policy is to keep employees informed about activities and developments across the business. Various group, subsidiary and brand updates are distributed to employees worldwide several times a year. Local managers are charged with communicating and explaining the Group's financial results to their team, and are provided with explanatory notes to assist them. Other communications, and the methods used for consulting employees and their representatives, vary locally according to the type of business and the nature of employee representation.

Employees are encouraged to identify with the aims of the group through various schemes suited to local circumstances.

Pentland Group's policy is to recruit, develop and promote people purely on their aptitude and ability. We are determined to ensure that no applicant or employee receives less favourable treatment. Disabled people are given equal opportunities in recruitment, promotion and career development. Wherever possible this applies to anyone who becomes disabled whilst in our employment.

### **Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

### **Disclosure of Information to Auditor**

In the case of each director in office at the date the Directors' Report is approved:

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

## **CANTERBURY LIMITED**

### **Directors' Report for the year ended 31 December 2019 (continued)**

#### **Independent Auditor**

During the year, KPMG LLP were appointed as the company's auditor, following PricewaterhouseCoopers LLP being replaced by KPMG LLP as auditor of the parent undertaking preparing group accounts.

The auditor, KPMG, have indicated their willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

By order of the board



T E Cullen  
**Company Secretary**  
Date: 3 December 2020

## ***Independent Auditor's Report to the members of Canterbury Limited***

### **Opinion**

We have audited the financial statements of Canterbury Limited ("the company") for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

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

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

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

## ***Independent Auditor's Report to the members of Canterbury Limited (continued)***

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

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

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Melanie Mantel (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
4 December 2020



# CANTERBURY LIMITED

Financial statements for the year ended 31 December 2019

## Profit and loss account

<i>All amounts in £'000</i>	<b>Note</b>	<b><u>Year ended 31 December</u></b>	
		<b>2019</b>	<b>2018</b>
<b>Turnover</b>	5	<b>4,190</b>	3,626
<b>Gross profit</b>		<b>4,190</b>	3,626
Distribution costs		-	(727)
Administrative expenses		<b>(573)</b>	(849)
<b>Operating profit</b>	6	<b>3,617</b>	2,050
Impairment of fixed asset investment		<b>(6,079)</b>	(15,964)
<b>Loss before taxation</b>		<b>(2,462)</b>	(13,914)
Tax charge on loss	8	<b>(681)</b>	(364)
<b>Loss for the financial year</b>		<b>(3,143)</b>	(14,278)

## Statement of comprehensive income

<i>All amounts in £'000</i>	<b><u>Year ended 31 December</u></b>	
	<b>2019</b>	<b>2018</b>
<b>Loss for the financial year</b>	<b>(3,143)</b>	(14,278)
<b>Total comprehensive loss for the year</b>	<b>(3,143)</b>	(14,278)

# CANTERBURY LIMITED

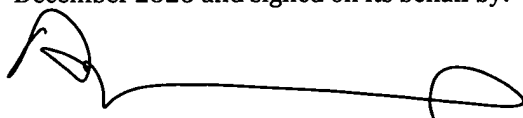
## Financial statements for the year ended 31 December 2019 (continued)

### Balance Sheet

<i>All amounts in £'000</i>	Note	As at 31 December	
		2019	2018
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible fixed assets	10	31	53
Fixed asset investments	11	-	5,375
		<b>31</b>	<b>5,428</b>
<b>Current assets</b>			
Debtors	13	9,664	15,441
Deferred tax	14	13	13
		<b>9,677</b>	<b>15,454</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(12,901)</b>	<b>(20,932)</b>
<b>Net current liabilities</b>		<b>(3,224)</b>	<b>(5,478)</b>
<b>Total liabilities</b>		<b>(3,193)</b>	<b>(50)</b>
<b>Net liabilities</b>		<b>(3,193)</b>	<b>(50)</b>
<b>Capital and reserves</b>			
Called-up share capital	16	26	26
Share premium account	17	25,883	25,883
Accumulated losses		(29,102)	(25,959)
<b>Total equity</b>		<b>(3,193)</b>	<b>(50)</b>

The notes on pages 11 to 23 are an integral part of these financial statements.

