

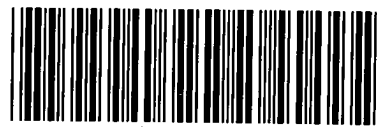
CANTERBURY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Registered number: 06930025

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CANTERBURY LIMITED

Strategic Report for the year ended 31 December 2021

The directors present their strategic report of the company for the year ended 31 December 2021.

Principal Activity and Future Developments

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 acts as a holding company for subsidiary undertakings of the Canterbury group. This is not expected to change in the coming year.

Performance

The company's profit for the financial year is £2,013k (2020: profit of £2,079k) and is shown in the profit and loss account on page 10. The company's net assets as at 31 December 2021 are £899k (2020: net liabilities of £1,114k). The directors do not recommend the payment of a final dividend (2020: £nil).

Given the straightforward nature of the business, the key performance indicators are limited to the following:

	2021 £'000	2020 £'000
Turnover	2,874	2,637

Principal Risks and Uncertainties

The directors of Pentland Group Holdings Limited, the ultimate parent company, manage the group's risk and key performance indicators at a group level, rather than at an individual entity level, including financial risk management.

The key risks and uncertainties specific to the company are as follows:

Category	Risk	Mitigating Activity
Liquidity and Funding		
Intercompany Funding		
The company has significant intercompany balances.	Access to funding from the immediate parent may not be available on demand.	Regular profit and cash flow forecasts are provided to the Group Treasury function to highlight peaks and troughs in the working capital cycle of the company, so that funding availability can be managed accordingly.

Requirement to report in respect of Section 172 Companies Act 2006

The following disclosure describes how the directors have approached and met their responsibilities under section 172 of the Companies Act 2006, and in particular how the directors have satisfied themselves that they have acted in a way which is most likely to promote the success of the company for the benefit of its members as a whole, and in doing so having regard for stakeholders interests, and forms the directors' statement required under section 414CZA of the Companies Act 2006.

As a business we set high expectations for ourselves, our people, our business partners and our suppliers. We have presented below a summary of the key stakeholder groups, as well as the key decisions made during the year, with reference to how our key stakeholders were impacted and how the directors engaged with those stakeholders to promote the success of the company.

CANTERBURY LIMITED

Strategic Report for the year ended 31 December 2021 (continued)

Requirement to report in respect of Section 172 Companies Act 2006 (continued)

- *Pentland Group (Trading) Limited*

During the year Pentland Group (Trading) Limited, a company registered in England and Wales, replaced Pentland Group Limited as the company's immediate parent undertaking and provides intercompany funding to the company. Continued access to capital is vital to the long-term success of the company.

Regular profit and cash flow forecasts are provided to Pentland Group (Trading) Limited and the Group Treasury function, not only to advise on when funding is needed, but also to highlight sales and profit growth to ensure we are creating value for the ultimate shareholders. These are challenged and scrutinised as well as regular forecast update and outlook processes.

- *Licensing Partners*

Sustaining long lasting relationships with our licensing partners is vital to the success of the company and regular meetings take place to ensure this continues. We also regularly review terms in place and ensure that both the company and the partner can meet the demands placed on them.

- *Employees*

Whilst all employee contracts are held by Pentland Brands Limited, a sister company within the group, the company recognises that a number of those employees represent the company in the conduct of its principal activity. Accordingly, we believe they are crucial to operating our business successfully and engage to ensure that we are fostering an environment in which they are happy to work.

Pentland Brands is committed to promoting diversity and inclusion not only in our workplaces, but by empowering individuals and communities worldwide. In 2021 it created and introduced a new D&I learning series, titled 'The Pentland Perspective', to understand how we can support diverse communities and share ways we can all take action for our colleagues, consumers and wider community. We also set up four employee networks to support our under-represented groups -- 1. Network for women and their allies, 2. Wellbeing Network, 3. LGBTQ+ Network and 4. Network for black colleagues and their allies. The networks are a safe space for people to share experiences, to learn from each other and to proactively take action and make a difference.

- *Community*

To reflect the growing need to factor our social and environmental impact into all that we do, in addition to publishing our annual Positive Business report in May 2022, which outlines the actions we took in 2021 towards our sustainability goals, we launched our Pentland Brands 100-1-0 positive business strategy – to take action for people and our planet. 2032 marks the 100 year anniversary of the Pentland Brands business and our 100-1-0 positive business strategy sets out three major targets to be reached by 2032 – 1. To help 100 million consumers live positive, active, sustainable lifestyles 2. To improve the lives of one million people in our communities and 3. To be a net zero business by 2032.

These targets are designed to help us focus our activities and deliver on our commitment to support both people and planet, through various sustainability initiatives and charitable actions. This includes building brands with purpose, creating products sustainably, embracing a diverse and inclusive workforce, supporting our communities and protecting the people working within our supply chain.

You can read about some of the actions Pentland Brands and our brands are taking across all areas at <https://pentlandbrands.com/news/>.

Our Principal Decisions

Given the nature of the business, the only trading activity is the collection of royalty, hence the impacts of supply chain and Brexit are not considered to be significant.



T E Cullen
Company Secretary

Date: 30 November 2022

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2021

The directors present their report of the company for the year ended 31 December 2021.

Future Developments

Refer to the Strategic Report on page 1.

Going Concern

As at 31 December 2021 the company had net current assets of £899k and a profit for the year then ended of £2,013k. 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 (Trading) Limited, to meet its liabilities as they fall due for that period, should this funding be required.

Pentland Group (Trading) Limited 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.

Dividends

Refer to the Strategic Report on page 1.

Financial Instruments and Financial Risk Management

Cash flows which are denominated in a foreign currency present risk and uncertainty as to the value of these cash flows in an entity's functional currency. Due to the significant volumes of USD and EUR cash 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 directors who held office during the year and up to the date of signing the financial statements, unless noted, were:

A K Rubin
A M Long
C Y Patel
J M Godden
D Highfield (resigned 28 February 2022)

Qualifying Third Party and Pension Scheme Indemnity 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.

Political Contributions

Neither the company, nor its subsidiaries, made any political donations nor incurred any political expenditure during the year.

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2021 (continued)

People Policies

The talented individuals working within our business are integral to our continuous success. Pentland Brands is committed to promoting policies which are designed to ensure that employees, and those who seek to work for us, are treated equally and with respect, regardless of age, disability, ethnicity, gender, marital status, religion, social background or sexual orientation. We believe that being transparent about our goals is crucial to achieving them and Pentland Brands publishes its UK Gender Pay Gap report on www.pentlandbrands.com.

Pentland Brands has a careers website enabling employees to see up to the minute vacancy information and is actively engaged on digital platforms such as LinkedIn to promote attractive employment propositions to the industry leaders of tomorrow.

Employee wellbeing is very important to us and we promote health and wellbeing in a number of ways. Pentland Brands offers employees a number of tools and resources to help employees be at their best. We are continually working to build a diverse and inclusive work culture where everyone feels a true sense of belonging. In 2021, Pentland Brands launched four employee networks, created a diversity, people and inclusion learning series, and started collecting diversity data from its employees. Through a combination of continued succession planning, talent pipeline development and external recruitment, it aims to improve the representation of women and people from ethnic minority groups in director level roles.

A vital component of our strategy is our commitment to the development of our people. Pentland Brands has learning strategies to provide employees with access to a blend of e-learning, face-to-face tuition, mentoring and experiential learning. Employee engagement is a key aspect of ensuring that employees remain motivated and well informed. Pentland Brands has an intranet, giving employees the opportunity to learn about the business and hosts all company webinars, townhall briefings and team huddles to keep employees informed of performance and strategy. It also conducts an employee feedback survey to understand what people think about working for Pentland Brands. The survey allows the company to access feedback and to make improvements.

More information can be found at www.pentlandbrands.com/careers.

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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.

CANTERBURY LIMITED

Directors' Report for the year ended 31 December 2021 (continued)

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.

Independent Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

By order of the board



T E Cullen

Company Secretary

Date: 30 November 2022

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 2021 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 2021 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of Canterbury Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because transactions are simple and non-complex, with few sources of judgement, and no pressures or incentives for management to commit fraudulent financial reporting through inappropriate revenue recognition were identified.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Canterbury Limited (continued)

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 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.

CANTERBURY LIMITED

Independent Auditor's Report to the Members of Canterbury Limited (continued)

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.



Aimie Keki (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
7 December 2022

CANTERBURY LIMITED**Financial statements for the year ended 31 December 2021****Profit and loss account**

<i>All amounts in £'000</i>	Note	<u>Year ended 31 December</u>	
		2021	2020
Turnover	5	2,874	2,637
Gross profit		2,874	2,637
Administrative expenses		(345)	(72)
Operating profit	6	2,529	2,565
Profit before taxation		2,529	2,565
Tax charge on profit	8	(516)	(486)
Profit for the financial year		2,013	2,079

Statement of comprehensive income

<i>All amounts in £'000</i>	<u>Year ended 31 December</u>	
	2021	2020
Profit for the financial year	2,013	2,079
Total comprehensive income for the year	2,013	2,079

The notes on pages 13 to 23 are an integral part of these financial statements.

CANTERBURY LIMITED

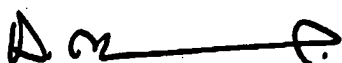
Financial statements for the year ended 31 December 2021 (continued)

Balance Sheet

<i>All amounts in £'000</i>	Note	As at 31 December	
		2021	2020
Fixed assets			
Tangible fixed assets	9	-	9
		-	9
Current assets			
Debtors	10	15,187	12,711
Deferred tax asset	11	18	15
		15,205	12,726
Creditors: amounts falling due within one year	12	(14,306)	(13,849)
Net current assets/(liabilities)		899	(1,123)
Total assets less current liabilities		899	(1,114)
Net assets/(liabilities)		899	(1,114)
Capital and reserves			
Called up share capital	13	26	26
Share premium		25,883	25,883
Accumulated losses		(25,010)	(27,023)
Total shareholders' equity/(deficit)		899	(1,114)

The notes on pages 13 to 23 are an integral part of these financial statements.

The financial statements on pages 10 to 23 were authorised for issue by the board of directors on 30 November 2022 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 2021 (continued)****Statement of changes in equity**

<i>All amounts in £'000</i>	Called up share capital	Share premium	Accumulated losses	Total shareholders' equity/(deficit)
Balance as at 1 January 2020	26	25,883	(29,102)	(3,193)
Profit for the financial year	-	-	2,079	2,079
Total comprehensive income for the year	-	-	2,079	2,079
Balance as at 31 December 2020	26	25,883	(27,023)	(1,114)
Balance as at 1 January 2021	26	25,883	(27,023)	(1,114)
Profit for the financial year	-	-	2,013	2,013
Total comprehensive income for the year	-	-	2,013	2,013
Balance as at 31 December 2021	26	25,883	(25,010)	899

The notes on pages 13 to 23 are an integral part of these financial statements.

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 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

As at 31 December 2021 the company had net current assets of £899k and a profit for the year then ended of £2,013k. 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 (Trading) Limited, to meet its liabilities as they fall due for that period, should this funding be required.

Pentland Group (Trading) Limited 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 ultimate parent undertaking, Pentland Group Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Pentland Group Holdings Limited are prepared in accordance with FRS 102 and can be obtained as set out in note 17. 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;
- Key Management Personnel compensation; and
- 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 ultimate parent, Pentland Group Holdings Limited. It is included in the consolidated financial statements of Pentland Group Holdings Limited, which are publicly available. The company is therefore exempt by virtue of section 401 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 pound sterling.

Transactions and balances

Transactions in foreign currencies during the year are translated at an average spot rate of exchange for the period or the spot exchange 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. 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.

(f) Turnover

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

Royalty income

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

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(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 evaluate 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 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 the 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) 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.

Plant and machinery

Plant and machinery 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 4 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'.

CANTERBURY LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents include 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.

(j) Financial instruments

Financial assets and 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 at fair value through the profit or loss, which are initially measured at estimated fair value and subsequently measured at fair value.

(k) Impairment of assets

Non-financial assets

An asset is impaired when 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.

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.

(l) 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.

(m) Investments

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

(n) 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.

CANTERBURY LIMITED

Notes to the financial statements (continued)

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 consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of debtors and associated impairment provision.

5 Turnover

Analysis of turnover by geography:

	2021 £'000	2020 £'000
United Kingdom	1,667	1,872
Continental Europe	1	30
North America	-	27
Latin America	13	30
Asia-Pacific	1,011	638
Rest of the world	96	40
South America	86	-
	2,874	2,637

Analysis of turnover by category:

	2021 £'000	2020 £'000
Royalty income	2,874	2,637
	2,874	2,637

6 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	9	22
Audit fees payable to the company's auditor	11	11
Impairment loss on debtors	85	34
Impairment reversal on amounts owed by group undertakings	(250)	-

CANTERBURY LIMITED

Notes to the financial statements (continued)

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.

Directors' emoluments

The directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	15	-
Aggregate pension contributions	-	-
	15	-

	2021 No.	2020 No.
Directors receiving contributions to the money purchase scheme	2	-

Highest paid director

The highest paid director's emoluments were as follows:

	2021 £'000	2020 £'000
Emoluments	7	-
Pension contributions	-	-
	7	-

The remuneration of all directors is borne by other entities, either within the group itself or within the related group headed by Pentland Capital Holdings Limited. No remuneration has been recharged to the company and the amounts disclosed above represent the apportioned share of the total emoluments in respect of qualifying services provided to the company.

CANTERBURY LIMITED

Notes to the financial statements (continued)

8 Tax charge on profit

	2021 £000	2020 £000
Current tax		
UK - current corporation tax at 19% (2020: 19%)	519	488
Current overseas tax	64	60
Overseas tax relief/other relief	(64)	(60)
Total current tax	519	488
Deferred tax		
Origination and reversal of timing differences	1	-
Effect of changes in tax rates	(4)	(2)
Total deferred tax	(3)	(2)
Total tax charge on profit	516	486

Reconciliation of tax charge

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

	2021 £'000	2020 £'000
Profit before taxation	2,529	2,565
Tax on profit at standard UK tax rate of 19% (2020: 19%)	481	488
Effects of:		
Tax rate changes	(4)	(2)
Expenses not deductible for tax purposes	39	
Total tax charge for the financial year	516	486

Following the Budget 2021, legislation to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023 was substantively enacted on 10 June 2021. As a result, the company has re-measured its deferred tax balances which are expected to reverse on or after 1 April 2023 at the revised 25% rate. Deferred tax balances which are expected to reverse before 1 April 2023 continue to be recognised at the current corporation tax rate of 19%.

CANTERBURY LIMITED

Notes to the financial statements (continued)

9 Tangible assets

<i>All amounts in £'000</i>	Plant and machinery
At 31 December 2020	
Cost	87
Accumulated depreciation	(78)
Net book value	9
Year ended 31 December 2021	
Opening net book value	9
Depreciation	(9)
Closing net book value	-
At 31 December 2021	
Cost	87
Accumulated depreciation	(87)
Net book value	-

10 Debtors

	2021 £'000	2020 £'000
Trade debtors	-	22
Amounts owed by group undertakings	15,022	12,406
Other debtors	-	117
Prepayments and accrued income	165	166
	15,187	12,711

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

Trade debtors are stated after provisions for impairment of £119k (2020: £34k).

Amounts owed by group undertakings are stated after provisions of impairment of £7,832k (2020: £8,082k).

CANTERBURY LIMITED

Notes to the financial statements (continued)

11 Deferred tax asset

The deferred tax asset is as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	18	15
	18	15

The directors consider that there is sufficient certainty that there will be taxable profits within the Pentland Group Holdings Limited tax group in the foreseeable future. The asset has therefore been recognised in these financial statements.

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	13,848	13,421
Corporation Tax	456	428
Accruals and deferred income	2	-
	14,306	13,849

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

13 Called up share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid		
25,910 ordinary shares of £1.00 each	26	26

CANTERBURY LIMITED

Notes to the financial statements (continued)

14 Principal subsidiary undertakings

Name of subsidiary	Registered office	Country of incorporation	Ownership of ordinary shares %	2021 £m	2020 £m
Canterbury International (Australia) Pty Limited	480 Queen Street, Brisbane, QLD 4000	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	-	-
Canterbury Cotton Oxford Limited	8 Manchester Square, London, W1U 3PH	UK	100	-	-
				-	-

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

Canterbury International (Far East) Limited was deregistered as of 26 February 2021.

15 Commitments and contingencies

At 31 December 2021 (and 2020) the company had no capital commitments.

Bank overdrafts are reported gross. The company is party to a pooling arrangement with its clearing banks whereby sterling account cleared credit balances are set off against the respective currency cleared debit balances of the company and fellow UK group undertakings. There is no aggregate net overdraft limit for these arrangements.

The company has no other off-balance sheet arrangements.

16 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group as per FRS 102.

CANTERBURY LIMITED

Notes to the financial statements (continued)

17 Controlling parties

The immediate parent undertaking is Pentland Group (Trading) Limited, a company registered in England and Wales. 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 are prepared by Pentland Group Holdings 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 2021. The consolidated financial statements of Pentland Group Holdings Limited may be obtained from Pentland Group Secretariat, 8 Manchester Square, London, W1U 3PH.

PENTLAND GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Registered number: 129937

THESE ACCOUNTS FORM PART
OF THE ACCOUNTS OF
COMPANY NO: 06930025
CANTERBURY
LIMITED

Pentland Group Holdings Limited

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Pentland Group Holdings Limited
Chairman's Statement
For the year ended 31 December 2021

I am pleased to present Pentland Group Holdings Limited's annual report, covering the period to 31 December 2021.

When my parents established what is now Pentland in 1932, their vision was to set up a business built on the values of honesty, fairness, respect and hard work. Our Group continues to uphold these same values and, while we do not pretend that we always get it right, our reason for existing continues to be driven by our commitment to looking after our people and make all our decisions in good conscience.

During 2021 we made some changes to the way we structure the Group's activities. In order to simplify the way we operate, as of October 2021, Pentland Group Holdings Limited only includes the Group's trading businesses, primarily Pentland Brands and JD Sports Fashion plc ("JD"). We have demerged the investment business operating within Pentland Group Limited into a separate parent – Pentland Capital Holdings Limited. Over the last few years both the trading and investment activities of Pentland Group have continued to grow strongly but it became increasingly complex to manage distinct trading and investment activities at scale within a single business.

The ultimate beneficial ownership of the Group remains with my family, and there has been no impact on our operations or employees in any part of the business. The demerger will not result in any significant change to the taxation of the two groups' continuing operations.

2021 continued to be a challenging year for many of our businesses, requiring them to refocus their priorities to deal with the ongoing impact of the COVID-19 pandemic, alongside newer challenges including significant issues in the global supply chain and the inflationary impacts resulting in rising costs, particularly for raw materials and fuel. Despite these pressures, we delivered an excellent performance, largely reflecting the success of JD which grew strongly as COVID-19 related retail disruptions eased globally. The consolidated results of the Group saw turnover of £8,944.0m (2020: £6,595.7m), which resulted in an operating profit, before amortisation of intangibles, exceptional items, and other operating income, of £1,040.6m (2020: £499.1m).

JD is a globally recognised iconic multichannel retailer with a proven strategy, clear momentum and a team of talented individuals who are recognised within the sports fashion industry as some of the leading figures in their fields.

In 2021 JD saw growth in the UK and Ireland through its core sports fashion fascias' with a strong retention of sales online in the first quarter (when non-essential stores were closed in the region). This was followed by a strong recovery instore as they re-opened from the spring. In the US, similar sports fashion driven growth reflected the first full year of Shoe Palace in the portfolio, and a part year of DTLR Villa LLC, purchased in March 2021. Additionally, all the JD businesses in the US successfully capitalised on the favourable trading conditions provided by a second round of fiscal stimulus from the US Federal Government.

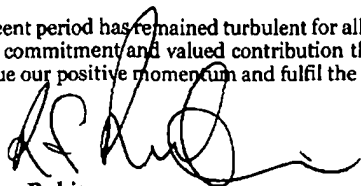
Subsequent to the reporting period, JD have transitioned leadership from Peter Cowgill, who had led the business successfully throughout our period of ownership. We thank Peter for his unwavering commitment and leadership since he re-joined the Group in 2004. JD is the business that it is today thanks to Peter's vision and the team he built. The JD business has grown significantly in recent years, and it became clear to the board after a number of regulatory issues that the governance, risk and control environment of the business was no longer appropriate for its scale. Actions have now been agreed to ensure internal governance is set up for sustainable growth, and we welcome the renewed focus of the Board in that respect. The Board, led by its new independent Chair, Andy Higginson, and CEO Regis Schultz are united in their determination to build on the historical success with the same laser focus on JD's consumer, alongside commercial rigour, service excellence and analytical intensity.

For the Pentland Brands division, performance continued to be strongly influenced by consumer behaviour through lockdowns and other COVID-19 related disruption. Berghaus and Endura both continued to grow in 2021 as consumers increasingly spent time outdoors. The continued closure of swimming pools and disruption of team sports saw the Speedo and Canterbury brands grow from their 2020 position, albeit sales remain behind 2019 levels. Following the April 2020 acquisition of the Speedo North America license from PVH Corp, work took place during 2021 to exit the transitional services provided by PVH and consolidate Speedo North America into the Group.

The Group continued to give back to those in need during the year. The Rubin Foundation has maintained its support for charities focused on climate change, inequality and education. This includes the Pentland Centre for Sustainability at Lancaster University, which funds disadvantaged young entrepreneurs through The Princes Trust and a public policy scholarship for developing countries with UCL. The JD Foundation continued to support charity partners in communities where they operate working to help disadvantaged young people through empowerment and sport.

We are proud of the work we continue to do to minimise our impact on the environment and, in particular, to limit the effect of our operations on climate change, as listed in the Strategic Report. More information can also be found in our annual Corporate Responsibility review published on [pentlandgroup.com](https://www.pentlandgroup.com) and in our report to the United Nations.

The recent period has remained turbulent for all of us, and I would like to acknowledge and thank our employees and our partners for the commitment and valued contribution they gave throughout the year. I am confident that we are in a strong position to continue our positive momentum and fulfil the ambitions of the business and our various stakeholders.



Stephen Rubin
Chairman
28 November 2022

Pentland Group Holdings Limited

Strategic Report

For the year ended 31 December 2021

The directors present their Strategic Report of the Group for the year ended 31 December 2021.

Principal Activities

Pentland Group Holdings Limited (the “Company”) is the holding company of a trading group - Pentland Group (the “Group”) - which is engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of subsidiary undertakings is set out in note 15.

Demerger of Investment Activity

In October 2021 the Pentland investment business, being Pentland Group Limited together with its related investment activities and subsidiaries (the “Investment Group”), was demerged into a newly established group, creating two independent groups - the demerged Investment Group headed by Pentland Capital Holdings Limited and the Trading Group, consisting of the Pentland consumer brands and retail businesses, which continue to be headed by the Company.

Both groups continue to be wholly owned by Stephen Rubin, members of his immediate family and trusts whose beneficiaries include the Rubin family.

Both businesses have grown substantially over the last few years, creating an increasing challenge in managing very different activities within a single entity. Following a review, the board of directors of the Company (the “Board”) concluded that given the different management approaches, risk profiles and capital requirements in the trading and investment businesses, that the success of both businesses in the future would be best achieved if they operated independently through the demerger of the investment business from the existing group.

The demerger will not result in any significant change to the tax arising on the two groups’ continuing operations.

Core Businesses

The Group comprises two core businesses: JD and Pentland Brands.

- JD Sports Fashion plc, which forms the largest trading activity of the Group, is a leading international retailer of branded sportswear, fashion and outdoor clothing and equipment, in which the Group holds a 51.89% share. JD is listed on the London Stock Exchange premium main market and operates mainly in the UK, US and the EU. The Board recognises the independent operation of the JD board of directors, who manage the JD business and the determination of its purpose and strategy as they are closest to their markets and stakeholders. JD publishes its own annual report and its specific strategy, which is available from www.jdplc.com.
- Our Pentland Brands Division holds some of the world’s best sports, outdoor and lifestyle brands. It owns Speedo, Berghaus, Canterbury of New Zealand, ellesse, Endura, SeaVees, KangaROOS and Mitre.

Purpose

Building and delivering positive brands in sports, outdoor and fashion.

Values

As a privately-owned family business, our values are resolutely family based. Honesty, fairness, respect, and hard work run through all that we do, and we believe in creating and maintaining a culture that promotes these values.

Strategy and Business Model

Strategy

The Company creates value through the active allocation of resources to underlying trading businesses which are actively monitored by the Group. The Group encompasses the Pentland Brands businesses and its majority shareholding in JD.

On a consolidated basis, JD represents the main driver of the Group’s financial performance. JD’s core business is focused on branded sports fashion and outdoor product categories, via an omnichannel shopping experience. The principal JD fascia has long been established as a leading retailer of sports fashion apparel and footwear in the UK and Ireland. More recently, the business has, in particular, expanded its US presence through acquisition. The JD business continued to expand its global footprint during 2021, operating at the end of the period through 3,400 stores across 37 countries and employing 65,000 staff.

Business Model

The Group comprises two businesses, each with their own business model.

JD, as outlined above, is the significant proportion of the Group’s consolidated performance.

The Pentland Brands Division builds brands in sports, outdoor and lifestyle through the design, sourcing and, marketing of products which are sold globally, through a network of retailers, distributors and licensees, as well as direct to consumers through the brand’s websites.

As a result of the demerger of Group businesses outlined above, the Investment Division was divested from this holding company during the year in a transaction reflecting fair value of the underlying investments. Consequently, the results for the Investment Division are reflected for a part year and as a discontinued operation.

Pentland Group Holdings Limited
Strategic Report (continued)
For the year ended 31 December 2021

Business Performance

Group Results

Despite the continuing disruption caused by the global COVID-19 pandemic, and related supply chain issues, Group turnover grew strongly in 2021, largely reflecting a strong growth of JD in both the US and UK/Ireland. Profit attributable to shareholders reduced by 71% as fair value gain of the underlying investment portfolio reduced to £68.0m in 2021 from £526.1m in 2020.

- Total turnover increased by 36% to £8,944.0m of which continuing operations were £8,925.9m
- Group operating profit before amortisation of intangibles, exceptional items and other operating income increased by 109% to £1,040.6m
- Exceptional items of £368.8m (2020: £141.0m) relate to impairment of assets, fair value movements on options held by non-controlling interests, integration costs and other provisions. Refer to note 3
- Profit attributable to shareholders after non-controlling interests was £143.0m (2020: £492.3m)
- Net funds* position at the year-end increased to £1,446.1m (2020: £1,102.2m). Refer to note 29
- Group net assets as at 31 December 2021 were £2,453.4m (2020: £2,660.0m)
- Continuing significant investment in its infrastructure and retail footprint gives the Group the platform for future development

**Net funds refer to the Group's cash and cash equivalents balance less deductions for overdrafts, loans and finance leases.*

Events After the Reporting Period

The following material events have taken place within the Group since the year end.

Significant JD Transaction

On 5 August 2022, JD completed on the sale of Footasylum Limited and its associated subsidiaries to AURELIUS Group for £37.5m. The sale was agreed in accordance with the final undertakings issued by the Competition and Markets Authority on 14 January 2022, following the decision to prohibit JD's acquisition of Footasylum last year.

Full details of the transaction can be found on the Regulatory News & Results section of www.jdplc.com.

Please see note 33 for further details and other significant events after the reporting period.

Summary of Key Performance Indicators

Group key performance indicators are:

	Note	2021 £m	2020 £m
Turnover	2	8,944.0	6,595.7
Operating profit before amortisation of intangibles and exceptional items	3	1,040.6	499.1
Operating profit		477.4	369.8
Profit for the financial year		379.8	613.7
Profit attributable to shareholders		143.0	492.3
Net funds	29	1,446.1	1,102.2

Directors' Responsibilities

The duty of the directors is to act in good faith with a view to the best interests of the Company. Our success requires the Board and its committees to maintain an approach to strategic, financial and operational decision-making that ensures the careful deployment of the Company's capital and resources and the active management of relationships with the trading businesses we own and invest in.

Whilst the successful delivery of the Company's purpose depends upon effective engagement with its stakeholders, the Board is mindful of its subsidiaries' responsibilities to their own stakeholders. The Board expects the boards of its subsidiaries to manage their businesses and to determine their particular strategy and business model, as they are the closest to the markets and stakeholders they serve. In doing so, those boards are expected to engage appropriately with their stakeholders.

While the Company endeavours to serve the interests of all stakeholders, our primary responsibility is to engage with and support those stakeholders whom we can influence directly. At the same time, we actively engage with our subsidiary companies through our representation on their boards.

Shareholders

The Company operates as a collective investment vehicle for the Rubin family, providing them with a diversified exposure to underlying trading businesses. The Company creates value through the active allocation of resources to underlying trading businesses, which are actively monitored by the Group. The value created for our shareholders translates into dividends and the movement in underlying value of shareholders' equity in the Group.

The Board includes five members of the shareholding family. The COVID-19 pandemic continued to place constraints on the Board's physical opportunity to meet to consider Company business in the early part of the year, but the Board continued to embrace the use of technology and has relied on the directors and family members being represented on the boards and management teams of its subsidiaries, to ensure proper discharge of duties across the Group.

Underlying Trading Businesses

The Board closely evaluates the performance of its trading subsidiaries, joint ventures and associates, influencing major strategic changes and intervening where shortcomings are identified. It does so by appointing nominated members to act as representatives on the boards of those businesses, where appropriate.

Communities

We believe in doing the right thing, not the easy thing – as individuals and as an organisation. Respect for people and the environment has always been at the heart of our business and we strive to make all our decisions in good conscience. Our focus is to:

- Help people to live active, healthy lifestyles by building a business with social purpose
- Protect human rights by doing business ethically and sustainably
- Enable an ethical and transparent supply chain; and
- Reduce the environmental impact of our operations and materials

Risk Management

Taking risk is an inevitable aspect of the businesses we operate within and so risk management is a fundamental part of achieving our strategy. Risk is present in everything we do, and it is therefore our policy to identify, assess and manage the key areas of risk on a proactive basis. We seek to embed risk management into the culture of the Group without introducing unnecessary bureaucracy. The identification and management of risk is a key role of the teams who run our operating companies.

Risk Management Process

The Board sets and oversees the Group's overall risk management strategy and the effectiveness of the Group's internal controls, with support from the Company's Audit and Risk Committee and the Head of Internal Audit. Any matters of particular concern are escalated for presentation to the Board. Our approach is three-pronged:

- **Prevent:** Create and maintain a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support
- **Detect:** Introduce controls to identify issues, reviews and opportunities to speak up; and
- **Respond:** Confront issues swiftly and remediate them effectively and appropriately

As with any system of internal control, risk management policies and processes are designed to manage, not eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Pentland Group Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2021

Principal Risks and Uncertainties

The principal and emerging risks are discussed and monitored throughout the year to identify changes to the risk landscape. The COVID-19 pandemic continued to have an impact on the Group's business operations, particularly in the UK, and the risk landscape across the Group.

The Company recognises that failure to comply with regulations or reporting requirements may result in financial or reputational damage to the business. In addition, it is conscious that any perceived non-compliance or perceived failure to meet these codes and standards can be as equally damaging. The Group's internal audit function monitors compliance with key regulations and the effectiveness of the control environment of the Group's activities.

The Group provides training where required and operates a confidential whistleblowing hotline for colleagues to raise concerns in confidence.

At a Group level the principal risks and uncertainties primarily relate to JD (due to its scale and reach relative to the rest of the Group). Those risks are primarily in the areas of supply chain, the environment, labour standards, governance and regulation, people, property and technology. There are also significant financial and economic risks. These risks are managed and mitigated by the board of JD. More details of these risks and the ways in which they are mitigated can be found on the JD website and in their annual accounts accessible through www.jdplc.com.

Similar risks arise elsewhere within the Group, though with more limited scope and impact.

Corporate and Social Responsibility

The Group recognises that it has a responsibility to ensure its business is carried out in a way that ensures the highest standards by behaving ethically and respecting people and the environment. With the help and co-operation of all employees, the Group endeavours to comply with all relevant laws in order to meet that best practice and responsibility wherever it operates. In relation to subsidiaries other than JD, the boards of directors of each subsidiary are empowered to set and implement their own standards appropriate to their specific circumstances, but their standards and performance are reviewed against Pentland Group expectations in terms of overall compliance. The JD board set their own standards and policies in relation to Corporate & Social Responsibility and more details can be found in their annual accounts accessible through www.jdplc.com.

Although operating individually, the Group seeks to ensure that its subsidiaries and manufacturing partners do business in a manner consistent with its own aims in relation to employees, customers, business partners and the environment.

The face of corporate responsibility has changed immensely. With more scrutiny than ever before on how businesses are demonstrating value not only to consumers but also to society, operating responsibly is not just a 'nice-to-have' – it is a crucial denominator of business success. Corporate responsibility has always been embedded in the Pentland Group and it continues to be of the highest priority.

Our Partnerships and Memberships

Memberships

To truly facilitate change it is essential to take a collaborative approach. The Group is committed to being an environmentally and socially responsible business, so we work in collaboration with organisations which share this goal. Through its subsidiaries, the Group is an active member and supporter of the organisations listed.

- **UN Global Compact** (signatory since 2001) – The UN Global Compact is a global call to businesses to align their strategies with environmental and societal goals. We are a signatory and fully support its ten principals on human rights, labour, environment and anti-corruption
- **World Federation of the Sporting Goods Industry** (members) – The WFSGI is an independent non-profit association, representing the global sporting goods industry. It promotes responsible business practices and encourages more people to become involved in sport
- **Institute of Business Ethics** (members) – The Institute of Business Ethics promotes high standards of business behaviour based on ethical values. It aids organisations to strengthen their ethical culture through the sharing of knowledge and good practice
- **Ethical Trading Initiative** (members since 1998) – This alliance of companies, trade unions and voluntary organisations collaborates to improve the lives of workers around the world
- **Action Collaboration Transformation** (members since 2016) – Pentland Brands is a founding member of ACT which brings together brands, retailers, manufacturers and trade unions to address the issue of living wages in the textile and garment supply chain
- **Sustainable Apparel Coalition** (members since 2011) – This industry alliance, of which Pentland Brands is a member, focuses on developing tools to improve and standardise the reporting of environmental impact across the supply chain
- **Afirm Group** (members since 2010) – This is an industry collaborative effort to reduce the use and impact of harmful substances in the apparel and footwear supply chain; and
- **Leather Working Group** (members since 2007) – This industry group aims to improve the environmental compliance and performance capability of tanners and promotes sustainable business practices within the leather industry

Details on JD's memberships and partnerships can be seen in their annual report.

Pentland Group Holdings Limited Strategic Report (continued) For the year ended 31 December 2021

Education

We support a number of academic institutions and charities doing great work for the arts and education, the environment and sustainability and promoting health and well-being through sport. We also encourage our people to volunteer their time to support charities and to share their business experience within schools and colleges in their local communities.

Charities

The Group continued to give back to those in need during the year in a number of different ways. The causes supported reflect the values and priorities of the shareholders, management and employees of the Group.

The Rubin Foundation continued to support charities focused on climate change, inequality, health and education. The Foundation continues to support the Pentland Centre for Sustainability in Business at Lancaster University, which it founded in 2015. The Centre carries out research to find practical solutions to social and environmental challenges. The Foundation also offers an annual scholarship for a graduate from the Southern Hemisphere at University College London (UCL). The Pentland Churchill Scholarship offers the opportunity to study at UCL's Department of Political Science and New York University Wagner to become an Executive Master of Public Administration.

The Group supports The Prince's Trust Enterprise Programme, which provides young entrepreneurs with the learning, mentoring and funding opportunities to start their businesses. Through Pentland Brands, it also supports In Kind Direct, an organisation that distributes donated products to charitable organisations in the UK and abroad. The Group has supported both these impressive organisations for over 20 years.

The JD Foundation, established in 2015, supports UK youth charities working with a range of disadvantaged communities throughout the UK, from those tackling youth homelessness, mental health and unemployment, to others providing support for families dealing with undiagnosed heart conditions, terminal illness and bereavement. To date, the JD Foundation raised £4.1m in funds, of which £3.6m has been donated across 19 charity partners reaching over 121,000 people directly. Details of the work the JD Foundation has undertaken with its charity partners can be found in the JD Foundation Social Impact Report.

As part of its 100-1-0 Positive Business strategy, Pentland Brands has committed to donating 1% of profits to charitable causes every year. In 2021, they continued to support several charity partners in communities where they operate to help disadvantaged young people through empowerment and sport. Additionally, their Charity Network, which is made up of employee volunteers from each of their sites around the world, identified ways to donate local charity funds and support worthwhile causes in their regions. Details of the organisations and charities supported by Pentland Brands can be found at <http://www.pentlandbrands.com/charity-partners>.

Our People

The talented individuals working within the Group are integral to our continuous success, delivering exceptional results year after year. As the Group expands globally, so does the network of people who operate in accordance with our values and standards. This is successfully achieved by focusing on recruitment, wellbeing and the development of people who have what it takes to thrive within this fast-paced and exhilarating business environment.

The Group is committed to promoting policies which are designed to ensure that employees, and those who seek to work for the Group businesses, are treated equally and with respect, regardless of age, disability, ethnicity, gender, marital status, religion, social background or sexual orientation.

The Group believes that being transparent about our goals is crucial to achieving them and Group businesses publish UK Gender Pay Gap reporting on their respective corporate websites.

Recruitment

Over 60,000 people work directly within our Group of businesses all over the world. Our businesses set out to attract the best talent and acknowledge the continuation of this process as an important factor in their continuous evolution.

Both JD and Pentland Brands have careers websites enabling prospective employees to see up to the minute vacancy information. Furthermore, they are actively engaged on digital platforms such as LinkedIn and continue to explore additional avenues to promote attractive employment propositions to the industry leaders of tomorrow.

JD recognises the prevalence of social inequality in the UK and feels passionately about reducing barriers to entry to employment for young people who are socially and economically disadvantaged. JD is proud of its participation in the Kickstart scheme which was delivered in partnership with The Prince's Trust. It's available to young people aged 16 to 24 who were previously on Universal Credit and faced significant barriers to employment. Over 1,000 people to date have progressed through the programme, with 90% offered permanent roles within the JD Group.

Diversity & Inclusion

Our Group businesses are continually working to build diverse and inclusive work cultures where everyone feels a true sense of belonging.

JD promotes inclusion and raises awareness for fairness and equality through campaigns (LGBTQ+ Pride, Black History Month) and International Days for both women and men. JD's Diversity and Inclusivity champions meet regularly to discuss equality, diversity and inclusion topics, offering insights and lived experiences on how the JD group can continue to be an inclusive employer. As a founding member of Diversity in Retail, JD encourages diverse and inclusive environments internally and externally, ensuring where possible that its support of all areas of society is reflected on social media and within its culture as a business.

In 2021, Pentland Brands launched four employee networks, created a diversity, people and inclusion learning series, and started collecting diversity data from its employees. Pentland Brands recognises that diversity and inclusion is a broad topic, encompassing a range of important issues. It aims to improve the representation of women and people from ethnic minority groups in director level roles, which it plans to do through a combination of continued succession planning, talent pipeline development and external recruitment.

Pentland Group Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2021

Wellbeing

Employee wellbeing is very important to the Group and our businesses promote health and wellbeing in a number of ways.

JD offers support and resources, including information and training through its Wellbeing Network, promoting physical fitness through access to subsidised gym membership and offering financial advice and education. It continues to achieve excellence in the areas of Health and Safety and the protection of its colleagues in their working environment.

Pentland Brands has a number of tools and resources to help employees be at their best. They offer all employees unlimited access to online programmes, such as Unmind, to support mental wellbeing and have recently trained 20+ mental health first aiders to provide peers with support. They also offer confidential 24/7 access to counsellors and information specialists in emotional, health, management, legal, debt, elder and younger care and financial. They also introduced flexible working in 2021 to further support employees' work-life balance. Additionally, Pentland Brands has gym access at some offices and also offer employees discounted gym memberships.

Development

A vital component of the Group's strategy is our commitment to the development of our people, whether this is our focus on internal progression or ensuring the talent we acquire is provided with the very best resources and knowledge to excel in their careers.

Our businesses have learning strategies to provide employees with access to a blend of e-learning, face-to-face tuition, and experiential learning.

JD is proud to encourage and provide different pathways for personal and professional growth. Its dedicated Development Team produces and delivers learning material worldwide to its colleagues, covering a broad range of operational, behavioural, leadership and technology topics. There are thousands of courses available, including its industry-leading Management and Supervisor Development programmes and extensive early career choices.

Over the last few years, JD has worked alongside internal and external stakeholders to promote apprenticeships as a development opportunity across the organisation. It currently has over 270 apprentices and has successfully recruited 40 of those externally. Its apprenticeship programmes are extensive and cover many different functions within Retail, Distribution Centre and Head Office.

Pentland Brands provides development resources around topics including peer to peer mentoring, videos and useful guides to aid self-directed learning and unlimited LinkedIn Learning, designed to help its people develop their skills autonomously and in a way that works for them.

Engagement

The Group sees employee engagement as a key aspect of ensuring that employees within Group businesses remain motivated and well informed.

JD connects with employees via its 'my hub' mobile app, which helps the business to communicate, connect and share benefits with its employees.

Pentland Brands continually evolving intranet contains a complete library of material, giving employees the opportunity to learn about the business. They also host all-company webinars, townhall briefings and team huddles to keep employees informed of performance and strategy. They conduct an employee feedback survey to understand what people think about working for Pentland Brands. The survey allows the company to access feedback, almost immediately, and to make improvements - encouraging conversations and action at both a local and global level.