The financial statements on pages 8 to 23 were authorised for issue by the board of directors on 3 December 2020 and signed on its behalf by:



A M Long  
**Director**  
**Canterbury Limited**  
**Registered number: 06930025**

# CANTERBURY LIMITED

Financial statements for the year ended 31 December 2019 (continued)

## Statement of changes in equity

*All amounts in £'000*

	Note	Called-up share capital	Share premium account	Accumulated losses	Total equity
<b>Balance as at 1 January 2018</b>	16, 17	26	25,883	(11,681)	14,228
Loss for the financial year		-	-	(14,278)	(14,278)
Total comprehensive loss for the year		-	-	(14,278)	(14,278)
<b>Balance as at 31 December 2018</b>	16, 17	26	25,883	(25,959)	(50)
<b>Balance as at 1 January 2019</b>	16, 17	26	25,883	(25,959)	(50)
Loss for the financial year		-	-	(3,143)	(3,143)
Total comprehensive loss for the year		-	-	(3,143)	(3,143)
<b>Balance as at 31 December 2019</b>	16, 17	26	25,883	(29,102)	(3,193)

# CANTERBURY LIMITED

## Notes to the financial statements

### 1 General Information

Canterbury Limited is a private company limited by shares and is incorporated in England and Wales. Its registered office is situated at 8 Manchester Square, London, W1U 3PH.

The company holds the intellectual property of the 'Canterbury' and 'Canterbury of New Zealand' brands for which it receives licensed royalty income from subsidiary companies and third party licensees. The company bears the cost of global brand development including for trademark protection, international marketing and product development and acts as a holding company for subsidiary undertakings of the Canterbury Group.

All amounts in the financial statements have been rounded to the nearest £1,000.

### 2 Statement of compliance

The individual financial statements of Canterbury Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### (b) Going concern

Notwithstanding net current liabilities of £3,224k as at 31 December 2019 and a loss for the year then ended of £3,143k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its immediate parent company, Pentland Group Limited ("Pentland Group", formerly Pentland Group plc), to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Pentland Group providing additional financial support during that period. Pentland Group has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (c) Exemptions for qualifying entities under FRS 102

The company's immediate parent undertaking, Pentland Group, includes the company in its consolidated financial statements. The consolidated financial statements of Pentland Group are prepared in accordance with FRS 102 and are available to the public and may be obtained from the company's registered office at 8 Manchester Square, London W1U 3PH. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Pentland Group include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

#### (d) Consolidated financial statements

The company is a wholly owned subsidiary of its immediate parent, Pentland Group. It is included in the consolidated financial statements of Pentland Group, which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

#### (e) Foreign currency

##### *Functional and presentational currency*

The company's functional and presentational currency is the pound sterling.

##### *Transactions and balances*

Transactions in foreign currencies during the year are translated at the spot exchange rate at the transaction date, or in the case of stock purchases, at an average spot rate of exchange for the period in which the purchases were made or actual spot rate at the transaction date, where this would give a material difference.

At each period end, foreign currency monetary items are translated using the closing spot 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and all other foreign exchange gains or losses are presented in the profit and loss account.

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (f) Turnover

Turnover comprises the value of external royalties, excluding sales related taxes.

##### *Royalty income*

Royalty income is charged to licensee partner according to the terms of licence agreement, and is recognised in the same period as the sales or purchases to which the royalty relates.

#### (g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### (h) Intangible assets

Intangible assets are reviewed for impairment if factors such as technological advancement or changes in market price indicate that the carrying amount may be impaired. Intangibles are being amortised over a period of 10 years based on management's estimate.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment loss.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (i) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

##### *Fixture and fittings and computer equipment*

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

##### *Depreciation and residual values*

Plant and machinery     3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

##### *Derecognition*

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

#### (j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### (k) Financial Instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and liabilities are measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at estimated fair value and subsequently measured at fair value.

#### (l) Impairment of assets

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its estimated fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### (l) Impairment of assets (continued)

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### (m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (n) Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

#### (o) Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as per FRS 102.

### 4 Critical accounting estimates and judgements

The company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

#### (b) Impairment of intangibles

The company is required to test whether intangible assets have suffered any impairment. The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value.

#### (c) Impairment of investments

The company has a number of investments in subsidiaries in relation to the Canterbury Brand. For each investment, the company reviews the appropriateness of its carrying value and tests whether the investment has suffered any impairment. Where indicators of impairment exist, management will review future cash flow projections, or a potential external sales value, to determine whether the investment should be impaired. The key judgements involved are the identification and valuation of the underlying assets as well as strategic plans, scrutinising revenue and margin forecasts for future years.



# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 5 Turnover

Analysis of turnover by geography:

	2019 £'000	2018 £'000
United Kingdom	2,184	1,771
Continental Europe	57	19
North America	27	148
Latin America	80	63
Asia-Pacific	1,699	1,463
Rest of the world	143	162
	<b>4,190</b>	<b>3,626</b>

Analysis of turnover by category:

	2019 £'000	2018 £'000
Royalty income	4,190	3,626
	<b>4,190</b>	<b>3,626</b>

### 6 Operating profit

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	22	21
Amortisation of intangible assets	-	711
Impairment of intangible assets	-	591
Audit fees payable to the company's auditor	10	10
Impairment loss on debtors	185	197

### 7 Employees and directors

#### Employees

All employee contracts are held by Pentland Brands Limited, a sister company within the group that provide shared services to all other companies within the Pentland Brands group of companies. The average number of employees are disclosed within the financial statements of Pentland Brands Limited.

All wages and salary costs were incurred by Pentland Brands Limited. In exchange for services received from Pentland Brands Limited, the company receives a management re-charge ("service fee"). In determining the service fee, Pentland Brands Limited takes into account the payroll and non-payroll related costs incurred to provide the services to the company.

The recharged wages and salaries costs are not split out within the wages and salaries disclosure, as it is impracticable to determine the amount of management charge that relates to employee services provided to the company.

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 7 Employees and directors (continued)

#### Employees (continued)

The emoluments for the directors who are also directors of the group service company, Pentland Brands Limited, have been included in the service charge included within administrative expenses. Their total emoluments are disclosed in the group service company.

### 8 Tax on loss

	2019 £000	2018 £000
<b>Current tax:</b>		
UK - current corporation tax at 19% (2018: 19%)	681	277
Adjustment in respect of previous periods	-	6
Current overseas tax	70	80
Overseas tax relief	(70)	-
<b>Total current tax</b>	<b>681</b>	<b>363</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	1
<b>Total deferred tax</b>	<b>-</b>	<b>1</b>
<b>Total tax charge on loss</b>	<b>681</b>	<b>364</b>

#### Reconciliation of tax charge

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
<b>Loss before taxation</b>	<b>(2,462)</b>	<b>(13,914)</b>
(Loss) before taxation multiplied by the average rate in the UK of 19% (2018: 19%)	(468)	(2,642)
Effects of:		
Expenses not deductible for tax purposes	-	8
Income not taxable	-	(42)
Transfer pricing adjustments	(6)	1
Adjustment to tax charge in respect of prior years	-	6
Impairment of investments	1,155	3,033
<b>Total tax charge for the financial year</b>	<b>681</b>	<b>364</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

## CANTERBURY LIMITED

### Notes to the financial statements (continued)

#### 9 Intangible assets

*All amounts in £'000*

##### At 31 December 2018

Cost	7,109
Accumulated amortisation	(7,109)
Net book amount	-

##### Year ended 31 December 2019

Opening net book amount	-
Amortisation charge	-

Year ended 31 December 2019	-
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##### At 31 December 2019

Cost	7,109
Accumulated amortisation	(7,109)
Net book amount	-

Intangible assets comprise the international rights to the rugby brands 'Canterbury' and 'Canterbury of New Zealand'. The directors determined that the residual value may not be recoverable in the prior year and the full amount was written off to the profit and loss, 2019: nil (2018: £591k).

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 10 Tangible fixed assets

*All amounts in £'000*

<b>At 31 December 2018</b>	<b>Plant and machinery</b>	<b>Total</b>
Cost	<b>258</b>	<b>258</b>
Accumulated depreciation and impairment	<b>(205)</b>	<b>(205)</b>
Net book amount	<b>53</b>	<b>53</b>
<b>Year ended 31 December 2019</b>		
Opening net book amount	53	53
Disposals - cost	(171)	(171)
Disposals – accumulated depreciation	171	171
Depreciation	(22)	(22)
Closing net book amount	<b>31</b>	<b>31</b>
<b>At 31 December 2019</b>		
Cost	<b>87</b>	<b>87</b>
Accumulated depreciation and impairment	<b>(56)</b>	<b>(56)</b>
Net book amount	<b>31</b>	<b>31</b>

### 11 Investments

*All amounts in £'000*

<b>At 31 December 2018</b>		
Opening net book amount		21,339
Additions		-
Provision for impairment		(15,964)
Net book amount		5,375
<b>At 31 December 2019</b>		
Opening net book amount		5,375
Additions		704
Provision for impairment		(6,079)
Net book amount		-

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 11 Investments (continued)

Fixed asset investments relate to subsidiary undertakings listed in note 12.

Given loss making performances and the net liability position of Canterbury of New Zealand Limited, the directors determined a further impairment of £704k in the year (2018: £15,964k). The best estimate of the recoverable value of the subsidiary is £nil, given its current financial position. Similarly, Canterbury of New Zealand Limited (the New Zealand subsidiary) has also been fully impaired, £5,375k (2018: £nil) given its loss making performance and best estimate of recoverable value. The directors are however hopeful that the subsidiaries will deliver improved results in the foreseeable future.