Environmental Considerations

The Group recognises that it has a responsibility to manage the impact its businesses have on the environment and is committed to carrying out its activities with due consideration for any potential environmental impact, both now and in the future. We continue to comply with the UK Government Carbon Reduction Commitment and have the following as the key areas of focus:

- Ensuring compliance with relevant legislation and codes of best practice
- Ensuring efficient use of energy and other materials
- Responsibly managing our use of chemicals
- Reducing the environmental impact of our supply chain and own operations; and
- Increasing our use of sustainable materials

Key Achievements

Some key achievements across the Group include:

- JD retained an 'A-' rating in the 2021 Carbon Disclosure Project Climate Change assessment and attained an 'A' grade for Climate Change Supply Chain Engagement. JD also retained a 'B' rating for Water Stewardship in the 2021 Carbon Disclosure Project Climate Change assessment
- JD approved Scope 1 and Scope 2 Science Based targets, targeting a reduction in greenhouse gas emissions of 67.2% by 2035-36. JD also submitted their Scope 3 Science Based targets, committing to reduce absolute Scope 3 greenhouse gas emissions from textiles and footwear, within the purchased goods and services category, by 67.2% by 2035-36 (targets are measured against a 2019-20 base year reflecting the more ambitious 1.5 degree Celsius scenario)
- JD sourced 98% of cotton through the 'Better Cotton' initiative
- JD became one of the founding signatories to the Waste and Resource Action Plan ('WRAP') Textiles 2030 initiative with their private labels aiming to cut carbon by 50% and water by 30%
- JD successfully trialled the 'Together We Can' project which raises funds through micro-donations at the till point and aims to provide education opportunities to those working in our factories, enhancing career opportunities and providing financial support

Pentland Group Holdings Limited
Strategic Report (continued)
For the year ended 31 December 2021

- Pentland Brands' UK offices and distribution centres send zero waste to landfill. Anything that cannot be recycled is used to generate energy and, in the UK, our offices use 100% renewable energy
- In 2021, the brands across the Pentland Brands portfolio worked to design products with a lower environmental impact, with Endura planning to reach carbon negativity as early as 2024. Berghaus increased the number of products in its MADEKIND™ range by 34% in 2021 and Canterbury designed its latest Pro jersey from 100% recycled polyester, using 21% less CO2 on average
- Brands within the Pentland Brands portfolio planted six million trees in 2021 to support reforestation and biodiversity, and will plant another six million in 2022 and fifty million by 2032

Greenhouse Gas Emissions

We report the gross greenhouse gas (GHG) emissions and energy consumption as required under UK Streamlined Energy and Carbon Reports (SECR) legislation. An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all buildings such as warehouses, offices, and manufacturing sites, plus company-owned and leased transport. The data below includes emissions from the energy we use in the Group's operations in the UK, which include retail stores run by JD in the UK and in Pentland Brands' UK offices and distribution centres.

The consumption and emissions data reported correspond with the financial year for Pentland Brands, while JD data corresponds to JD's financial year ended 29 January 2022.

	2021	2020
Total Energy Consumption – Electricity (MWh)	102,759	76,367
Energy Usage – Natural Gas (MWh)	30,974	22,751
Total Energy Use (MWh)	133,733	99,118
Carbon Emissions Location Based (Tonnes CO2e)	24,958	20,652
Carbon Emissions Market Based (Tonnes CO2e)	6,123	n/a*
Intensity metric: Location based emissions (kgCO2e/m2)	28.28	30.5
Intensity metric: Market based emissions (kgCO2e/m2)	6.94	n/a*

* After improving our reporting mechanisms, the Group is now able to provide market-based carbon emissions data for 2021. Comparative data for 2020 is not available.

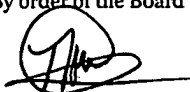
In line with the GHG protocol on dual reporting, we have disclosed both market and location-based emissions for purchased electricity in 2021. The 2021 emissions figure for purchased electricity above reflects our investment in a zero-carbon electricity tariff at all our sites. In the terms of the Greenhouse Gas Protocol, this is called 'market-based' reporting - as opposed to 'location-based' reporting. Location-based reporting does not take into account the electricity supply contracts a company has and instead uses a national carbon emissions factor for electricity, reflecting the diverse source of electricity generation supplied to the national grid.

As required under UK SECR legislation, we have applied an intensity factor to our greenhouse gas emissions expressed in kilograms CO2e per meter squared.

Going Concern

The Board have modelled a range of base and downside scenarios based upon currently available information supporting a range of most likely outcomes arising from the current economic uncertainty caused by inflationary pressure, rise in interest rates and global supply chain readjustment. Based on the various cashflow scenarios projected, the Board believe that the Group has sufficient financial resources to be able to meet any reasonably predictable liquidity requirements of the Company and those of its wholly owned subsidiaries for the foreseeable future. The Company does not provide any direct or indirect financial support or guarantees to JD and the responsibility for assessing the viability of its operations rest with the JD board of directors. The JD board have concluded, following their viability assessment that the JD group has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. Accordingly, having regard to both the Company's cash flow scenarios and the conclusions of the JD board's viability assessment, the Board have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of preparation of these financial statements remains appropriate.

By order of the Board



T E Cullen
Joint Secretary
Date: 28 November 2022

Pentland Group Holdings Limited

Directors' Report

For the year ended 31 December 2021

The directors have pleasure in presenting their Director's Report for the year ended 31 December 2021.

As a family-owned business, the Company's purpose is to build and deliver positive brands in sports, outdoor and fashion. In pursuit of its purpose, the Company devolves to the boards of its subsidiaries, responsibilities for the management of their business, including the determination of their own purpose, strategy and business model as they are closest to their markets and to the stakeholders they serve.

We believe in creating and maintaining a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support. Our values are embedded within our Business Standards, which include a Code of Business Conduct, an Ethics and Integrity policy, an Employment Standards policy, our Tax Strategy, a Code of Employment Conduct for suppliers and an Environment and Sustainability Policy.

Leadership

The holding company Board is responsible for creating the framework within which the Group operates and is collectively responsible to the Company's shareholders and stakeholders for the direction, promotion and oversight to ensure its long-term success. Members of the Board also have executive and non-executive positions on the boards of those businesses, where appropriate, to ensure an appropriate level of engagement and representation of the Group in the board decision making processes.

In discharging its duties, the Board draws on a range of capabilities and experience, including:

- Deployment of capital and resources
- Strategic business development
- Leadership and team development
- Industry experience and network
- Entrepreneurial approach
- Governance and risk management; and
- Corporate financial management

Other core activities include obtaining assurance that material risks to the Group are identified, defining the Group's appetite for risk and ensuring that appropriate systems of risk management and internal control exist to mitigate such risks, as well as responsibility for ensuring the effectiveness of, and reporting on, the system of corporate governance. The Board also monitors performance, approves budgets and material initiatives and commitments. It has a clearly articulated set of matters which are specifically reserved for its determination. The Board is responsible for setting the levels of delegated authority, whilst retaining overall responsibility for the governance of the Group.

The Board comprises nine directors with a range of sector expertise. The name, position and brief profile of each director is set out below. Invitations to join and participate at relevant points during Board meetings are extended to other senior executives within the Group and external advisors when appropriate.

Operation of the Board

The Board has an annual calendar of meetings, the timetable of which is set in the prior year to ensure that regular meetings are scheduled and other meetings held, as required, for the Board and its committees to discharge their respective duties sufficiently. Papers are circulated prior to meetings to facilitate the effective flow of latest information. If directors are unable to attend a meeting, they still receive and read documents for consideration at that meeting and have the opportunity to relay their comments prior to the meeting.

The Board of Directors

Stephen Rubin – Executive Chair and Chair of the Remuneration Committee – Aged 84

Appointed on 27 November 2019

Stephen has been Executive Chair of the Pentland Group since 1964 and is also Executive Chair of the Investment Group headed by Pentland Capital Holdings Limited. He is a law graduate of University College, London, who trained as a barrister. He is life President of the World Federation of the Sporting Goods Industry and has served as World President of the Textile Institute and has won several awards from sportswear industries. He was awarded an OBE in 2002 for his work in business and human rights. He has an honorary professorship at UCL School of Public Policy, holds a number of honorary doctorates, and serves as a Trustee on a number of charities. Stephen is Chair of both the Group's Board and Remuneration Committee and Chair of Pentland Capital Holdings Limited.

Andrew Rubin – Executive Deputy Chair – Aged 57

Appointed 27 November 2019

Andy graduated from Trinity College, Cambridge and Harvard Business School, and, in between, worked for an investment bank, prior to joining the family-owned business in 1991. Andy is also Deputy Chair of the Investment Group headed by Pentland Capital Holdings Limited and has been chair of Pentland Brands since 2015, having previously been its CEO. Andy is vice-president for Europe of the World Federation of the Sporting Goods Industry, is on the Family Advisory Council for Responsible Ownership at the Oxford Said Business School, an Enterprise Fellow of the Prince's Trust, a Trustee of In Kind Direct and an Ambassador for Leaders Quest.

Pentland Group Holdings Limited Directors' Report (continued) For the period ended 31 December 2021

Andrew Long – Executive Director – Aged 51
Appointed 4 December 2020

Andy joined Pentland Brands in 2005 and became Chief Executive Officer in 2015 having previously held the roles of Chief Financial Officer and Chief Operating Officer. Andy became an Executive Director of the Pentland Group in 2020 and is also an Executive Director of the Investment Group headed by Pentland Capital Holdings Limited. Prior to joining Pentland, Andy held senior finance roles at Boots and Procter and Gamble and is a Chartered Management Accountant. Andy has been a board member of Sport England since 2016 and was appointed as a non-executive director of JD Sports Fashion Plc in 2021. Andy is chair and member of many committees across Pentland's two groups.

Angela Rubin – Non-Executive Director – Aged 85
Appointed 27 November 2019

Angela has been a director of the Pentland Group since 1969, with a special interest in its apparel and footwear brands. She is also a director of the Investment Group headed by Pentland Capital Holdings Limited. Angela works with a wide range of charitable organisations.

Carolyn Rubin – Non-Executive Director and President of Pentland USA – Aged 62
Appointed 27 November 2019

Carrie was appointed President of Pentland USA in 2013, having joined the family-owned business in 1992 and is also director of the Investment Group headed by Pentland Capital Holdings Limited. Carrie's speciality is design and creativity. She is involved with Cordwainers and various other colleges both in the UK and internationally to help develop the Pentland graduate design team. She is a member of the board of FFA NY and the Two Ten Footwear foundation. She is also a member of everywoman, which is the umbrella organisation for the everywoman in retail awards where she is an Ambassador.

Alison Moshelm – Non-Executive Director – Aged 55
Appointed 27 November 2019

Alison has been a director of the Pentland Group since 1995 and is also a director of the Investment Group headed by Pentland Capital Holdings Limited. She has a communications degree from Emerson College in Boston USA and is particularly interested in how our brands are targeted and appeal to young people. She is involved in a number of charities.

John Morgan – Senior Independent Director and Chairman of the Audit & Risk Committee – Aged 69
Appointed 24 September 2019

John has been a non-executive director of the Pentland Group since 2012 and chairs the Audit and Risk Committee of both the Group and Pentland Capital Holdings Limited. John is a Chartered Accountant and prior to joining Pentland, he was a partner at PwC, responsible for managing relationships with a number of the firm's major public and private clients and was a former board member and head of tax.

Enda Faughnan – Non-Executive Director – Aged 69
Appointed 25 October 2019

Enda joined the Company as an independent non-executive director in October 2019. Prior to joining Pentland, he was a partner and head of tax at PwC Ireland and still provides consultancy services to them on a part time basis. He represents ACCA on a number of tax related committees, including TALC (Tax Administration Liaison Committee) and the CCABI (Consultative Committee of Accounting Bodies in Ireland).

John Kelly – Non-Executive Director – Aged 66
Appointed 25 October 2019

John joined the Company as an independent non-executive director in October 2019. John was a partner at PwC for 31 years and from 2012 to 2017 was Chief Operating Officer of PwC Global Tax & Legal. John is an independent non-executive director of a number of companies. He is a graduate of University College Dublin, a Chartered Accountant and a Chartered Director.

* Barry Moshelm resigned as a director of the Company on 1 December 2021.

Corporate Governance

Pentland has always endeavoured to apply high standards of corporate governance and has a goal of continuous improvement in governance. Until November 1999, Pentland held its own listing on the London Stock Exchange and not only complied with, but supported, the developing requirements of good corporate governance. Since once again becoming a private company in 1999, Pentland has continued to implement the evolving good governance practices where it has been practical and appropriate to do so in the context of a family-owned business with shareholders represented on its Board.

Today, the largest component of the Group is JD and as a company listed on the London Stock Exchange in its own right, is subject to the UK Corporate Governance Code issued by the Financial Reporting Council. In accordance with the requirements of the London Stock Exchange Listing Authorities for controlling shareholders, Pentland has entered into a Relationship Agreement with the board of JD which protects the independence of the board of JD.

Pentland Group Holdings Limited
Directors' Report (continued)
For the period ended 31 December 2021

Having grown significantly in recent years, and following a number of regulatory issues, the JD board engaged external advisors to carry out a number of independent investigations. This has highlighted the need for both greater relevant experience on the Board and more formalisation in governance systems, risk management recording, the documentation and appraisal of internal controls and the mechanisms for reporting relevant matters to the regulatory authorities where appropriate. The JD board has now completed the investigations and the governance review and have ratified a plan to rebase the governance, risk and control environment which it is anticipated will take approximately 18 months to deliver in full. Alongside these investigations, the board reviewed the Group's compliance with the Corporate Governance Code in the context of the previously announced separation of the Chair and Chief Executive roles. We welcome these necessary steps by the JD board to ensure the long term, sustainable growth of the business and that JD embraces the scrutiny and responsibility which comes with being a FTSE 100 company.

An arms-length agreement remains in place between JD and Pentland, ensuring that the JD board are able to operate independently in the interests of all stakeholders.

Directors' Report Disclosures

Principal Activity

The Company's principal activity is as the holding company of a trading group engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of subsidiary undertakings is set out in note 15.

Dividends

Interim dividends of £10m were declared and paid for the period, paid out of the share premium of the Company. The Board are not recommending the payment of a final dividend for 2021 (2020: £nil).

Political Contributions & Expenditure

Neither the Company, nor any of its subsidiaries, have made any political donations or incurred any political expenditure during the period under review.

Events After the Reporting Period

For significant events occurring after the balance date refer to the Strategic Report on page 3 and note 33.

Future Developments

Future developments are discussed throughout the Strategic Report on pages 2 to 8.

Financial Instruments and Financial Risk Management

JD manage their own exposures to foreign exchange and interest rate risks. For more information, see their annual accounts accessible through www.jdplc.com.

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

Third Party Indemnity Provisions

Throughout the year, the Company has provided an indemnity for the directors and officers of the Company.

People Policies & Engagement

The Group sees people policies and engagement as key aspects of ensuring that our teams remain motivated and well informed. The Strategic Report on pages 6 and 7 provides information on the Group's approach to people and how the Group attracts, develops and engages with its employees.

Awards

The Group is proud to hold a Queen's Award for Enterprise in the International Trade category. The Queen's Awards are the most prestigious UK awards for business performance, with the International Trade category recognising companies that have demonstrated substantial growth overseas. This is our sixth Queen's award, having previously held the award for Innovation, Export Achievement and International Trade.

Compliance

The Group endeavours to comply with the requirements of relevant and material laws and regulations of each country in which it operates.

Pentland Group Holdings Limited
Directors' Report (continued)
For the period ended 31 December 2021

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 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 Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and 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 (Jersey) Law 1991. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditor

In the case of each director in office at the date the directors' report is approved, the following applies:

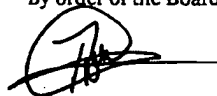
- (a) so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s113C of the Companies (Jersey) Law 1991 (as amended).

Independent Auditor

The Company's auditors, KPMG LLP, have indicated their willingness to continue in office.

By order of the Board



T E Cullen
Joint Secretary
Date: 28 November 2022

Independent Auditor's Report to the Members of Pentland Group Holdings Limited (continued)

Opinion

We have audited the financial statements of Pentland Group Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

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 Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes for the Company and its significant components, including for discussion of any legal or regulatory matters that may have been discussed by component management but not already disclosed to us.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Due to governance issues identified in JD Sports Fashion plc, a subsidiary of the Group, a forensic specialist was involved in the risk assessment and assisted in identifying key fraud risks for this component. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the relevant members of the component audit team, and assisting with designing relevant audit procedures to respond to the identified fraud risks. The forensic specialists also attended meetings with both Executive and Non-Executive Directors of JD Sports Fashion plc and external advisors and assisted with certain procedures including shadowing investigations ongoing during the course of the audit.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account the dominance of a small number of Executive Directors of JD Sports Fashion plc and the potential for management bias given the strong performance in the year, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

Further to this, additional fraud risks were identified for the JD Sports Fashion plc component in relation to the existence, accuracy and presentation of accruals and the completeness and presentation of provisions and contingent liabilities in response to the possible incentive to manipulate the component's results, following recent strong performance

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

Independent Auditor's Report to the Members of Pentland Group Holdings Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

In response to the governance issues identified in relation to JD Sports Fashion plc, for this component additional testing was undertaken, including: additional enquiries of management; specific walkthroughs of procedures in place to identify non-compliance with laws and regulations; additional focused journal testing; enquiries of the component's internal counsel and external legal advisors; additional testing of key supplier arrangements (including obtaining third party confirmations); assessment of key accounting estimates for bias; and challenge of the scope of review carried out by the advisors appointed by the Board to investigate certain actions taken by senior management.

We assessed whether any material prior period error existed in respect of information that was known or could reasonably have been known to the directors at the date of authorisation of the financial statements for the prior period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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 others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation in respect of defined benefit pensions schemes, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For provisions made for ongoing legal cases or regulatory matters, the procedures performed included considering whether the provision recognised is consistent with information received as part of our independent inquiries with JD Sports Fashion plc management's experts on status of those matters.

For the compliance matters described in Note 27, we assessed these disclosures against our understanding from legal correspondence and enquiry of the Group's legal advisors on the matter and enquiry of the directors.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report, which comprises the Chairman's statement, Strategic report and Directors report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Independent Auditor's Report
to the Members of Pentland Group Holdings Limited (continued)**

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements which 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 Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.



Aimie Keki
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square,
London,
E14 5GL
6 December 2022

Pentland Group Holdings Limited
Consolidated profit and loss account
For the year ended 31 December 2021

	Note	2021			2020		
		Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Turnover	2	8,925.9	18.1	8,944.0	6,577.2	18.5	6,595.7
Cost of sales		(4,604.6)	(15.2)	(4,619.8)	(3,390.5)	(14.8)	(3,405.3)
Gross profit		4,321.3	2.9	4,324.2	3,186.7	3.7	3,190.4
Distribution costs		(2,340.8)	-	(2,340.8)	(1,982.2)	-	(1,982.2)
Administrative expenses		(927.5)	(15.3)	(942.8)	(693.5)	(15.6)	(709.1)
Operating profit before amortisation of intangibles and exceptional items	3	1,053.0	(12.4)	1,040.6	511.0	(11.9)	499.1
Amortisation of goodwill and other intangibles	3,11	(162.7)	-	(162.7)	(75.4)	-	(75.4)
Exceptional items	3	(350.6)	(18.2)	(368.8)	(137.8)	(3.2)	(141.0)
Other operating (expenses)/income		(30.3)	(1.4)	(31.7)	87.1	-	87.1
Operating profit	3	509.4	(32.0)	477.4	384.9	(15.1)	369.8
Income from interests in associated undertakings and joint ventures		15.7	-	15.7	5.9	-	5.9
Profit on ordinary activities before investment income, interest and taxation		525.1	(32.0)	493.1	390.8	(15.1)	375.7
Income from other fixed asset investments		-	0.5	0.5	-	0.6	0.6
Interest receivable and similar income	6	1.1	0.8	1.9	0.9	1.4	2.3
Interest payable and similar expenses	6	(8.4)	-	(8.4)	(7.3)	(0.1)	(7.4)
Other finance charges	7	(0.1)	(0.7)	(0.8)	-	(1.1)	(1.1)
Profit on disposal of business		-	-	-	-	0.6	0.6
Net gain on fair value of investment property	13	0.7	-	0.7	-	0.2	0.2
Profit/(loss) on disposal of intangibles		(1.0)	-	(1.0)	-	-	-
Realised gain/(loss) on disposal of associates/joint ventures		-	-	-	1.2	-	1.2
Net gain/(loss) on financial assets at fair value through the profit and loss account	14,19	-	68.0	68.0	-	526.1	526.1
Unrealised profits/(losses) on derivative financial instruments	24	57.8	-	57.8	(40.0)	-	(40.0)
Profit before taxation		575.2	36.6	611.8	345.6	512.6	858.2
Tax on profit	8	(220.0)	(12.0)	(232.0)	(125.3)	(119.2)	(244.5)
Profit for the financial year		355.2	24.6	379.8	220.3	393.4	613.7
Profit attributable to Pentland Group Holdings Limited shareholders		118.4	24.6	143.0	98.9	393.4	492.3
Non-controlling interests		236.8	-	236.8	121.4	-	121.4

The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £m	2020 £m
Profit for the financial year		379.8	613.7
Other comprehensive (loss)/income			
Re-measurement of net defined benefit obligation	7	18.0	(15.2)
Revaluation of tangible assets on transfer to investment property		-	0.3
Currency translation differences		(33.8)	(46.2)
Total tax on components of other comprehensive (loss)/income	8	(8.2)	3.5
Other comprehensive loss for the year net of tax		(24.0)	(57.6)
Total comprehensive income for the year		355.8	556.1
Total comprehensive income attributable to			
Pentland Group Holdings Limited shareholders		149.9	452.8
Non-controlling interests		205.9	103.3
		355.8	556.1

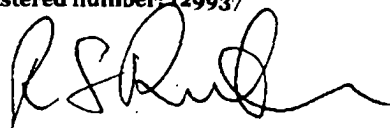
The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated balance sheet
As at 31 December 2021

	Note	2021 £m	2020 £m
Fixed assets			
Intangible assets	11	1,377.5	888.4
Tangible assets	12	724.2	640.0
Investment property	13	3.0	9.1
Non-current investments	14	-	465.6
Associated undertakings and joint ventures	14	78.5	31.2
		2,183.2	2,034.3
Current assets			
Inventories	16	1,114.7	922.0
Debtors: amounts falling due within one year	17	438.6	287.0
Debtors: amounts falling due after more than one year	18	6.3	9.4
Current investments	19	-	549.0
Cash and cash equivalents	20	1,605.8	1,306.5
Deferred tax asset within 12 months	25	33.3	23.0
Deferred tax asset after 12 months	25	29.9	0.2
		3,228.6	3,097.1
Creditors: amounts falling due within one year	21	(1,856.3)	(1,674.3)
Net current assets		1,372.3	1,422.8
Total assets less current liabilities		3,555.5	3,457.1
Creditors: amounts falling due after more than one year	22	(912.9)	(543.1)
Provisions for liabilities	23	(35.3)	(8.2)
Deferred tax liability	25	(123.7)	(176.5)
Post-employment benefits	7	(30.2)	(69.3)
Net assets		2,453.4	2,660.0
Capital and reserves			
Called up share capital	26	1.0	1.0
Share premium account	26	4,410.0	5,129.0
Revaluation reserve		-	3.4
Merger reserve		(5,128.9)	(5,128.9)
Other capital reserve		(414.5)	(308.3)
Fair value reserve		0.7	701.8
Profit and loss account		2,071.8	1,306.3
Total equity attributable to owners of the parent		940.1	1,704.3
Non-controlling interests		1,513.3	955.7
Total equity		2,453.4	2,660.0

The notes on pages 25 to 78 are an integral part of these financial statements. The financial statements on pages 16 to 78 were approved by the board of directors on 28 November 2022 and signed on its behalf by:

R S Rubin
Director
Pentland Group Holdings Limited
Registered number: 129937



Pentland Group Holdings Limited
Company balance sheet
As at 31 December 2021

	Note	2021 £m	2020 £m
Fixed assets			
Investment in subsidiary	14	4,421.0	5,130.0
		4,421.0	5,130.0
Current assets			
Debtors: amounts falling due within one year	17	0.1	-
Cash and cash equivalents	20	0.2	-
		0.3	-
Creditors: amounts falling due within one year	21	(11.0)	(0.3)
Net current liabilities		(10.7)	(0.3)
Net assets		4,410.3	5,129.7
Capital and reserves			
Called up share capital	26	1.0	1.0
Share premium account	26	4,410.0	5,129.0
Profit and loss account		(0.7)	(0.3)
Total shareholders' equity		4,410.3	5,129.7

The loss for the Company for the year ended 31 December 2021 was £0.4m (16-month period ended 31 December 2020: £0.3m).

The notes on pages 25 to 78 are an integral part of these financial statements.

The financial statements on pages 16 to 78 were approved by the board of directors on 28 November 2022 and signed on its behalf by:

RS Rubin
Director
Pentland Group Holdings Limited
Registered number: 129937



Pentland Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

	Note	Called up share capital £m	Share premium account £m	Merger reserve £m	Other capital reserve £m	Revaluation reserve £m	Fair value reserve* £m	Profit and loss account £m	Total attributable to owners £m	Non- controlling interest £m	Total equity £m
Balance as at 1 January 2021		1.0	5,129.0	(5,128.9)	(308.3)	3.4	701.8	1,306.3	1,704.3	955.7	2,660.0
Profit for the financial year		-	-	-	-	-	18.9	124.1	143.0	236.8	379.8
Other comprehensive income/(loss) for the year		-	-	-	-	-	4.8	2.1	6.9	(30.9)	(24.0)
Total comprehensive income for the year		-	-	-	-	-	23.7	126.2	149.9	205.9	355.8
Dividends	9	-	(10.0)	-	-	-	-	-	(10.0)	(9.1)	(19.1)
Non-controlling interest arising on acquisition		-	-	-	-	-	-	-	-	42.6	42.6
Divestment of non-controlling interest		-	-	-	-	-	-	(2.9)	(2.9)	45.7	42.8
Put options held by non-controlling interests		-	-	-	(106.2)	-	-	-	(106.2)	-	(106.2)
Change in ownership interest without loss of control		-	-	-	-	-	-	183.5	183.5	272.5	456.0
Demerger of the Investment Group (note 5)		-	(709.0)	-	-	(3.4)	(724.8)	458.7	(978.5)	-	(978.5)
Balance as at 31 December 2021		1.0	4,410.0	(5,128.9)	(414.5)	-	0.7	2,071.8	940.1	1,513.3	2,453.4

*Fair value reserve represents unrealised gains/(losses) on current and non-current investments held at fair value, as well as investment properties, recognised within the consolidated profit and loss account but presented separately for visibility.

The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

	Called up share capital £m	Share premium account £m	Merger reserve £m	Other capital reserve £m	Revaluation reserve £m	Fair value reserve* £m	Profit and loss account £m	Total attributable to owners £m	Non- controlling interest £m	Total equity £m
Balance as at 1 January 2020	1.0	5,129.0	(5,099.9)	(39.1)	2.5	177.0	1,302.3	1,472.8	632.6	2,105.4
Profit for the financial year	-	-	-	-	-	526.3	(34.0)	492.3	121.4	613.7
Other comprehensive income/(loss) for the year	-	-	-	(0.3)	0.3	(1.5)	(38.0)	(39.5)	(18.1)	(57.6)
Total comprehensive income for the year	-	-	-	(0.3)	0.3	524.8	(72.0)	452.8	103.3	556.1
Acquisition of non-controlling interests	-	-	-	2.7	-	-	(2.7)	-	-	-
Disposals of non-controlling interests	-	-	-	-	-	-	(0.9)	(0.9)	1.0	0.1
Share capital reduction	-	-	(29.0)	-	-	-	29.0	-	-	-
Put options held by non-controlling interests	-	-	-	(274.9)	-	-	-	(274.9)	-	(274.9)
Non-controlling interest arising on acquisitions	-	-	-	-	-	-	52.3	52.3	218.8	271.1
Other movements	-	-	-	3.3	0.6	-	(1.7)	2.2	-	2.2
Balance as at 31 December 2020	1.0	5,129.0	(5,128.9)	(308.3)	3.4	701.8	1,306.3	1,704.3	955.7	2,660.0

*Fair value reserve represents unrealised gains/(losses) on current and non-current investments held at fair value, as well as investment properties, recognised within the consolidated profit and loss account but presented separately for visibility.

The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited
Company statement of changes in equity
For the period ended 31 December 2021

	Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance as at 1 January 2021		1.0	5,129.0	(0.3)	5,129.7
Loss for the period		-	-	(0.4)	(0.4)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		-	-	(0.4)	(0.4)
Dividends	9	-	(10.0)	-	(10.0)
Capital reduction	26	-	(709.0)	-	(709.0)
Balance as at 31 December 2021		1.0	4,410.0	(0.7)	4,410.3

The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited
Company statement of changes in equity
For the period ended 31 December 2020

Note	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance as at 1 September 2019	-	-	-	-
Loss for the period	-	-	(0.3)	(0.3)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(0.3)	(0.3)
Issue of shares	1.0	5,129.0	-	5,130.0
Balance as at 31 December 2020	1.0	5,129.0	(0.3)	5,129.7

The notes on pages 25 to 78 are an integral part of these financial statements

Pentland Group Holdings Limited
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	2021 £m	2020 £m
Net cash from operating activities	28	1,120.8	1,021.3
Taxation paid		(223.8)	(97.0)
Net cash generated from operating activities		897.0	924.3
Cash flow from investing activities			
Interest received		1.8	1.9
Dividends received from associated undertakings	14	23.2	5.7
Dividends received		0.5	0.7
Purchase of tangible assets	12,13	(195.5)	(110.1)
Purchase of intangible assets	11	(22.4)	(27.7)
Purchase of fixed asset investments	14	(53.9)	(45.3)
Investment in associated undertakings and joint ventures	14	(57.1)	(0.4)
Purchase of current asset investments	19	(35.2)	(6.8)
Proceeds from sale of tangible assets		1.5	0.6
Proceeds from sale of intangible assets		7.6	1.2
Proceeds from sale of current asset investments		-	4.6
Proceeds from sale of fixed asset investments		54.2	37.4
Purchase of businesses, net of cash acquired	10	(560.3)	(347.2)
Net cash disposed of with subsidiary undertakings	10	-	(0.1)
Net cash used in investing activities		(835.6)	(485.5)
Cash flow from financing activities			
Equity dividends paid to shareholders	9	(10.0)	-
Dividends paid to non-controlling interests		(9.1)	-
Net drawdown/(repayment) of external borrowings	29	(235.5)	62.5
Proceeds received from issue of JD shares		456.0	-
Acquisition and divestment of non-controlling interests		42.5	-
Derecognition of cash on the demerger of the Investment Group	5	(28.3)	-
Interest paid	6	(8.4)	(6.8)
Net cash generated from financing activities		207.2	55.7
Net increase in cash and cash equivalents	29	268.6	494.5
Cash and cash equivalents at the start of the year	29	1,306.5	814.2
Exchange gains on cash and cash equivalents	29	(5.1)	(2.2)
Cash and cash equivalents at the end of the year		1,570.0	1,306.5
Cash and cash equivalents consist of			
Cash at bank and in hand	20	1,187.2	1,045.1
Short term deposits (included in current assets)	20	418.6	261.4
Bank overdrafts	29	(35.8)	-
Cash and cash equivalents at the end of the year		1,570.0	1,306.5

The notes on pages 25 to 78 are an integral part of these financial statements.

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021

1 Summary of significant accounting policies

General information

Pentland Group Holdings Limited (the “Company”) is a private company limited by shares and is incorporated in Jersey. The Company’s registered office is 26 New Street, St. Helier, Jersey, JE2 3RA. The Company is resident for tax purposes in the Republic of Ireland.

The Company is the holding company of a trading group – Pentland Group (the “Group”) – which is engaged in the retail and brand management of footwear, clothing and related accessories in the sports, outdoor and fashion sectors both in the UK and internationally. The Company is responsible for formulating and directing overall Group strategy. A list of the subsidiary undertakings is set out in note 15.

Statement of compliance

The Group and Company financial statements 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 (Jersey) Law 1991.

Basis of preparation

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

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are presented in pound sterling, rounded to the nearest tenths of a million. The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pound sterling. Foreign operations are included in accordance with the policies set out below.

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 judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis.

The profit and loss account of the Company has been approved by the directors but, as permitted by section 105(11) of the Companies (Jersey) Law 1991, is not presented within these financial statements.

Investment in Footasylum Limited

Through a series of transactions, JD Sports Fashion plc (“JD”) completed a formal process to acquire 100% of Footasylum on 4 June 2019.

On 17 May 2019, JD received a ‘hold separate’ enforcement order from the Competitions and Markets Authority (“CMA”) regarding the acquisition.

On 4 November 2021, a final ruling from the CMA, again, prohibited the Group’s acquisition of Footasylum. Final CMA undertakings were issued on 14 January 2022 being, effectively, the start date for the Footasylum sale process.

Whilst the disposal of Footasylum is significant for the Group, it is subject to a single plan and can be distinguished operationally and so, for financial reporting purposes, the disposal has not been classified as a discontinued operation. The Group, through its subsidiary JD, has other subsidiaries and operations within the Sports Fashion segment in the UK, so Footasylum does not represent a separate major line of business or geographic area for the Group.

The investment in Footasylum does not meet the definition of a disposal group under FRS 102 either, as there was no binding sale agreement as at 31 December 2021 and the final CMA undertakings were issued on 14 January 2022. JD completed the sale of Footasylum Limited and its associated subsidiaries on 5 August 2022.

More details in relation to the acquisition, CMA ruling and divestment of Footasylum can be found on the JD website and in their annual accounts accessible through www.jdplc.com

Going concern

In October 2021, the Pentland investment business, being Pentland Group Limited together with its related investment activities and subsidiaries, was demerged into a newly established group, creating two independent groups - the demerged Investment Group headed by Pentland Capital Holdings Limited and the Trading Group, consisting of the Pentland consumer brands and retail businesses, which continue to be headed by the Company (see note 5).

In assessing the Going concern assumption for the Group, the directors performed a detailed review of the Group’s projected cash flows and the credit facilities available over a period which extend until 31 December 2023, excluding JD. The Company has no obligations to fund JD and the responsibility for assessing the continuity of its operations rests with the JD board of directors.

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Going concern (continued)

The main assumptions used are set out below.

Company

The Company acts as a holding company and has access to sufficient financial resources to be able to meet any reasonably predictable liquidity requirements.

Credit facilities available to the Pentland consumer brands business (excluding JD)

In 2022 the Group took steps to strengthen its liquidity by entering into a credit agreement with a related party, Pentland Group Limited, for a revolving credit facility. The aggregate principal amount available under the facility is £90m and the final repayment date is 31 December 2023. The credit facility does not impose any financial covenants on the Group.

Consumer brands

The forecast for the going concern assessment period to 31 December 2023 has been updated for the business's latest trading in November 2022, and is the best estimate of cashflow during the going concern assessment period. The directors have modelled a base scenario, using currently available information arising from the current economic environment. Alongside this, the directors have considered a downside scenario which includes the following assumptions:

- Decrease in sales back to 2021 pandemic levels; and
- Consistent cost assumptions with the base scenario

The scenarios set out the possible cash impact and the measures which the business could take to control costs, conserve cash and meet its liabilities as they fall due.

Central division

Central overheads are highly predictable and dividend income was only included to the extent there has been a confirmed intention/actual payment.

JD Sports Fashion plc

The half year report of JD for the period ended 30 July 2022 state that the JD board have concluded, following their going concern assessment, that the JD group has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the half year report of JD, which extend until 30 September 2023.

At 30 July 2022, JD had net cash balances of £1,013.1m (29 January 2022: £1,185.9m) with available committed UK borrowing facilities of £700m (29 January 2022: £700m) of which £nil (29 January 2022: £nil) has been drawn down, and US facilities of approximately \$300m of which \$nil was drawn down (29 January 2022: \$nil). These facilities are subject to certain covenants. With a UK facility of £700m available up to 6 November 2026 and a US facility of approximately \$300m available up until 24 September 2026, the JD board of directors believe that the JD group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The overall severe but plausible scenario for the Group results in cash headroom upon drawing from the available credit facility throughout the going concern period.

Based on the above, the directors are comfortable that the Group has sufficient resources for at least 12 months from the date of signing these financial statements and the going concern assessment remains appropriate.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in its individual financial statements:

- (i) from preparing a statement of cash flows, required under FRS 102 p.3.17(d), on the basis that it is a qualifying entity and the consolidated statement of cash flows included in these financial statements include the Company's cash flows
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures
- (iii) from disclosing key management personnel compensation, under FRS 102 paragraph 33.7, as the directors of the Company are key management personnel

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to the end of the financial year. JD's financial results are based on management account information for the period ended 31 December 2021, adjusted appropriately to conform with the Group's accounting policies. The results of the subsidiaries acquired during the year have been consolidated into the results of the Group from the relevant dates of acquisition. The results of the subsidiaries disposed of, or discontinued during the year have been consolidated into the results of the Group until the relevant date(s) of disposal or discontinuation. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative year.

Under section 105(11) of the Companies (Jersey) Law 1991, the Company is exempt from the requirement to present its own profit and loss account.

Uniform accounting policies have been applied across the Group. Intra-group transaction balances, income and expenses have been eliminated. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

Costs directly related to the acquisition are included in the cost of acquisition. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated profit and loss account.

Investments

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Non-controlling interests consist of the amount of those interests at the date that control commences and the attributable share of changes in equity subsequent to that date.

The Company recognises investment in subsidiaries at cost less impairment.

Associates

Investments over which the Group exerts significant influence are treated as associated undertakings. Associate investments are accounted for using the equity method of accounting, when the directors consider the Group to have a significant influence.

The Company holds investments in associates at cost less accumulated impairment losses.

Joint ventures

Investments which the Group manage jointly with other undertakings are treated as joint ventures. The results, assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures are carried in the Consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest in it are not recognised.

The Company recognises investment in joint ventures at cost less impairment.

Goodwill

Goodwill arising on the acquisition of a new subsidiary and associated company undertakings represent the difference between the fair value of the consideration and the Group's share of the fair value of the separable net assets acquired. Goodwill is amortised over its expected useful life, a range of 5 to 20 years. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years.

The valuation of goodwill is reviewed annually to assess whether there has been any diminution in value following any trigger event that may indicate a diminution. Provision is made for any impairment if appropriate.

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Intangibles assets

Brand licences

Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated profit and loss account within cost of sales over the term to the licence expiry on a straight-line basis.

Brand licences are tested annually for impairment by comparing the recoverable amount to their carrying value. Impairment losses are recognised in the Consolidated profit and loss account.

The recoverable amount of brand licences 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 relevant cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

Brand names

Brand names acquired as part of a business combination are stated at estimated fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite.

Brand names are all amortised over a period of 10 years. Brand names are tested annually for impairment by comparing the recoverable amount to their carrying value. The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. This is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. This method involves calculating a net present value for each brand by discounting the projected future royalties expected over the remaining useful life of each brand. The future royalties are estimated by applying a suitable royalty rate to the sales forecast. Impairment losses are recognised in the Consolidated profit and loss account.

Reacquired right

Reacquired right assets represent the reacquired right to manufacture and distribute the Speedo brand in specified territories within North America, as well as wholesale customer relationships and e-commerce customer lists.

The multi-period excess-earnings method has been used to value the reacquired right since the asset has been identified as the primary asset, which is valued using excess earnings method. The principle behind this method is that the value of an intangible asset is equal to the present value of the incremental after-tax cash flows attributable only to the subject intangible asset. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value (after accounting for charges on contributory assets) and adjusted for the present value of the tax amortisation benefit to arrive at the indication of the assets fair value.

Despite the perpetual nature of the licence agreement, under FRS102, amortisation is required and the reacquired right is amortised over 10 years.

Software development

Software development costs (including website development costs) are capitalised as intangible assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost less accumulated amortisation.

Software development costs are all amortised over a period of 2 to 7 years and the amortisation charge is included within administrative expenses in the Consolidated profit and loss account.

Other intangibles

Other intangibles are amortised over their expected useful life, a range of 10 to 20 years. Where the Group is unable to make a reliable estimate of useful life, other intangibles are amortised over a period not exceeding 5 years.

Fascia names

Separately identifiable fascia names acquired are stated at estimated fair value as at the acquisition date less accumulated amortisation and impairment losses and they are amortised over their expected useful life of 10 years.

Key money

Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. Key money is stated at historic cost less impairment losses. These assets are not depreciated as experience has shown that the key money is recoverable on disposal of a retail location, but will be impaired if evidence exists that the market value is less than the historic cost. Gains/losses on key money from the subsequent disposal of these retail locations are recognised in the Consolidated profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Tangible fixed assets

Certain freehold and leasehold properties were re-valued in 1998. All properties previously included at valuation were frozen in 1998 at their deemed cost. All other tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

No depreciation is provided for on freehold land and assets under construction. The principal depreciation rates used on a straight-line basis are:

Long leasehold and freehold property	50 years
Short leasehold property	50 years or lease term if shorter
Fixtures and fittings	5 years
Plant and equipment	5 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 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 operating profit.

Investment property

Investment properties are properties which are held either to earn rental income, or for capital appreciation, or for both. Investment properties are recognised initially at cost.

If an owner-occupied property becomes an investment property, the tangible fixed asset policy is applied up to the date of change in use. Any difference at that date between the carrying amount of the property and its fair value is recognised in other comprehensive income and is accumulated in the revaluation reserve within equity.

After initial recognition, investment properties where the fair value can be measured reliably without undue cost or effort are held at fair value. Gains or losses arising from changes in the fair value are recognised in the profit or loss in the period that they arise and in the fair value reserve. No depreciation is provided for in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as a tangible fixed asset until a reliable measure of fair value becomes available.

Leases

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. Leased assets are categorised and treated as follows:

Finance leases

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group 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.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Contingent rentals payable based on store revenues are accrued in line with the related sales and are charged as expenses in the period to which they relate. The value of any lease incentive is recognised as deferred income and credited to the Consolidated profit and loss account against rentals payable on a straight-line basis over the life of the lease.

Property incentives

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the Consolidated profit and loss account to reduce the lease expense on a straight-line basis over the period of the lease.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Inventories are assessed for impairment at the end of each reporting period. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Consolidated profit and loss account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The provisions are discounted where the effect is material.

In particular:

- The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each property. Assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group, or closing an uneconomic store and subletting at below contracted rent. Within the onerous lease provision, management have provided against the minimum contractual lease cost less potential sublease income for vacant stores. For loss making trading stores, and for stores where there is a probable risk of the store returning to the Group under privity of contract, a provision is made to the extent that the lease is deemed to be onerous
- Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected, and therefore has a legal or constructive obligation to carry out the restructuring
- Provision is not made for future operating losses; and
- Legal provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a legal claim for which the payment is probable (defined as more likely than not) and the amount can be estimated reliably

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Cash and cash equivalents

Cash and cash equivalents include 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 debit balances included within pooling arrangements. Bank overdrafts outside of pooling arrangements are shown within borrowings in current liabilities.