The directors believe that the carrying value of the investments are supported by the underlying assets.

### 12 Principal subsidiary undertakings

Name of subsidiary	Registered office	Country of incorporation	Ownership of ordinary shares %	2019 £m	2018 £m
Canterbury International (Far East) Limited	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Hong Kong	100%	-	-
Canterbury International (Australia) Pty Limited	Bldg 7, Technology Office Park, 107 Miles Platting Road Eight Mile Plains, QLD 4113	Australia	100%	-	-
Canterbury of New Zealand Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
Canterbury European Fashionwear Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
Canterbury of New Zealand Limited	19 Copsey Place, Avondale, Auckland 1026	New Zealand	100%	-	5.4
Canterbury Cotton Oxford Limited	8 Manchester Square, London, W1U 3PH	UK	100%	-	-
				-	5.4

# CANTERBURY LIMITED

## Notes to the financial statements (continued)

### 12 Principal subsidiary undertakings (continued)

With the exception of Canterbury Cotton Oxford Limited, Canterbury European Fashionwear Limited and Canterbury International (Far East) Limited, which are dormant, all of the subsidiaries shown are distributors of leisure wear and rugby apparel, footwear and accessories.

### 13 Debtors

	2019 £'000	2018 £'000
Trade debtors	566	69
Amounts owed by group undertakings	8,565	12,998
Amounts owed by the parent undertaking	-	2,110
Other debtors	-	4
Corporation tax receivable	70	-
Prepayments and accrued income	463	260
	<b>9,664</b>	<b>15,441</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors have not incurred provisions for impairment (2018: nil).

### 14 Deferred tax

The deferred taxation asset is as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	13	14
Other timing differences	-	(1)
	<b>13</b>	<b>13</b>

The directors consider there is sufficient certainty that there will be taxable profits in the foreseeable future and therefore the asset has been recognised in full in these financial statements.

### 15 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	12,811	12,913
Other Creditors	-	125
Corporation Tax	70	-
Accruals and deferred income	20	7,894
	<b>12,901</b>	<b>20,932</b>

Amounts owed to group undertakings are unsecured, interest free, are repayable on demand and have no fixed repayable date.

## CANTERBURY LIMITED

### Notes to the financial statements (continued)

#### 16 Called-up share capital

Allotted and fully paid	2019 £'000	2018 £'000
At 1 January – 25,910 ordinary shares of £1	26	26
<b>At 31 December- 25,910 ordinary shares of £1</b>	<b>26</b>	<b>26</b>

#### 17 Share premium account

	2019 £'000	2018 £'000
At 1 January 2019	25,883	25,883
<b>At 31 December 2019</b>	<b>25,883</b>	<b>25,883</b>

#### 18 Commitments and contingencies

At 31 December 2019 (and 2018), the company had no capital commitments or off-balance sheet arrangements.

Bank overdrafts are reported gross but the company is party to a pooling arrangement with its clearing banks whereby sterling, US dollar and euro current account cleared credit balances are set off against the respective currency cleared debit balances of the company and fellow UK group undertakings, with interest paid only on the aggregate net overdrafts.

The aggregate indebtedness on the cleared current account balances in sterling, US dollars and euros, up to a limit of £10,000,000, are guaranteed by Pentland Group.

#### 19 Related party transactions

The company is exempt from disclosing related party transactions with wholly owned companies within the group.

#### 20 Subsequent Events

Subsequent to the year end, there has been significant volatility in the economy as a result of the Coronavirus (COVID-19) pandemic. The directors consider the outbreak to be a non-adjusting post balance sheet event and, as a result, no year end positions have been reconsidered.

Management will continue to review trade debtors and amounts due from other group subsidiaries to monitor any risk of impairment. However, there have been no significant impairments post year end.

The company has investments in subsidiaries, which it will continue to support, via the immediate parent, Pentland Group.

Following a strategic review, it is expected that, over the course of 2020, a number of roles will be made redundant in Pentland Brands Limited as the business looks to operate in a post-COVID-19 world.

## **CANTERBURY LIMITED**

### **Notes to the financial statements (continued)**

#### **21 Controlling parties**

The immediate parent undertaking is Pentland Group Limited (formerly Pentland Group plc), a company registered in England and Wales. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group Limited. Consolidated financial statements will be prepared by Pentland Group Limited, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2019. The consolidated financial statements of Pentland Group Limited can be obtained from the company's registered office at 8 Manchester Square, London, W1U 3PH.