Foreign currencies

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. Non-monetary items measured at estimated fair value are measured using the exchange rate when fair value was determined.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Foreign currencies (continued)

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 gain and losses are presented in the profit and loss account within administrative expenses.

The balance sheets of entities in foreign currencies are translated into pound sterling at rates of exchange at the balance sheet date. Profit and loss accounts are translated at the average rates of exchange for the year. Foreign exchange differences on translation are recognised in other comprehensive income.

Financial instruments

Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group 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 at fair value through the profit or loss, which are initially measured at estimated fair value and subsequently measured at fair value.

Financial commitments that are contracted for, but not provided for, are disclosed in note 27.

Non-current asset and current asset investments

Non-current asset and current asset investments, other than subsidiary and associated undertakings, where fair value can be measured reliably are valued at estimated fair value through the profit and loss account.

Non-current asset and current asset investments, other than subsidiary and associated undertakings, where fair value cannot be measured reliably are measured at cost less impairment.

Subsidiary and associated undertakings are measured at cost less impairment.

Derivative financial instruments

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pound sterling. The principal currencies giving rise to this risk are the euro and US dollar.

In the normal course of business, this risk is managed by using derivative financial instruments to economically hedge the Group's exposure.

Derivative financial instruments are recognised initially at estimated fair value and remeasured at each period end. The estimated fair value of foreign exchange derivative contracts is determined using cash flows derived from the forward exchange rates at the balance sheet date discounted to provide the present value. The gain or loss on remeasurement to estimated fair value is recognised immediately in the Consolidated profit and loss account.

Fair value measurement

The best evidence of estimated fair value is a quoted price for an identical asset in an active market. This is adjusted by management, as required, to reflect other known circumstances at the time of valuation such as the size or strategic nature of the holding. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, and it is economic to do so, the fair value is estimated by using a valuation technique using available information. Where the fair value of an asset is not able to be reliably measured, its carrying amount at the last date that the asset was reliably measurable becomes its new cost. The asset is carried at this cost amount less impairment until a reliable measure of fair value becomes available.

Value of put options held by non-controlling interests

For put options held by controlling interests or call options held by the Group, where the Group currently hold a non-controlling interest, the Group assesses the likelihood of each option being exercised. Where no option is considered more likely, no financial asset or liability is recognised. Where an option is assessed as likely, the Group does the following:

Put options held by non-controlling interests are accounted for using the present access method. The Group recognises put options held by non-controlling interests in its subsidiary undertakings as a liability in the Consolidated balance sheet at the present value of the estimated exercise price of the put option. Upon initial recognition of put options a corresponding entry is made to other equity, and for subsequent changes on remeasurement of the liability a corresponding entry is made to the Consolidated profit and loss account.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Financial instruments (continued)

Value of put options held by non-controlling interests (continued)

Call options held by the Group are also accounted for using the present access method. The Group recognises call options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated balance sheet at the present value of the estimated exercise price of the call option. Upon initial recognition of call options, and for subsequent changes on remeasurement of the liability, a corresponding entry is made to the Consolidated profit and loss account.

Turnover

Turnover comprises the value of external sales and royalties, net of trade discounts, rebates and returns, excluding sales related taxes.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenue when the significant risks and rewards of ownership have been transferred.

Sale of goods – retail

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through retail stores, revenue is recognised when goods are sold and the title has passed, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

Sale of goods – other

The Group sells a range of products in the wholesale market. The sale of goods are recognised on delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesaler, the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Goods sold to wholesalers are often sold with volume rebates and with the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Accumulated experience is used to estimate and provide for the discounts and returns.

Volume rebates are assessed based on anticipated annual purchases.

Provisions are made for credit notes based on the expected level of returns, which is based on the historical experience of returns.

Sale of goods – internet-based transactions

The Group sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory are passed to the customer on dispatch, which is not considered to be materially different to recognition of delivery.

Royalty income

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

Dividend income

Dividends are recognised when the right to receive payment is established.

Government grants

Government grants that have been received for the purpose of providing financial support (Corona Virus Job Retention Scheme) with no future related costs are recognised in other operating income in the period in which it becomes receivable.

Financial income and expenses

Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated profit and loss account on an effective interest method.

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated profit and loss account on an effective interest method.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Employee benefits

The Group provides a range of benefits to employees including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plan

Should the Company provide a bonus for employees, an expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events, and a reliable estimate of the obligation can be made.

Retirement benefits

The Group operates a contributory defined benefit pension scheme for some UK based employees which was closed to new members on 30 June 2005 and to existing members on 30 November 2005. The assets of the closed scheme are held separately to those of the Group.

As part of the demerger of the Investment Group (note 5), the Group agreed to split the defined benefit pension scheme deficit reduction contributions, pension scheme buy-out costs and scheme expenses with the Investment Group headed by Pentland Capital Holdings Limited. The Group retains 60% of the total net defined pension liability and accounts for its respective share of the total defined benefit costs.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent terms to the liabilities.

The plan assets do not include any of the Group's financial instruments nor is any property occupied by any Group entity.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan is recognised in profit and loss as employee costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is recognised in profit or loss as a finance expense.

Following closure of the defined benefit pension scheme, the Group introduced a defined contribution scheme being a Group Personal Pension Plan. The assets of the plan attributable to individuals participating in the plan are independently administered and managed by Standard Life. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting year.

Other defined contribution pension schemes are money purchase schemes, the assets of which are held separately from those of the Group in independently administered funds. The amounts charged against profits represent the contributions payable to the schemes in respect of the accounting year.

Taxation

The tax expense for the period comprises current and deferred tax. 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.

Current tax

The current income tax charge is calculated based on tax rates and laws enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Management periodically evaluate 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.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax

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

Deferred income tax is measured using tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date and that are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired when 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.

The recoverable amount of goodwill is derived from measurement of the present value of the estimated future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a Cash Generation Unit ("CGU") is allocated first to the goodwill attached to that CGU and then to other assets within that CGU on a pro-rata basis.

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.

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.

Share capital

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

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Group's shareholders. These amounts are recognised in the Statement of changes in equity.

Share-based payments

The executive directors of JD receive an element of remuneration in the form of share-based payments. Share-based payments are measured at fair value at the grant date which is determined by the share price on that date. The cost of share-based payments is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Related party transactions

As per FRS 102 p.33.1(a), the Group 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.

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Exceptional items

Items that are material and/or non-recurring by size and incidence are disclosed separately on the face of the Consolidated profit and loss account as they are not considered reflective of the year-on-year trading performance of the Group. This helps provide an indication of the Group's underlying business performance.

The principal items which may be included as exceptional items are:

- Profit/(loss) on the disposal of certain non-current assets
- Provision for rentals on onerous property leases
- Impairment of property, plant and equipment and non-current other assets
- Impairment of goodwill, brand names and fascia names
- Business restructuring and business closure related costs; and
- Fair value adjustments to put option liabilities

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Useful economic lives

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended, when necessary, to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets.

The Group also amortises the goodwill associated with the acquisition of brand names and fascias over their useful economic life. In determining the useful economic life of each brand name, the Group considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways. See note 11 for the carrying amount of the intangible assets.

Impairment of goodwill

Goodwill arising on acquisition is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination from which goodwill arose, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent.

The Group is required to assess whether there is an indication that goodwill has suffered any impairment. Where an indication of impairment is identified, the estimation of recoverable values requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows. See note 11 for further disclosure on impairment of goodwill and review of the key assumptions used.

Impairment of intangibles assets

The Group is required to assess whether there is an indication that intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand and fascia names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. Alternatively, the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. The recoverable amount of brand licences 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 until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

Defined benefit pension scheme

The Group operates a UK registered trust-based pension scheme that provides defined benefits. The Trustees are responsible for running the scheme and have obligations to pay benefits to certain employees. The costs of these benefits, and the present value of the obligation, depend on several factors including: life expectancy, salary increases, asset valuations and discount rates. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 7 for details.

Provisions and contingent liabilities

The activities of JD are overseen by a number of regulators around the world and, whilst JD 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 Group 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 Group will make a provision for this matter. See notes 23 and 27 for details.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

Onerous property lease provisions

The Group makes provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each specific property. Significant assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group, or closing an uneconomic store and subletting at below contracted rent. See note 23 for details.

Determination of fair value of assets and liabilities on acquisition

Included within critical accounting estimates in the current year is the valuation of the intangible assets recognised as part of the acquisition of DTLR Villa LLC ('DTLR') (see note 10). The estimates used in the valuation of the intangible assets are considered to have a significant risk of causing a material misstatement, specifically the estimation of future cash flows, the useful economic life of the asset, the selection of suitable royalty relief rates and the selection of a suitable discount rate. The key assumption used by management in the valuation of the fascia name was the royalty rate. The royalty rate assumption used in the valuation was estimated based on published comparable licence fees in the sports fashion market and a calculation of the expected return on assets of the DTLR business.

Put options

Put options are in place over all or part of the remaining non-controlling interest shareholding in various subsidiaries and these options are required to be fair valued at each accounting period date. Put options held by non-controlling interests are accounted for using the present access method. The present value of the non-controlling interests' put options is estimated using board approved forecasts multiplied by an earnings multiple. The option formula and multiple are usually stated in the put option agreement; however, in the absence of a specified formula or multiple, we would estimate this based on current evidence in the mergers and acquisitions market and our past experience of multiples paid for similar businesses.

These forecast cash flows are discounted using a discount rate reflecting the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use. See note 24 for details.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Turnover

Turnover by business segment

	2021 £m	2020 £m
Sale of goods	8,916.7	6,559.2
Royalties	11.7	12.5
Rendering of services	15.6	24.0
	8,944.0	6,595.7

Turnover by geographical origin*

	2021 £m	2020 £m
United Kingdom	3,805.0	2,925.6
Republic of Ireland and Continental Europe	2,049.1	1,496.8
America	2,632.9	1,858.0
Asia-Pacific	456.0	150.8
Other	1.0	164.5
	8,944.0	6,595.7

*Turnover by geographical origin represents sales originated in the country where the legal company selling the product is based.

Turnover by geographical destination**

	2021 £m	2020 £m
United Kingdom	3,515.4	2,718.5
Republic of Ireland and Continental Europe	2,254.0	1,661.6
America	2,784.4	1,873.8
Asia-Pacific	372.2	329.1
Other	18.0	12.7
	8,944.0	6,595.7

**Turnover by geographical destination represents sales originated in the country to which the goods are shipped.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Operating profit

Operating profit is stated after (crediting)/charging:

	Note	2021 £m	2020 £m
Wages and salaries		1,051.5	864.3
Social security costs		112.0	89.1
Other pension costs		18.1	16.9
Total staff costs		1,181.6	970.3
Tangible assets			
- Depreciation – owned assets	12	159.3	140.6
- Loss on disposal		5.5	2.0
Intangible assets			
- Amortisation	11	162.7	75.4
- Loss on disposal		1.0	-
Impairment of trade debtors		0.5	1.9
Impairment of inventory (reversal)/charge		(5.4)	24.3
Rent of land and buildings		470.3	382.2
Other operating lease rentals		7.6	5.5
Included within operating exceptional items			
Impairment of assets (1)	11,12	63.2	103.1
Fair value movement on put options held by non-controlling interests	24	288.9	24.3
Restructuring, integration, intellectual property protection costs and other provisions		16.7	7.9
Impairment of associates		-	5.7
Total operating exceptional items		368.8	141.0

(1) The charge in the year to 31 December 2021 (and 2020) relates to the non-cash impairment of the fascia names and goodwill balance arising on acquisitions (see note 11) as well as £8.5m in the current year in relation to the impairment of fixed assets (see note 12).

Auditors' remuneration

The total remuneration of the Group auditor, KPMG LLP, for 2021 and its affiliates for the services to the Group is analysed below.

	2021 £m	2020 £m
Fees payable to the Company's auditors for the audit of the parent company's and the Group's financial statements	0.2	0.4
Audit of the financial statements of the Company's subsidiaries	3.0	2.3
Total auditors' remuneration	3.2	2.7
Fees payable to other auditors for the audit of the Company's subsidiaries	0.2	0.3
	0.2	0.3

Fees of £13,500 were incurred and paid to KPMG LLP for non-audit services in relation to certification of turnover for certain subsidiary undertakings.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Employees and directors

Employees

The average number of persons employed by the Group during the year was:

	Group				Company			
	Full time equivalent	2020	Average headcount		Full time equivalent	2020	Average headcount	
	2021	No.	2021	2020	2021	No.	2021	2020
	No.		No.	No.	No.		No.	No.
Retail	35,564	35,606	65,775	54,087	-	-	-	-
Other	1,748	1,668	1,748	1,668	2	2	2	2
	37,312	37,274	67,523	55,755	2	2	2	2

Staff costs of the Company and Group were as follows:

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Wages and salaries	1,051.5	864.3	0.1	-
Social security costs	112.0	89.1	-	-
Other pension costs	18.1	16.9	-	-
	1,181.6	970.3	0.1	-

Directors' emoluments

The directors' emoluments disclosed below include two directors appointed by the Company and eight common directors between the Company and Pentland Group Limited, a former subsidiary. Since the demerger of the Investment Group (see note 5), Pentland Group Limited is a related party. No emoluments of the common directors have been recharged to the Company, but the remuneration has been apportioned to the Company and is therefore included in the table below.

Directors' emoluments were as follows:

	2021	2020
	£m	£m
Aggregate emoluments	6.6	6.9
Pension contributions - money purchase schemes	0.1	0.1
	6.7	7.0

Aggregate emoluments include £nil as compensation for loss of office (2020: £0.6m).

Retirement benefits are accruing to three directors under defined benefit scheme (2020: four) and two directors under money purchase schemes (2020: two).

Highest paid director

The highest paid director's emoluments were as follows:

	2021	2020
	£m	£m
Aggregate emoluments	3.7	2.3
Pension contributions - money purchase schemes	-	0.1
	3.7	2.4

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Discontinued operations

In October 2021, the Pentland investment business, being Pentland Group Limited together with its related investment activities and subsidiaries (the "Investment Group"), was demerged into a newly established group, creating two independent groups - the demerged Investment Group headed by Pentland Capital Holdings Limited and the Trading Group, consisting of the Pentland consumer brands and retail businesses, which continue to be headed by the Company.

Discontinued operations in 2021 comprise the results of the Investment Group for the period up to the date of the demerger. Prior year comparatives in the Consolidated statement of profit and loss have been restated accordingly. Up to the date of the demerger, the Investment Group contributed post-tax profits of £24.6m (2020: £393.4m).

Following a number of steps, the demerger was ultimately affected by way of the Company undertaking a capital reduction of its share premium. This was satisfied by the transfer, by the Company, of the entire issued share capital of Pentland Investment Holdings Limited, a newly incorporated parent company of the Investment Group, to Pentland Capital Holdings Limited in return for Pentland Capital Holdings Limited allotting and issuing shares to the Company's existing shareholders.

The net assets of the Investment Group at the date of demerger of £978.5m were deducted from the share premium, revaluation, fair value and profit and loss reserves. No gain or loss was recognised in the Consolidated statement of profit and loss.

6 Net interest expense

	2021	2020
	£m	£m
Interest receivable on cash deposits		
- Group	1.8	2.3
- Associate undertakings	0.1	-
Interest payable on bank loans and overdrafts		
- Group	(8.1)	(6.8)
- Associate undertakings	-	(0.5)
- Hire purchase leases	(0.3)	(0.1)
	(6.5)	(5.1)

7 Pension schemes

The Group operates a contributory defined benefit pension scheme for some UK based employees, excluding employees of JD, which was closed to new members on 30 June 2005 and to existing members on 30 November 2005. The closed scheme continues to be administered by its Trustees and is independent of Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the Trustees to meet, from the scheme, the benefits accruing in respect of service to 30 November 2005. The scheme's assets are invested and managed by Fulcrum Asset Management on behalf of the Trustees of the scheme.

As set out in note 5, in October 2021, Pentland's Investment Group was demerged into a newly established group headed by Pentland Capital Holdings Limited. The two groups have entered into a contractual agreement to split the pension scheme deficit reduction contributions, scheme buy-out costs and scheme expenses using a 60:40 ratio. The Group retained 60% of the net pension deficit upon demerger with a remeasurement gain recognised in the Consolidated statement of other comprehensive income. Since the demerger, the Group recognises its 60% share of net pension scheme income and charges in the Consolidated statement of profit and loss and the Consolidated statement of other comprehensive income, as appropriate.

Certain companies within the Group, together with certain companies within the demerged Investment Group, are jointly and severally liable for any obligations in respect of the scheme (see note 27).

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the scheme was performed by the scheme actuary as at 1 April 2021. That valuation revealed a funding shortfall of £38.3m for a combined scheme between the two groups, of which 60% is attributable to the Group. In respect of the deficit as at 1 April 2021, Pentland Group (Trading) Limited has agreed to pay its 60% share, equal to £3.5m of an £5.8m annual contribution, each January from 2023 to 2028. In line with the previously agreed funding scheme, based on the actuarial valuation as at 1 April 2018, Pentland Group (Trading) Limited paid its 60% share, equal to £0.8m of a £1.4m annual contribution, in January 2022.

Total contributions paid during 2021 under the Recovery Plan were £1.4m (2020: £1.4m).

Following the closure of the Group's contributory defined benefit pension scheme, the Group introduced a defined contribution pension scheme being a Group personal pension plan to UK based employees, excluding employees of JD. The assets of the Group personal pension plan are held separately from those of the Group in individual funds for the benefit of the participants and independently managed and administered by Standard Life. Contributions to the plan are made both by Group companies and employees. The amounts charged against profits represent the contributions payable to the scheme in respect of the accounting year.

JD operates a money purchase scheme. The assets of the scheme are held separately from those of JD and the funds are invested with Standard Life. Contributions to the scheme are recognised as an expense in the profit and loss account when incurred.

The cost incurred by the Group in respect of the defined contribution scheme was £18.1m (2020: £16.9m).

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Pension schemes (continued)

Defined benefit scheme

The charge to the profit and loss account for the year for the closed defined benefit pension scheme was £0.8m (2020: charge of £1.1m). This includes a charge for GMP equalisation of £nil (2020: charge of £nil).

The valuation relating to the closed defined benefit scheme has been based on the liabilities as valued at 31 December 2021 and allows for the closure of the scheme to future accrual from 30 November 2005.

The financial assumptions used to calculate scheme liabilities are:

	2021	2020
Discount rate	1.9%	1.3%
RPI Inflation rate	2.9%	2.7%
CPI Inflation rate	2.7%	2.1%
Deferred pension revaluation rate	2.7%	2.1%
Rate of increase in pensions in payment:		
- CPI max 3%	2.3%	1.9%
- RPI max 5%	2.9%	2.7%
- Revaluation of deferred pensions in excess of GMP	2.7%	2.1%

The mortality assumptions are:

	2021	2020
Pre and post retirement mortality table		
- Males	100% S3PMA	100% S3PMA
- Females	100% S3PFA	100% S3PFA
Birth year mortality improvement	CMI Model 2020	CMI Model 2019
Long term rate of improvement	1.25% pa	1.25% pa
Life expectancy for a current 65-year old		
- Males	21.9 years	21.9 years
- Females	24.3 years	24.2 years
Life expectancy at age 65 for a member currently aged 45		
- Males	23.2 years	23.2 years
- Females	25.7 years	25.6 years

Sensitivity analysis

A sensitivity analysis was performed over the key assumptions stated above, individually. The impact of this is shown below:

	Defined benefit obligation £m	Change in defined benefit obligation £m
Final assumptions	83.2	
Discount Rate +0.1% p.a.	81.6	-1.6
Discount Rate -0.1% p.a.	84.8	1.6
RPI inflation +0.1% p.a.	83.4	0.2
RPI inflation -0.1% p.a.	83.0	-0.2
CPI inflation +0.1% p.a.	83.6	0.4
CPI inflation -0.1% p.a.	82.8	-0.4
Life expectancy + 1 year	86.7	3.5

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Pension schemes (continued)

Net pension deficit

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from the cash flow projections over long periods and are consequently inherently uncertain, were:

	2021 £m	2020 £m
Equities	27.4	43.8
Bonds	4.6	24.3
Cash	0.1	0.3
Alternatives	19.2	10.1
Annuities	1.7	3.2
Total market value of assets	53.0	81.7
Present value of scheme liabilities	(83.2)	(151.0)
Pension scheme deficit	(30.2)	(69.3)

The asset information was supplied by scheme's investment managers, Fulcrum Asset Management.

The amounts detailed below have been recognised in the financial statements for the year to 31 December 2021 for the closed defined benefit pension scheme.

The plan assets do not include any of the Group's financial instruments.

	2021 £m	2020 £m
Profit and loss account		
Amounts charged to other finance income		
- Interest cost	(1.8)	(2.6)
- Interest income	1.0	1.5
Total charge included in profit and loss account	(0.8)	(1.1)

	2021 £m	2020 £m
Amounts recognised in Group statement of comprehensive income (OCI)		
Return on assets excluding amount included in net interest	5.3	5.4
Changes in assumptions underlying the present value of the scheme liabilities	12.7	(20.6)
Actuarial and remeasurement gain/(loss) recognised in the OCI	18.0	(15.2)

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Pension schemes (continued)

Net pension deficit (continued)

Reconciliation of present value of scheme assets and liabilities

	2021		
	Assets £m	Liabilities £m	Total £m
1 January	81.7	(151.0)	(69.3)
Interest cost	1.0	(1.8)	(0.8)
Contributions by the employer	1.4	-	1.4
Benefits paid (pensions)	(1.1)	1.1	-
Benefits paid (transfers)	(0.2)	0.2	-
Actuarial losses	-	12.7	12.7
Return on plan assets less interest	5.3	-	5.3
Demerger of the Investment Group (see note 5)	(35.1)	55.6	20.5
31 December	53.0	(83.2)	(30.2)

Overseas pension schemes

The main overseas subsidiary undertakings schemes are defined contribution schemes in the USA and Far East. Contributions are taken to the profit and loss account.

The Group has no significant health and medical plans providing post-retirement benefits.

8 Tax on profit

Tax expense included in the profit or loss

	£m	2021	£m	£m	2020	£m
Current tax						
UK – current corporation tax at 19% (2020: 19%)	230.1			62.6		
Adjustments in respect of prior years	(16.8)			(2.1)		
			213.3			60.5
Current overseas tax	5.5			78.2		
Adjustments in respect of prior years	(4.8)			(0.7)		
			0.7			77.5
Tax on associate undertakings and joint ventures			2.2			2.7
Total current tax charge			216.2			140.7
Deferred tax						
Origination and reversal of timing differences	2.6			85.8		
Adjustments in respect of prior years	(1.1)			16.1		
Effect of changes in tax rates	14.3			1.9		
			15.8			103.8
Total tax charge on profit on ordinary activities			232.0			244.5

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Tax on profit (continued)

Tax (charge)/income included in other comprehensive income

	2021	2020
	£m	£m
Deferred tax – origination and reversal of timing differences	(8.2)	3.5
Total tax (charge)/income included in other comprehensive income	(8.2)	3.5

Reconciliation of tax charge

Based on the results, the effective tax rate for the period ended 31 December 2021 was 37.9% (2020: 28.5%).

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

The current tax charge reconciles with the corporation tax charge calculated using the standard rate of UK corporation tax as follows:

	2021	2020
	£m	£m
Profit before taxation	611.8	858.2
Profit multiplied by standard rate in UK 19% (2020: 19%)	116.2	163.1
Effect on tax charge of		
- Accelerated capital allowances and other timing differences	2.9	0.1
- Permanent differences	(1.1)	4.2
- Effects of overseas tax rates	10.8	20.8
- Adjustments in respect of prior years	(22.7)	18.5
- Unrecognised tax losses not utilised	(0.4)	2.6
- Unrecognised deferred tax	9.9	10.1
- Expenses not deductible	69.2	27.5
- Income not taxable	(60.7)	(33.0)
- Tax rate changes	20.2	3.0
- Impairment of goodwill	16.8	8.4
- Other taxes due	19.6	15.3
- Non-deductible movement on put option	53.7	4.8
- Other differences	(2.4)	(0.9)
Total tax charge for the year	232.0	244.5

Following the Budget 2021, legislation to increase the rate of corporation tax from 19% to 25% with effect from 1 April 2023 was substantively enacted on 10 June 2021. As a result, the company has re-measured its deferred tax balances which are expected to reverse on or after 1 April 2023 at the revised 25% rate. Deferred tax balances which are expected to reverse before 1 April 2023 continue to be recognised at the current corporation tax rate of 19%.

9 Dividends

	2021	2020
	£m	£m
Dividends paid to shareholders	10.0	-

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations

Significant acquisitions

Acquisitions are presented as significant when they are considered significant in terms of total consideration, the size of the store base and/or geographical reach.

DTLR Villa LLC

Initial acquisition

On 17 March 2021, JD acquired 100% of the issued share capital of DTLR Villa LLC ('DTLR'), via a wholly owned intermediate holding company in the US. Total cash consideration was £305.2m, split between £117.9m debt funding and £187.3m equity funding.

DTLR is based in Baltimore, Maryland and is a hyperlocal athletic footwear and apparel streetwear retailer operating from 247 stores across 19 states on acquisition. The acquisition of DTLR, with its differentiated consumer proposition, will enhance JD's neighbourhood presence in the North and East of the US.

The existing DTLR management team has also reinvested a portion of its proceeds back into DTLR in exchange for a new minority stake of 1.5%. Put and call options, to enable future exit opportunities for the management team, have also been agreed and become exercisable after a minimum period of three years. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.2m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £101.6m representing the DTLR fascia name and an intangible asset of £3.8m representing the customer relationships arising from the loyalty scheme in place. The JD board believes that the excess of consideration paid over net assets on acquisition of £212.0m is best considered as goodwill on acquisition representing future operating synergies. The goodwill calculation is summarised further below. As at the date of these financial statements, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

Subsequent intra-group transfer

On 2 July 2021, JD completed the transfer of the intermediate parent company and DTLR to Genesis Topco Inc ('Genesis'), which is an existing 80.0% subsidiary of JD based in the US, and parent company of the sub-group which contains Finish Line Inc. and the Shoe Palace Corporation. It was always the intention for DTLR to be part of the Genesis sub-group, but the requirement for speed and certainty of execution on the original transaction meant that it was more appropriate for JD to initially acquire DTLR directly. This transfer to Genesis now brings all of JD's businesses in the US into one sub-group, which will enhance the future operational collaboration between them. However, as the parent to Genesis, JD will continue to make strategic decisions regarding the company's future. The consideration payable by Genesis to JD in relation to the transfer was the same as the total consideration paid by JD on the original acquisition.

As JD only owns 80% of Genesis, JD effectively disposed of a proportion of its investment in DTLR to the four Mersho Brothers ('the Mershos') who, with their 20% aggregate shareholding in Genesis, are jointly a related party of JD and therefore the Group. To maintain their shareholding in Genesis at the current level, the Mershos invested their pro-rata element of the equity consideration of \$52.0m into Genesis. This transfer has taken place on an arm's length basis and reflects the net assets acquired as at the original acquisition date of 17 March 2021.

	Book values £m	Adjustments £m	Fair value £m
DTLR Villa LLC			
Acquiree's net assets at acquisition date			
- Intangible assets	43.7	62.9	106.6
- Property, plant and equipment	53.7	(4.4)	49.3
- Other non-current assets	0.5	(0.2)	0.3
- Inventories	40.3	-	40.3
- Cash and cash equivalents	95.2	-	95.2
- Trade and other receivables	7.6	(3.3)	4.3
- Income tax asset	0.4	-	0.4
- Trade and other payables	(37.6)	(0.9)	(38.5)
- Bank loans and overdrafts	(140.2)	-	(140.2)
- Deferred tax liability	(3.3)	(21.2)	(24.5)
Net assets acquired	60.3	32.9	93.2
Goodwill on acquisition			212.0
Total consideration			305.2

The revenue from DTLR included in the Consolidated profit and loss account for 2021 was £363.8m. DTLR also contributed profit before tax of £71.8m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

Marketing Investment Group S.A.

On 30 April 2021, JD acquired 60% of the issued share capital of Marketing Investment Group S.A. ('MIG') for total consideration of £66.0m. Total consideration comprises cash consideration of £63.6m and £2.4m of deferred consideration that is subject to customary closing conditions and expected to be paid in 2022.

MIG operated 410 stores on acquisition along with associated trading websites in nine countries in Central and Eastern Europe. The acquisition of MIG provided the platform to develop the JD fascia in Central and Eastern Europe. The MIG team has been instrumental in the opening of the first JD stores in Eastern Europe with stores at Poznan, Poland, and Constanta, Romania. Since the year end, JD has opened four further JD stores in Poland, one additional store in Romania and a first store in Hungary, at the Arkád Shopping Centre in Budapest. JD anticipates further openings for the JD fascia across Eastern Europe in the new financial year although events in Ukraine do drive some caution.

Put and call options to enable future exit opportunities for the 40% shareholders have also been agreed and become exercisable after the period ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £50.2m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £25.1m representing the Sizeer fascia name and an intangible asset of £4.1m representing the 50 Style fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £41.4m is best considered as goodwill on acquisition representing future operating synergies. As at the date of these financial statements, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made. The goodwill calculation is summarised below.

	Book values £m	Adjustments £m	Fair value £m
Marketing Investment Group S.A.			
Acquiree's net assets at acquisition date			
- Intangible assets	2.6	29.2	31.8
- Property, plant and equipment	16.6	-	16.6
- Other non-current assets	1.1	-	1.1
- Inventories	69.1	(1.9)	67.2
- Cash and cash equivalents	6.5	-	6.5
- Trade and other receivables	4.9	1.1	6.0
- Income tax asset	0.1	-	0.1
- Trade and other payables	(58.6)	1.7	(56.9)
- Bank loans and overdrafts	(27.0)	-	(27.0)
- Deferred tax asset/(liability)	1.0	(5.5)	(4.5)
Net identifiable assets	16.3	24.6	40.9
Non-controlling interest (40%)	(6.5)	(9.8)	(16.3)
Goodwill on acquisition			41.4
Consideration – satisfied in cash			63.6
Consideration – deferred			2.4
Total consideration			66.0

The revenue from MIG included in the Consolidated profit and loss account for 2021 was £163.2m. MIG also contributed profit before tax of £10.2m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

Deporvillage S.L.

On 25 June 2021, Iberian Sports Retail Group S.L. ('ISRG'), JD's existing intermediate holding company in Spain, exchanged contracts on the conditional acquisition of Deporvillage S.L. ('Deporvillage'), which is based in Manresa, Catalonia. ISRG is a leading operator in the sporting goods market across Iberia through its Sprinter and Sport Zone fascias with the acquisition of Deporvillage, an online retailer of specialist sports equipment with country specific websites in six European countries, giving additional depth and expertise in the key categories of cycling, running and outdoor. The transaction was subject to certain conditions, principally relating to anti-trust clearance, with formal completion taking place on 3 August 2021. Total maximum cash consideration for the acquisition of an initial 80% holding is £119.6m of which a maximum of £34.5m has been deferred and will be paid contingent on achieving certain future performance criteria. As at the date of the acquisition and the year-end, the fair value of the contingent consideration was determined to be £19.0m.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.2m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £38.8m representing the Deporvillage online fascia name and an intangible asset of £2.9m representing the fair value of the customer base. The JD board believes that the excess of consideration paid over net assets on acquisition of £70.4m is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below.

	Book values £m	Adjustments £m	Fair value £m
Deporvillage S.L.			
Acquiree's net assets at acquisition date			
- Intangible assets	0.9	48.4	49.3
- Property, plant and equipment	0.3	-	0.3
- Inventories	28.6	-	28.6
- Cash and cash equivalents	2.4	-	2.4
- Trade and other receivables	4.7	-	4.7
- Trade and other payables	(29.3)	-	(29.3)
- Bank loans and overdrafts	(1.3)	-	(1.3)
- Income tax liability	(1.0)	-	(1.0)
- Deferred tax asset/(liability)	0.6	(12.1)	(11.5)
Net identifiable assets	5.9	36.3	42.2
Non-controlling interest (20%)	(1.2)	(7.3)	(8.5)
Goodwill on acquisition			70.4
Consideration – satisfied in cash			85.1
Consideration – deferred			19.0
Total consideration			104.1

The revenue from Deporvillage included in the Consolidated profit and loss account for 2021 was £55.2m. Deporvillage also contributed profit before tax of £4.1m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

Cosmos Sport S.A.

On 21 October 2021, JD acquired 80% of the issued share capital of Cosmos Sport S.A. ('Cosmos') for cash consideration of £65.0m. At acquisition Cosmos operated 58 stores in Greece and three in Cyprus under a variety of retail banners and associated trading websites. The two main fascias are Cosmos, which is the core fascia of the business and has an elevated sporting goods and lifestyle proposition, and Sneaker 10, which has a more premium footwear offer.

Put and call options to enable future exit opportunities for the 20% shareholders have also been agreed and become exercisable from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £10.0m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £9.1m representing the Cosmos fascia name and an intangible asset of £4.2m representing the Sneaker 10 fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £39.5m is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below.

	Book values £m	Adjustments £m	Fair value £m
Cosmos Sport S.A.			
Acquiree's net assets at acquisition date			
- Intangible assets	-	13.3	13.3
- Property, plant and equipment	14.0	-	14.0
- Other non-current assets	1.0	-	1.0
- Inventories	24.3	-	24.3
- Cash and cash equivalents	13.2	-	13.2
- Trade and other receivables	5.7	-	5.7
- Income tax asset	0.3	-	0.3
- Trade and other payables	(27.9)	-	(27.9)
- Bank loans and overdrafts	(8.5)	-	(8.5)
- Deferred tax liability	(0.3)	(3.2)	(3.5)
Net identifiable assets	21.8	10.1	31.9
Non-controlling interest (20%)	(4.4)	(2.0)	(6.4)
Goodwill on acquisition			39.5
Total consideration			65.0

The revenue from Cosmos included in the Consolidated profit and loss account for 2021 was £20.7m. Cosmos also contributed profit before tax of £2.4m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

Other Acquisitions

The aggregate impact of other acquisitions in the current period is summarised below, with further details provided in the narrative on the subsequent pages.

	Fair value £m
Acquiree's net assets at acquisition date	
- Intangible assets	34.4
- Property, plant and equipment	8.5
- Other non-current assets	0.2
- Inventories	31.6
- Cash and cash equivalents	35.3
- Trade and other receivables	9.6
- Trade and other payables	(24.5)
- Bank loans and overdrafts	(6.2)
- Income tax liabilities	(4.4)
- Deferred tax liabilities	(6.6)
Net identifiable assets	77.9
Non-controlling interest (various)	(11.6)
Goodwill on acquisition	126.7
Consideration – satisfied in cash	174.3
Consideration – deferred	18.7
Total consideration	193.0

80s Casual Classics Limited

On 2 March 2021, JD acquired 70% of the issued share capital of 80s Casual Classics Limited ('80s CC') for cash consideration of £15.4m. 80s CC is predominantly an online retailer of retro and original clothing from brands such as adidas and Sergio Tacchini, inspired by the British subculture of the '70s, '80s and '90s. The acquisition included put and call options over the remaining 30% of shares, exercisable in annual tranches after a minimum period of three years.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.0m representing the 80s CC fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £9.0m is best considered as goodwill representing future operating synergies. As at the date of this report, the period in which measurement adjustments could be made has now closed on this acquisition and no further fair value measurement adjustments have been made.

The revenue from 80s Casual Classics included in the Consolidated profit and loss account for 2021 was £12.2m. 80s Casual Classics also contributed profit before tax of £3.8m over the same period.

Uggbugg Fashion Limited

On 18 June 2021, JD acquired 51% of the issued share capital of Uggbugg Fashion Limited, including a wholly owned subsidiary, Missy Empire Limited (together 'Missy Empire'), for initial cash consideration of £11.7m. Additional consideration of up to £2.2m is payable if certain performance criteria are achieved. The fair value of the contingent consideration as at the acquisition date and as at 31 December 2021 was determined to be £nil.

Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £0.9m representing the Missy Empire fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £9.6m is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over 9% of the remaining 49% shareholding have also been agreed and become exercisable after the period ending January 2025. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £1.4m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

The revenue from Missy Empire included in the Consolidated profit and loss account for 2021 was £5.4m. Missy Empire also contributed profit before tax of £0.1m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

The Watch Shop Holdings Limited and Watch Shop Logistics Ltd

On 18 June 2021, JD acquired 100% of the issued share capital of The Watch Shop Holdings Limited and Watch Shop Logistics Ltd (together 'WatchShop') via a wholly owned intermediate holding company. Total cash consideration paid was £26.2m. Contingent consideration is payable subject to certain criteria being met. The fair value of the contingent consideration as at the acquisition date and as at 31 December 2021 was determined to be £nil.

WatchShop is an online retailer of designer fashion watches from brands such as Armani, Michael Kors and Hugo Boss. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5m representing the WatchShop fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £10.6m is best considered as goodwill on acquisition representing future operating synergies.

The revenue from WatchShop included in the Consolidated profit and loss account for 2021 was £17.7m. WatchShop also contributed loss before tax of £0.1m over the same period.

Bodytone International Sport S.L.

On 3 August 2021, Iberian Sports Retail Group SL ('ISRG'), JD's existing intermediate holding company in Spain, acquired 50.1% of the issued share capital of Bodytone International Sport S.L. ('Bodytone') for initial cash consideration of £8.9m. Additional consideration of up to £3.1m is payable if certain performance criteria are achieved and the fair value of this contingent consideration as at the acquisition date and as at 31 December 2021 was determined to be £2.9m.

Based in Murcia in Spain, Bodytone manufactures and distributes professional fitness equipment with a presence in over 40 countries worldwide. ISRG believes that the acquisition of Bodytone will enhance its product categories and improve its specialised sporting goods offer. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £4.9m representing the Bodytone name. The JD board believes that the excess of consideration paid over net assets on acquisition of £8.8m is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 49.9% shareholding have also been agreed and become exercisable in tranches from 2024 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £11.3m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

The revenue from Bodytone included in the Consolidated profit and loss account for 2021 was £6.2m. Bodytone also contributed profit before tax of £1.0m over the same period.

Hairburst Holding Group Limited

On 17 September 2021, JD acquired 75% of the issued share capital of Hairburst Holding Group Limited, including three wholly owned subsidiaries (together 'Hairburst') for cash consideration of £26.2m.

Hairburst retails own label haircare products and vitamins via a direct to consumer website and as a wholesaler both in the UK and internationally. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £6.6m representing the Hairburst name. The JD board believes that the excess of consideration paid over net assets on acquisition of £18.1m is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 25% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £8.4m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

The revenue from Hairburst included in the Consolidated profit and loss account for 2021 was £5.6m. Hairburst also contributed profit before tax of £0.5m over the same period.

Wheelbase Lakeland Limited

On 3 June 2021, JD exchanged contracts on the conditional acquisition of 77.5% of the issued share capital of Wheelbase Lakeland Limited ('Wheelbase'). Completion of the acquisition was subject to obtaining consent for the change in control from the Financial Conduct Authority. This was obtained and the acquisition subsequently completed on 30 September 2021. The cash consideration paid was £22.2m.

Operating from three stores on acquisition and a trading website, Wheelbase is firmly established as one of the premier cycling retailers in the UK, and the product offering centres on premium cycles and accessories from key brands such as Cube, Cannondale, Trek and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £1.4m representing the Wheelbase fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £18.7m is best considered as goodwill on acquisition representing future operating synergies.

Put and call options over the remaining 22.5% shareholding have also been agreed and become exercisable in tranches from 2025 onwards. A valuation of these put options has been performed using an earnings multiple, a suitable discount rate and approved forecasts, and the initial liability of £4.0m has been recognised with the corresponding entry to other equity in accordance with the present value method of accounting. These options are required to be fair valued at each accounting period date.

The revenue from Wheelbase included in the Consolidated profit and loss account for 2021 was £2.8m. Wheelbase also contributed profit before tax of £0.2m over the same period.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Business Combinations (continued)

XLR8 Sports Limited

On 19 November 2021, JD acquired 100% of XLR8 Sports Limited trading as Leisure Lakes Bikes ('Leisure Lakes') for initial cash consideration of £25.6m plus additional consideration up to a maximum of £15.0m if certain performance criteria are achieved. The fair value of this contingent consideration as at the acquisition date and as at 31 December 2021 was determined to be £11.2m.

Operating from 10 stores and a trading website, Leisure Lakes is considered to be one of the leading omnichannel retailers of bicycles and bicycle parts, equipment, clothing and accessories, and is a key partner for most of the major brands including Trek, Cube and Specialized. Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £2.5m representing the Leisure Lakes fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £25.9m is best considered as goodwill on acquisition representing future operating synergies.

The revenue from Leisure Lakes included in the Consolidated profit and loss account for 2021 was £2.5m. Leisure Lakes also contributed profit before tax of £0.1m over the same period.

GymNation

On 24 December 2021, JD's existing subsidiary JD Sports Gyms Limited ('JD Gyms') acquired 100% of GymNation Limited and its 100% owned subsidiary GymNation LLC (together 'GymNation') for cash consideration of \$42.2m and contingent consideration of \$6.1m. The company assessed the substance of the contingent payment taking into account the management leaver terms of the shareholder agreement and concluded that an element of the contingent payment is a future payment to employees and the remainder is contingent consideration. Contingent consideration is cash-settled and is linked to GymNation's future performance. It is initially measured at fair value and is subsequently remeasured to fair value at each reporting date until the contingency is settled. The fair value of contingent consideration recognised at 31 December 2021 is \$6.6m (£4.9m). The maximum amount of the future payment is £75m.

GymNation is a chain of seven gyms in the UAE (six in Dubai and one Abu Dhabi). Included within the fair value of the net identifiable assets on acquisition is an intangible asset of £7.9m representing the GymNation fascia name. The JD board believes that the excess of consideration paid over net assets on acquisition of £21.8m is best considered as goodwill on acquisition representing future operating synergies.

The revenue from GymNation included in the Consolidated profit and loss account for 2021 was £nil. GymNation also contributed profit before tax of £nil over the same period.

Other Acquisitions

During the year, the Group made one other small acquisition. This transaction was not material.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Intangible assets

Group	Goodwill £m	Fascia name £m	Reacquired right £m	Other £m	Total £m
Cost					
At 1 January 2021	903.2	300.8	66.5	254.4	1,524.9
Additions	-	-	-	22.4	22.4
Acquisitions	485.0	212.8	-	25.4	723.2
Reclassification	-	-	-	0.2	0.2
Disposals	-	-	-	(30.7)	(30.7)
Currency adjustments	(25.8)	-	0.8	(4.4)	(29.4)
At 31 December 2021	1,362.4	513.6	67.3	267.3	2,210.6
Accumulated amortisation					
At 1 January 2021	358.6	100.8	27.9	149.2	636.5
Amortisation	92.7	38.0	6.6	25.4	162.7
Impairments	18.0	0.1	31.7	4.9	54.7
Reclassification	-	-	-	(1.3)	(1.3)
Disposals	-	-	-	(22.1)	(22.1)
Currency adjustments	0.2	-	1.1	1.3	2.6
At 31 December 2021	469.5	138.9	67.3	157.4	833.1
Net book value at					
31 December 2021	892.9	374.7	-	109.9	1,377.5
31 December 2020	544.6	200.0	38.6	105.2	888.4

The amortisation of £162.7m is included within the 'Amortisation of goodwill and other intangibles' line in the Consolidated profit and loss account.

In addition, the Group owns a portfolio of brands whose value is not recognised in the Consolidated balance sheet. Other intangibles include licences, software development and customer relationships.

The acquisition of intangibles assets in the current year principally relate to the acquisition of goodwill and fascia names as described in note 10.

Other additions of £22.4m (2020: £27.7m) in the current year relate to software of £13.7m, brands of £5.2m and other of £3.5m.

The Company has no intangible assets as at 31 December 2021 (2020: Nil).

Impairment

The carrying value of goodwill is reviewed annually to assess whether there has been any diminution in value following any trigger event that may indicate an impairment. The cash-generating units used are individual stores and the groups of cash-generating units are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The intangible assets in the table below have been reviewed for indicators of impairment. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation, are as follows:

- (1) The short-term growth rate is the compound annual growth rate for the 5 year period from 1 January 2022, based on management forecasts. The rates used range between 1% and 4.8%
- (2) The long-term growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries. The rates used range between 1% and 3.0%
- (3) The discount rate applied is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual cash-generating unit. These discount rates are considered to be equivalent to the rates a market participant would use. The rates used range between 8.5% and 20.4%

The cash flow projections used in the value-in-use calculations are all based on actual operating results, together with financial forecasts and strategy plans approved by management of the relevant business units, covering a 5 year period. These forecasts and plans are based on both past performance and expectations for future market development.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Intangible assets (continued)

Impairment (continued)

The impairment of £54.7m (2020: £94.2m) primarily relates to Speedo North America's reacquired right, which is fully impaired (£31.7m), goodwill of investment in Endura Ltd fully impaired (£16.3m), Rascal Clothing Limited (£1.8m), software (£2.0m) and other (£2.9m). The impairment has been recognised within exceptional items in the Consolidated profit and loss account.

The individual intangible assets which are material to the financial statements are the following:

	Carrying amount		Remaining amortisation period (years)	
	2021 £m	2020 £m	2021	2020
Goodwill on acquisition of Shoe Palace	363.7	406.7	9	10
Fascia name on acquisition of Shoe Palace	95.9	106.4	9	10
Goodwill on acquisition of DTLR	196.2	-	10	-
Fascia name on acquisition of DTLR	93.9	-	10	-
Goodwill on acquisition of MIG	38.8	-	10	-
Fascia name on acquisition of MIG	28.8	-	10	-
Goodwill on acquisition of JD Gyms (X4L)	12.0	14.1	9	10
Goodwill on acquisition of JD Sports Fashion Plc	6.9	9.5	3	4
Goodwill on acquisition of Endura Ltd.	-	19.0	7	8
Goodwill on acquisition of Sports Zone	11.0	12.3	7	8
Goodwill on acquisition of Finish Line Inc.	68.1	78.4	7	8
Fascia name on acquisition of Finish Line Inc.	47.4	54.7	7	8
Fascia name on acquisition of Go Outdoors Topco Limited	12.3	18.3	5	6

Sensitivity analysis

A sensitivity analysis has been performed on the base case assumptions of margin growth used for assessing the goodwill and other intangibles, which in the Group's Consolidated balance sheet largely comprise the assets managed by JD.

JD's management has considered the possibility of each business achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue related costs, JD's management would also take action to mitigate the loss of gross profit by reducing other costs. With regards to the assessment of value-in-use of all cash-generating units, with the exceptions of those listed below, JD's management believe that there are no reasonably possible changes in any of the key assumptions which would cause the carrying value of the unit to exceed its recoverable amount.

For Go Outdoors and Shoe Palace CGUs, significant changes to the base case assumptions could eliminate the headroom and cause the carrying value of the CGU to exceed its recoverable amount. +/-1% was considered a reasonably possible change in the key assumptions: short-term growth rate, long-term growth rate and pre-tax discount rate.

For the Go Outdoors cash-generating unit, +/-1% change in key assumptions, with all other assumptions remaining unchanged, would not result in an impairment.

For the Shoe Palace cash-generating unit, marginal changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. The following sensitivities were performed:

- if the pre-tax discount rate increased by 1%, with all other assumptions remaining unchanged, this would result in an impairment of £19.2m (representing 3.5% of the carrying value of the Shoe Palace Group CGU)
- reducing the short-term and long-term growth rate by 1%, with all other assumptions remaining unchanged, would result in an impairment of £18.1m (representing 3.3% of the carrying value of the Shoe Palace Group CGU)
- reducing the forecast gross profit margin rate by 1%, with all other assumptions remaining unchanged, would not result in an impairment but would reduce the headroom to £8.1 million (representing 1.5% of the carrying value of the Shoe Palace Group CGU)

+/-1% was considered a reasonably possible change in the key assumptions listed above. Whilst the potential impairments as a result of the sensitivity analysis are material in value, they are not significant as a % of the £546.7m carrying value of the Shoe Palace Group CGU. Whilst the model is sensitive to the assumptions used, there are no indicators of impairment in relation to the Shoe Palace intangibles since acquisition in December 2021 and Shoe Palace (along with JD's other businesses in the US) has performed well against expectations over the last financial year. This will, however, be kept under close review by JD's management during 2022.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Tangible assets

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant and equipment £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost							
At 1 January 2021	94.1	7.1	203.0	119.5	813.2	1.0	1,237.9
Additions	2.2	-	50.0	22.9	124.2	1.4	200.7
Acquired subsidiaries	0.1	-	52.3	3.9	32.3	-	88.6
Transfer to investment property (note 13)	-	(2.2)	-	-	-	-	(2.2)
Disposals	(0.4)	-	(7.0)	(23.2)	(23.3)	-	(53.9)
Demerger of the Investment Group (note 5)	(2.7)	(3.6)	(0.1)	(1.9)	(5.2)	-	(13.5)
Reclassification	0.8	-	(4.8)	2.3	1.5	-	(0.2)
Currency adjustments	0.4	-	4.1	(0.9)	(19.3)	-	(15.7)
At 31 December 2021	94.5	1.3	297.5	122.6	923.4	2.4	1,441.7
Accumulated depreciation							
At 1 January 2021	20.5	2.6	80.1	89.1	405.6	-	597.9
Acquired subsidiaries	(0.1)	-	-	-	-	-	(0.1)
Depreciation charge for the year	2.3	0.1	21.6	18.2	117.1	-	159.3
Impairments	0.3	-	1.3	0.6	6.3	-	8.5
Disposals	(0.1)	-	(4.4)	(22.3)	(20.3)	-	(47.1)
Demerger of the Investment Group (note 5)	(0.4)	(1.8)	-	(1.5)	(0.7)	-	(4.4)
Reclassification	0.5	-	1.6	1.3	(2.1)	-	1.3
Currency adjustments	-	-	0.2	0.2	1.7	-	2.1
At 31 December 2021	23.0	0.9	100.4	85.6	507.6	-	717.5
Net book value at 31 December 2021	71.5	0.4	197.1	37.0	415.8	2.4	724.2
31 December 2020	73.6	4.5	122.9	30.4	407.6	1.0	640.0

Depreciation of £159.3m has been recognised within administrative expenses in the Consolidated profit and loss account.

Impairment

Due to the existence of impairment indicators, JD performed an impairment assessment of certain Store cash-generating units.

The discount rate applied in the value-in-use calculations is a pre-tax measure based on the historical industry average weighted average cost of capital, with a possible debt leverage of 15% at a market interest rate of 5%. The discount rate applied reflects any specific risk premiums relevant to the Store CGU. These discount rates are considered to be equivalent to the rates a market participant would use.

Impairment charges of £8.5m (2020: £10.1m) relate to all classes of property, plant and equipment in Store CGUs which are loss making and where it is considered that the position cannot be recovered as a result of a continuing deterioration in the performance of the particular store. The loss is based on the specific revenue streams and costs attributable to the Store CGU. Assets in impaired Store CGUs are written down to their recoverable amount which is calculated as the greater of the fair value less costs to sell and value-in-use.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Investment property

	Total £m
Group	
Cost	
At 1 January 2021	9.1
Net gain from fair value adjustments	0.7
Transfer from tangible fixed assets (note 12)	2.2
Disposals	(0.2)
Demerger of the Investment Group (note 5)	(8.9)
Currency adjustments	0.1
At 31 December 2021	3.0

The Company had no investment property as at 31 December 2021 (2020: £nil).

14 Non-current investments

	Participating interest in associates and joint ventures £m	Unlisted interests at fair value £m [a]	Total £m
Group			
At 1 January 2021	31.2	465.6	496.8
Additions [b]	57.1	53.9	111.0
Share of operating profits for the year	15.7	-	15.7
Net interest received/(paid) by associate undertakings	0.1	-	0.1
Tax charge on income	(2.2)	-	(2.2)
Disposals	-	(54.2)	(54.2)
Dividends [c]	(23.2)	-	(23.2)
Fair value gain	-	87.9	87.9
Currency adjustments	(0.2)	0.6	0.4
Demerger of the Investment Group (note 5)	-	(553.8)	(553.8)
At 31 December 2021	78.5	-	78.5

[a] When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions are not a good estimate of fair value, and it is economic to do so, the fair value is estimated by using a valuation technique using available information. Where the fair value cannot be reliably measured, the cost value is used. The asset is held at the cost amount less impairment until a reliable measure of fair value becomes available.

[b] Participating interest additions in the year relate to Applied Nutrition (£29.5m), Gym King (£22.7m) and other JD associates (£4.9m).

[c] Dividends from associate undertakings relate to Pentland Chaussures Limited (£16.3m), Applied Nutrition (£6.0m) and Mallet (£0.9m), which were declared and paid in the year.

Subsidiary undertakings

	£m
Company	
As at 1 January 2021	5,130.0
Return by way of demerger to shareholders	(709.0)
At 31 December 2021	4,421.0

The subsidiary undertakings of the Group are listed in note 15.

In October 2021, the Investment Group was demerged into a newly established group. Following a number of steps, the demerger was ultimately affected by the Company undertaking a capital reduction of its share premium. This was satisfied by the transfer, by the Company, of the entire issued share capital of Pentland Investment Holdings Limited, a newly incorporated parent company of the Investment Group, to Pentland Capital Holdings Limited.

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Non-current investments (continued)

Subsidiary undertakings (continued)

The carrying value of the Company's investment in Pentland Investment Holdings Limited of £709m is presented as a return by way of demerger to shareholders in the table above.

The fair value of the Investment Group returned to the shareholders was £952m on the date of demerger. For more details refer to note 5 'Discontinued operations'.

15 Group undertakings

The following companies were direct and indirect undertakings of the Company at 31 December 2021. Shares in Pentland Industries International Designated Activity Company are held directly by the Company. All other holdings in subsidiaries, associates and joint venture undertakings are owned by members of the Group. All subsidiaries are consolidated in the Group's financial statements.

Subsidiary undertakings

Name	Country of incorporation	Registered office	Nature of the business	Interest
Airborne Footwear Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of footwear	100%
Berghaus Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of outdoor clothing, footwear & related accessories	100%
Boxfresh International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Hibernated business	100%
Canterbury Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Holding company of the Canterbury group	100%
Canterbury of New Zealand Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design & wholesale of Canterbury branded products	100%
Ellesse Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Management of the Ellesse brand	100%
Ellesse International SpA	Italy	Italia – Perugia-Via Mario Angelonin.80/a	Licensing company for the Ellesse brand	100%
Endura Ltd	United Kingdom	3 Starlaw Business Park, Livingston, West Lothian, EH54 8SF	Design, manufacturing and sale of cycle specific clothing and accessories	100%
First Retail UK Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Retailer of clothing in specialist stores	100%
JD Sports Fashion plc	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire BL9 8RR	Retailer of clothing and footwear in specialised stores, via mail order and internet	51.89%
Mitre Sports International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of sports footwear, balls and related accessories	100%
Pentland Brands Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Provision of shared services	100%
Pentland Brands Deutschland GmbH	Germany	Münchner Straße 125 83703 Gmund a Tegernsee-Dürnbach	Provision of sales and marketing services to brands within Pentland Brands	100%
Pentland Brands France sarl	France	30/32 avenue du Général Leclerc, 92100 Boulogne-Billancourt	Import and wholesale of swimwear, t-shirts, outerwear and all other products associated with sports activities	100%
Pentland Brands UK Distribution Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Distribution of footwear in the UK	100%
Pentland Brands Greenhouse Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Non-trading company	100%
Pentland Brands Overseas Agency Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Business development and sales agent of other companies within the Pentland Brands group of companies	100%
Pentland Group (Trading) Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Management holding company	100%
Pentland Holdings B.V. ¹	The Netherlands	8 Manchester Square, London, W1U 3PH	Intermediate holding company	100%

1. Tax residency is United Kingdom

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

Subsidiary undertakings (continued)

Name	Country of incorporation	Registered office	Nature of the business	Interest
Pentland Industries International Designated Activity Company	Ireland	3 Dublin Landings, North Wall Quay, Dublin 1	Intermediate holding company	100%
Pentland KM Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Royalty income company of Karen Millen footwear	100%
Pentland UK Holdings	United Kingdom	8 Manchester Square, London, W1U 3PH	Intermediate holding company	100%
Red or Dead Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Management of the 'Red or Dead' brand	100%
Regentmart Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Letting office accommodation to a fellow group undertaking	100%
Speedo Holdings B.V.	The Netherlands	8 Manchester Square, London, W1U 3PH	Licensing company for the Speedo brand	100%
Speedo International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Design, sourcing, marketing & distribution of swimwear and related accessories	100%
Berghaus USA LLC	United States of America	1209 Orange Street, Wilmington, New Castle, DE 19801 USA	Distribution of outdoor clothing, footwear and related accessories	100%
Canterbury USA LLC	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of Canterbury branded apparel	100%
Ellesse USA LLC	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of Ellesse brand apparel	100%
Endura Inc.	United States of America	3773 Howard Hughes Parkway Suite 500's Las Vegas, NV 89169 USA	Distribution of Endura branded cycling apparel	100%
Mitre USA LLC	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distribution of sports footwear, balls and related accessories	100%
Pentland Brands USA Inc.	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	US parent and holding company	100%
SeaVees Acquisitions Inc	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Intermediate holding company	93.5%
SeaVees Holdings Inc	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Intermediate holding company	93.5%
SeaVees Inc	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Design, development, sourcing, marketing & distribution of footwear	93.5%
Speedo Canada Distribution Inc.	Canada	2200 HSBC Building, 885 West Georgia Street, Vancouver, BC	Distributor of Speedo branded swimwear and related accessories	100%
Speedo NA Holdings Inc.	United States of America	1209 Orange Street, Wilmington, New Castle, DE 19801 USA	Intermediate holding company	100%
Speedo USA Inc.	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Distributor of Speedo branded swimwear and related accessories	100%
Speedo USA Products Inc.	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 USA	Service company	100%
Asco Group Limited ¹	Bahamas	8 Manchester Square, London, W1U 3PH	Licensing company for the Kangaroos brand and intermediate holding company	100%
Asco General Supplies (Far East) Limited ²	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Buying agency and related services	100%
Asco General Supplies (Thailand) Co., Ltd	Thailand	No. 999/9 The Offices at Centralworld, 19 th Floor, Room ML1910, Rama 1 Road, Pathumwan Sub-District, Thailand	Sourcing operations	100%

1. Tax residency is United Kingdom

2. Tax residency is Hong Kong

Pentland Group Holdings Limited
Notes to the financial statements for the period ended 31 December 2021 (continued)

15 Group undertakings (continued)

Subsidiary undertakings (continued)

Name	Country of incorporation	Registered office	Nature of the business	Interest
Asco General Supplies (Vietnam) Company Limited	Vietnam	Unit 204, Saigon Riverside Office Center Building, 24-4A Ton Duc Thang Street, Den Nghe Ward, District 1, Ho Chi Minh City, Vietnam	Sourcing operations	100%
Canterbury International (Australia) PTY Limited	Australia	PWC, Level 23, 480 Queen Street, Brisbane, QLD 4000, Australia	Design & wholesale of Canterbury branded products	100%
Canterbury of New Zealand Limited	New Zealand	19 Copsey Place, Avondale, Auckland, 1026 New Zealand	Design, market & sale of sports apparel in New Zealand	100%
Pentland Asia Pacific Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon Hong Kong	Export trading of footwear garments	100%
Pentland Brands Asia Pacific Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon Hong Kong	Export trading of footwear garments	100%
Pentland India Trading Private Limited	India	145, Santhome High Road, MRC Nagar, Channai – 600 028, India	Manufacturer and exporter of leather products and accessories	100%
Pentland Management Consulting (Shenzhen) Co. Limited	China	Room 201, Block A, No. 1, QianWan Yi Road, Qianhai Shenzhen	Service company	100%
Pentland Trading (Shanghai) Company Limited	China	Unit 4601, No. 268, Central Tibet Road, HuangPu District, Shanghai City, PRC	Design & development, wholesale/retail, import/export, commission agency and consulting service	100%

Dormant undertakings

Name	Country of incorporation	Registered office	Nature of the business	Interest
Boxfresh Global Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Canterbury Cotton Oxford Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Canterbury European Fashionwear Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Ellesse International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Kangaroos Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Kangaroos International Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Matchstick Sports Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Liverpool Shoe Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Brands Lakeside Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Pentland Brands UK Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Prostar Sports Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
Robert Stephen Holdings Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%
The Brasher Boot Company Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Dormant company	100%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

Dormant undertakings (continued)

Name	Country of incorporation	Registered office	Nature of the business	Interest
PB Agency LLC	United States of America	251 Little Falls Drive, Wilmington, New Castle, DE 19808 US	Dormant company	100%
Asco Holdings Limited	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Asco Investments Limited	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Asset Member Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Dormant company	100%
Chinaways International Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Inactive company	100%
Footwear Sourcing International Limited	Bahamas	Chancery Court, The Mall, P.O. Box F-42632, Freeport, Bahamas	Inactive company	100%
Pentland Asia Limited	Hong Kong	13/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Dormant Company	100%

Associate and joint venture undertakings

Name	Country of incorporation	Registered office	Nature of the business	Interest
Joint ventures				
Linea Aqua (Pvt) Ltd	Sri Lanka	10th floor, Aitken Spence Tower II, No 315, Vauxhall Street, Colombo	Garments manufacture	50%
Associates				
Pentland Chaussures Limited	United Kingdom	8 Manchester Square, London, W1U 3PH	Footwear distributor	50%
Intermarket Agencies (Far East) Limited	Hong Kong	33 rd Floor, One Pacific Place, 88 Queensway, Hong Kong	Footwear and Apparel distributor	30%

JD Sports Fashion plc subsidiaries

The Group's interest in the partly owned subsidiary JD Sports Fashion plc is 51.89% as at 31 December 2021. The percentages presented in the following tables represent JD's interest in its undertakings and therefore does not represent the Group's ultimate interest.

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
2Squared Agency Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion	100%
80s Casual Classics Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	70%
A Number of Names Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Wholesale of clothing and footwear	100%
ActivInstinct Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Alpine Group (Scotland) Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Athleisure Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Base Childrenswear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion apparel and footwear	80%
Bernard Esher Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium women's fashion apparel and footwear	80%
Blacks Outdoor Retail Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100%
Bodytone International Sport S.L.	Spain	Calle Legón, 180 – 30500, Molina de Segura, Murcia	Manufacture and distribute professional fitness equipment	25%**
Capso Holdings Limited	Isle of Man	33–37 Athol Street, Isle of Man, IM1 1LB	Intermediate holding company	100%
Catchbest Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail of clothing in a specialised store	80%
Champion Retail Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Champion Sports Group Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Champion Sports Ireland	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100%
Choice Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
Clothingsites Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Clothingsites.co.uk Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Cosmos Sport Commercial, Hotel and Tourism Société Anonyme	Greece	148, 62 Martiron Ave. 71303, Kamini, Heraklion, Crete	Retailer of sports inspired footwear and apparel	80%
Cosmosport Trading (Cyprus) Limited	Cyprus	11 Michail Paridi, 1095, Nicosia	Retailer of sports inspired footwear and apparel	80%
Dallas D&K Corporation	United States	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Dantra Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of children's fashion apparel and footwear	75%
Deporvillage S.L.	Spain	Plaça de la Ciència 1 Local 4, Edifici Impuls, Manresa, 08240, Barcelona	Retailer of sports and leisure goods	40%**
DTLR Holding Inc	United States	1300 Mercedes Drive Hanover MD 21076	Intermediate holding company	79%
DTLR Villa LLC	United States	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
DTLR, Inc	United States	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Duffer of St George Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licenser of a fashion brand	100%
Focus Brands Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus Group Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Focus International Limited UK	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports apparel and footwear	100%
Focus International NL B.V.	Netherlands	Danzigerkade 9 A, 1013AP Amsterdam	Distributor of sports apparel and footwear	100%
Focus Italy S.pa.	Italy	Viale Majno Luigi 17/A, 20122 Milano	Distributor of sports apparel and footwear	100%
Footasylum GmbH	Germany	Wittestr. 30K, 13509, Berlin, 13509, Berlin	Retailer of sports inspired footwear and apparel	100%
Footasylum Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Genesis Finco Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Genesis Holdings Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Genesis Topco Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
George Fisher Holdings Limited	United Kingdom	41 Commercial Street, Edinburgh, EH6 6JD	Intermediate holding company	60%
George Fisher Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60%
Giulio Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	88%
Giulio Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium fashion apparel and footwear	88%
Go Outdoors Fishing Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Go Outdoors Retail Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor leisure equipment and apparel	100%
Graham Tiso Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60%
GymNation Limited	British Virgin Islands	Craigmuir Chambers, Road Town, Tortola VG1110	Intermediate holding company	94%
GymNation LLC	UAE	M Floor, ETA Star Building, Near Time Square Centre, Al Quoz 1, Sheikh Zayed Road, Dubai	Operator of fitness centres	94%
Hair Burst Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of hair vitamins and growth products	75%
Hairburst Holding Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	75%
Hip Store Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium men's fashion apparel and footwear	100%
I Am Athlete, LLC	United States	6701 Center Drive W, Suite 700, Los Angeles, CA 90045	Retailer of sports and leisure inspired goods	80%
Iberian Sports Retail Group SL	Spain	Poligono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Intermediate holding company	50.01%
Infinites Retail Group Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Jandernama SL	Spain	Poligono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Intermediate holding company	100%
JD Canary Islands Sports SL	Spain	Poligono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Retailer of sports inspired footwear and apparel	65%
JD Size GmbH	Germany	Neusser Straße 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	100%
JD Spain Sports Fashion 2010 SL	Spain	Poligono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114.	Retailer of sports inspired footwear and apparel	65%
JD Sports (Thailand) Limited	Thailand	Room No. TT04 No. 1106 Sukhumvit Road, Phrakhanong Sub-district, Klongtoey District, Bangkok	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing.	Intermediate holding company	100%
JD Sports Fashion Acquisitions 2021 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
JD Sports Fashion AT GmbH	Austria	Wallnerstraße 1, 3. Stock, 1010 Vienna, Austria	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Aus Pty	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Belgium BV	Belgium	Wiegstraat 21, 2000 Antwerpen.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion BV	The Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer.	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen.	Retailer of sports inspired footwear and apparel	100%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
JD Sports Fashion Finland OY	Finland	c/o Intertrust Finland Oy, Lautatarhankatu 6, 00580, Helsinki	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Germany GmbH	Germany	Neusser Strasse 93, 50670 Cologne	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion Holdings Aus Pty	Australia	Level 12, 54 Park St, Sydney, NSW 2000	Intermediate holding company	100%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India - 500032	Outsourced multi-channel operations	100%
JD Sports Fashion Israel Ltd	Israel	HaMelacha 8 Holon, Israel, Zip code: 5881504	Retailer of sports inspired footwear and apparel	60%
JD Sports Fashion Korea Inc	Korea	6F Yoonik Bldg. 430 Eonju-ro, Gangnam-gu, Seoul	Retailer of sports inspired footwear and apparel	50%
JD Sports Fashion NZ Pty Limited	New Zealand	Anderson Lloyd, Level 10 Otago House, Cnr Moray Place & Princes Street, Dunedin, 9016	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion PTE LTD	Singapore	190 Middle Road, 14-05, Fortune Centre, Singapore, 188979	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2ND Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	Retailer of sports inspired footwear and apparel	80%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 - 20121 Milan	Retailer of sports inspired footwear and apparel	100%
JD Sports Fashion Sweden AB	Sweden	c/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm	Retailer of sports inspired footwear and apparel	100%
JD Sports Gyms Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
JDSF Holdings (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Intermediate holding company	80%
JDSF Retail (Canada) Inc	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of sports inspired footwear and apparel	88%
JMH Cosmetics Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Other business support service	75%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, DO4RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100%
Kukri (Asia) Limited	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports apparel and accessories	80%
Kukri Australia Pty Limited	Australia	Level 12, 338-340 Pitt Street, Sydney NSW 2000	Distributor of sports apparel and accessories	80%
Kukri GB Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports apparel and accessories	80%
Kukri NZ Limited	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports apparel and accessories	60%
Kukri PTE Limited	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports apparel and accessories	80%
Kukri Shanghai Limited	Shanghai	Room 221-225, No. 2 Building, No.38 Debao Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131	Distributor of sports apparel and accessories	80%
Kukri Sports Canada Inc	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3C 6P3	Distributor of sports apparel and accessories	60%
Kukri Sports Ireland Limited	Ireland	3 Burlington Road, Dublin 4, DO4RD68, Republic of Ireland	Distributor of sports apparel and accessories	80%
Kukri Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Kukri Sports Middle East JLT	UAE	Lakeview Tower, Jumeirah Lake Towers, Dubai	Distributor of sports apparel and accessories	80%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Mainline Menswear Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80%
Mainline Menswear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium men's fashion apparel and footwear	80%
Mallet. Footwear Limited	United Kingdom	M25 Business Centre, 121 Brooker Road, Waltham Abbey, Essex, England, EN9 1J	Retailer of fashion apparel and footwear	25%
Marketing Investment Group Bulgaria EOOD	Bulgaria	53A Nikola Y. Vaptsarov Blvd., 1407 Promishlena zona Hladilnika, Sofia	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Czech s.r.o.	Czech Republic	Jakubská 647/2, Staré Město, 110 00, Praha	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Estonia OÜ	Estonia	Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Hungary Korlátolt Felelősségű Társaság	Hungary	Horvát u. 14-24 4.em.2, Budapest, 1027	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group S.A.	Poland	ul. Prof. Michała Życzkowskiego 10, 31-864 Kraków	Retailer of sports inspired footwear and apparel	60%
Marketing Investment Group Slovakia s. r. o.	Slovakia	Michalská 7, 811 03 Bratislava	Retailer of sports inspired footwear and apparel	60%
MIG Marketing Investment Group Austria GmbH	Austria	Mahlerstraße 13/1B, 1010 Vienna	Retailer of sports inspired footwear and apparel	60%
MIG Marketing Investment Group GmbH	Germany	Dr. Hans-Lebach-Str. 2, 15537 Erkner	Retailer of sports inspired footwear and apparel	60%
MIG Marketing Investment Group RO SRL	Romania	Calea Floreasca 169, Corp P1, Etaj 3, Camera 10, Bucuresti 077190	Retailer of sports inspired footwear and apparel	60%
MIG Wholesale spółka z o.o.	Poland	ul. Prof. Michała Życzkowskiego 10, 31-864	Wholesale of clothing and footwear	60%
Mrblanteeth Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of teeth whitening products	75%
myBox Spolka z o.o	Poland	Logistyczna 9, 26-060 Chęciny	Provide comprehensive support for logistics processes	60%
Naylor's Equestrian LLP	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of Equestrian equipment	100%
NiceKicks Holdings LLC	United States	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
Nicholas Deakins Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100%
Oi-Polloi Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of clothing in specialised stores	80%
Onepointfive Ventures Limited	Canada	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6	Retailer of fashion apparel and footwear	80%
PCPONE	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100%
Pear Sports LLC	United States	20371 Irvine Ave, Suite 120, Newport Beach, CA 92660	Retailer of sports and leisure inspired goods	80%
PG2019 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Pink Soda Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Prevu Studio Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of clothing in specialised stores	100%
Prima Designer Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
R.D. Scott Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Rascal Clothing Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	75%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
SDSR – Sports Division SR, S.A	Portugal	Rua Joao Mendoca, n° 505, Matosinhos Freguesia, São Mamede de Infesta e Senhora da Hora, 4464 503 Matosinhos Level 19–01, Block B, Plaza	Retailer of sports and leisure goods	50%**
SEA Sports Fashion SDN. BHD.	Malaysia	Zurich, No. 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur	Retailer of sports inspired footwear and apparel	60%
Shoe Palace Corporation	United States	755 Jarvis Drive, Morgan Hill, CA 95037	Retailer of athletic footwear and streetwear apparel	80%
SIA Marketing Investment Group Latvia	Latvia	Riga, Lienes iela 1–3, LV-1009	Retailer of sports inspired footwear and apparel	60%
Size? Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100%
Sneaker Villa Inc	United States	1300 Mercedes Drive Hanover MD 21076	Athletic footwear and apparel streetwear retailer	79%
Source Lab Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85%
South South East Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Spodis SA	France	96 R Du Pont Rompu, 59200 Tourcoing	Retailer of sports and leisure goods	100%
Sport Zone Canarias (SL)	Spain	Avenida el Paso, 10, 1º, Edificio Multiusos, Polígono Industrial Los Majuelos, La Laguna 38201, Santa Cruz de Tenerife	Retailer of sports and leisure goods	30%**
Sportiberica – Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra	Retailer of sports and leisure goods	65%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer	Retailer of sports and leisure goods	50%
Sprinter Megacentros Del Deporte SLU	Spain	Polígono Industrial de las Atalayas, Avenida Euro, N2, Alicante 03114	Retailer of sports and leisure goods	50%
Terminus Bidco, Inc.	United States	1300 Mercedes Drive Hanover MD 21076	Intermediate holding company	80%
Tessuti Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100%
Tessuti Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	88%
The Alpine Group Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
The Finish Line Distribution, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Puerto Rico, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line Transportation, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line USA, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Retailer of sports and leisure inspired goods	80%
The Finish Line, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Intermediate holding company	80%
The Watch Shop Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of watches and jewellery in specialised stores	100%
Tiso Group Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60%
Topgrade Sportswear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	80%
UAB Marketing Investment Group Lietuva	Lithuania	Gvazdikų g. 170, LT-10247 Vilnius	Agency business for luxury childrenswear brands	60%
Uggbugg Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	51%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc subsidiaries (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Wellgosh Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion apparel and footwear	100%
Wheelbase Lakeland Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of sports goods, fishing gear, camping goods, boats and bicycles	78%
X4L Gyms Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	94%
XLR8 Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retail sale of bicycles	100%

JD Sports Fashion plc dormant undertakings

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
24Sevenbikes Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
ActivInstinct Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aghoco 1966 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Allsports.co.uk Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Alpine Bikes Limited	United Kingdom	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60%
Ark Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Aspecto Trading Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Blue Retail Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Champion Sports (Holdings) Unlimited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Champion Sports Newco Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Choice 33 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Cloggs Online Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Drome Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Exclusive Footwear Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90%
First Sport Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Equipment Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Focus Sports & Leisure International Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footasylum Brands Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Footpatrol London 2002 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Frank Harrison Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	72%
GetTheLabel.com Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Giulio Woman Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	88%
Go Outdoors Equestrian Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc dormant undertakings (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Helium Miracle 311 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%
Henleys Clothing Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Hip (Birmingham) Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Infinites Retail Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Altrincham Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Birkenhead Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Blackburn Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bradford Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Bury Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Chesterfield Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Denton Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Derby Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stockport Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Stoke Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
IRG Warrington Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
J D Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Newco 2 Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Active Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
JD Sports Gyms Acquisitions Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	94%
Kukri (HK) Limited	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	80%
Kukri Events Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Marathon Sports Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100%
Millets Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Missy Empire Limited	United Kingdom	59a Knowsley Street, Manchester, England, M8 8JF	Dormant company	51%
Modern Casuals Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	70%
Nanny State Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Old Brown Bag Clothing Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
OneTrueSaxon Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Open Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Peter Werth Limited	United Kingdom	Suite 20, 196 Rose Street, Edinburgh, Midlothian, EH2 4AT	Dormant company	100%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

JD Sports Fashion plc dormant undertakings (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Premium Fashion Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Projekts NYC Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Sonneti Fashions Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Spikes Holding LLC	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
Squirrel Sports Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Tessuti Retail Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
The Finish Line MA, Inc	United States	3308 N. Mitthoeffer Rd. Indianapolis, IN 46235	Dormant company	80%
The John David Group Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Topgrade Sportswear Holdings Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80%
Ultimate Outdoors Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Varsity Kit Limited	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Watch Shop Logistics Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%
Weaver's Door Ltd	United Kingdom	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100%

**** JD's indirect holding of <50%. The following are entities owned by Iberian Sports Retail Group SL ('ISRG'), and ISRG's ownership and voting rights interest is presented in brackets: Bodytone International Sport S.L., (50.1%), Deporvillage S.L. (80%), SDSR – Sports Division SR, S.A (100%), Sprinter Megacentros Del Deporte SLU (94%), Sport Zone Canarias S.L. (60%). JD is deemed to control ISRG via its shareholding (50.01%) and board of director/chairman appointments, and subsequently deemed to control these subsidiaries via its control of ISRG.**

Associates and joint ventures of JD Sports Fashion plc

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Associates				
Applied Nutrition Limited	United Kingdom	2 Acornfield Road, Knowsley Industrial Park, Liverpool, L33 7UG	Manufacture of other food products	32%
Il Sarto Milano Limited	United Kingdom	Tanzaro House, Ardwick Green N, Manchester, M12 6HD	Retailer of fashion apparel	30%
The Couture Club Ltd	United Kingdom	40-42 Matthews Street, Higher Ardwick, Manchester, England, M12 5BB	Retailer of fashion apparel	40%
Joint Ventures				
Brand Stable Ltd	United Kingdom	Atlantic House, 65 Jeddo Road, London, W12 9ED	Online own label women's fashion retailer	49%
Gio Goi Brands Limited	United Kingdom	Spring Court, Spring Road, Hale, Cheshire, England, WA14 2UQ	Retailer of fashion apparel and footwear	50%
Gio-Goi Trading Limited	United Kingdom	Spring Court, Spring Road, Hale, Cheshire, England, WA14 2UQ	Retailer of fashion apparel and footwear	50%
JD Sports Fashion Israel (2021) Limited Partnership	Israel	HaMelacha 8 Holon, Israel, Zip code: 5881504	Retailer of sports inspired footwear and apparel	60%
Marshall Artist Holdings Limited	United Kingdom	97 Alderley Road, Wilmslow, England, SK9 1PT	Intermediate holding company	25%
PT JD Sports Fashion	Indonesia	Erajaya Plaza, Jalan Bandengan Selatan Number 19-20, Kel. Pekojan, Kec. Tambora, Adm. City of West Jakarta, DKI Jakarta Province, 11240	Retailer of sports inspired footwear and apparel	51%

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Group undertakings (continued)

Associates and joint ventures of JD Sports Fashion plc (continued)

Name	Country of incorporation	Registered office	Nature of the business	JD's Interest
Joint Ventures				
PT JD Sports Fashion Distribution	Indonesia	Erajaya Plaza, Jalan Bandengan Selatan Number 19-20, Kel. Pekojan, Kec. Tambora, Adm. City of West Jakarta, DKI Jakarta Province, 11240	Retailer of sports inspired footwear and apparel	49%
The Gym King (Holdings) Limited	United Kingdom	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Intermediate holding company	40%
The Gym King GmbH	Germany	Adlerstraße 34, 90403 Nürnberg	Online retailer and wholesaler of sports inspired apparel	40%
The Gym King Limited	United Kingdom	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Online retailer and wholesaler of sports inspired apparel	40%
The Gym King IE Limited	United Kingdom	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Dormant company	40%
The Gym King Wholesale Limited	United Kingdom	Unit 6 Temple Point Bullerthorpe Lane, Colton, Leeds, West Yorkshire, LS15 9JL	Dormant company	40%

16 Inventories

Group	2021 £m	2020 £m
Finished goods and goods for resale	1,114.7	922.0
	1,114.7	922.0

There is no significant difference between the replacement cost of inventory and its carrying amount.

Finished goods and goods for resale recognised as cost of sales in the year amounted to £4,564.0m (2020: £3,399.5m).

Inventories are stated after provisions for impairment of £102.6m (2020: £108.1m).

The Company had no inventories as at 31 December 2021 (2020: £nil).

17 Debtors: amounts falling due within one year

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Amounts owed by group undertakings	-	-	0.1	-
Trade debtors	115.8	88.6	-	-
Other debtors	60.8	60.0	-	-
Social security and other taxes	0.9	0.5	-	-
Derivative financial instruments (note 24)	18.5	0.2	-	-
Corporation tax recoverable	5.7	9.4	-	-
Prepayments and accrued income	236.9	128.3	-	-
	438.6	287.0	0.1	-

Amounts owed by group undertakings are unsecured short-term liquidity balances with no fixed date of repayment and are repayable on demand.

Trade debtors are stated after impairments of £13.5m (2020: £13.0m)

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Debtors: amounts falling due after more than one year

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Derivative financial instruments (note 24)	6.3	0.2	-	-
Other debtors	-	0.4	-	-
Loan notes receivable	-	8.8	-	-
	6.3	9.4	-	-

19 Current investments

Group	Listed investments at fair value £m [a]	Unlisted investments at fair value £m [b]	Total current investments £m
As at 1 January 2021	512.5	36.5	549.0
Additions	35.2	-	35.2
Reclassification	13.7	(13.7)	-
Fair value loss	(22.4)	2.5	(19.9)
Currency adjustments	4.8	-	4.8
Demerger of the Investment Group (note 5)	(543.8)	(25.3)	(569.1)
As at 31 December 2021	-	-	-

[a] Fair value was determined with reference to the quoted market prices at the reporting date.

[b] Fair value is estimated with reference to valuation statements provided by the relevant private equity houses and fund managers.

20 Cash and cash equivalents

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash at bank and in hand	1,187.2	1,045.1	0.2	-
Short term deposits	418.6	261.4	-	-
	1,605.8	1,306.5	0.2	-

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

21 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Trade creditors	671.3	609.4	-	-
Amounts owed to group undertakings	-	-	10.8	0.1
Corporation tax	76.8	83.5	-	-
Other taxation and social security	193.8	165.9	-	-
Other creditors	51.1	16.5	-	-
Accruals and deferred income	767.9	623.1	0.2	0.2
Finance Leases	10.1	15.9	-	-
Put options held by non-controlling interests (note 24)	-	8.3	-	-
Derivative financial instruments (note 24)	4.8	20.0	-	-
Interest-bearing loans and borrowings	80.5	131.7	-	-
	1,856.3	1,674.3	11.0	0.3

Amounts owed to group undertakings are unsecured short-term liquidity balances with no fixed date of repayment and are repayable on demand.

22 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Other long-term creditors	80.0	99.7	-	-
Derivative financial instruments (note 24)	2.8	20.8	-	-
Put options held by non-controlling interests (note 24)	761.0	365.9	-	-
Finance leases	9.7	-	-	-
Interest bearing loans and borrowings	59.4	56.7	-	-
	912.9	543.1	-	-

Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Following initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated income statement over the period of the borrowings on an effective interest basis.

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Amounts falling due within one year				
Bank loans and overdrafts	80.5	131.7	-	-
Amounts falling due after more than one year				
Bank loans and overdrafts	59.4	56.7	-	-
	139.9	188.4	-	-

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

22 Creditors: amounts falling due after more than one year (continued)

Bank loans and overdrafts

Certain wholly owned UK subsidiaries have arrangements with individual banks whereby sterling, US dollar and euro cleared credit balances are set-off against the respective debit balances on their current accounts with interest paid on any aggregate net overdrafts. The net aggregate cash balances are reported for these arrangements. The Group has various short-term borrowing facilities at its disposal.

The bank loans and overdrafts attract interest rates at 0.4% - 8.2%. The overdrafts are repayable on demand and the bank loans are repayable over periods between 2 and 70 months. The maturity of the bank loans and overdrafts is as follows:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Within one year	80.5	131.7	-	-
Between one and five years	57.3	56.7	-	-
Due in more than five years	2.1	-	-	-
	139.9	188.4	-	-

Syndicated bank facility

As at 31 December 2021, JD and some of its subsidiaries have a syndicated committed £700m bank facility which expires on 6 November 2026. The facility was recently extended for a period of 2 years with no changes to existing terms (previous expiry 6 November 2024). JD is subject to covenants on net worth, net debt leverage and a fixed charge cover. Under this facility, a maximum of 15 drawdowns can be outstanding at any time, with drawdowns made for a period of one, two, three or six months, with interest currently payable at a rate of SONIA (Sterling Overnight Index Average) plus a margin of 0.9% (2021: LIBOR plus a margin of 0.9%). The arrangement and underwriting fee payable on the facility is 1.0%. The commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates ('LIBORs') became a priority for global regulators. LIBOR fixings relevant to JD were no longer representative after 31 December 2021, creating a requirement for JD's contracts which referenced LIBOR to use an alternative benchmark rate. JD's most significant risk exposure affected by these LIBOR changes relates to its syndicated committed bank facility. The reference rate for borrowings made under this facility was amended to SONIA from 22 December 2021.

As at 31 December 2021, the facility encompassed cross guarantees between JD, Blacks Outdoor Retail Limited, Tessuti Limited, Go Outdoors Retail Limited, The Finish Line Inc, The Finish Line USA Inc, Genesis Holdings Inc, Genesis Topco Inc, Shoe Palace Corporation, Terminus Bidco Inc, DTLR Villa LLC, Genesis Finco Limited, Focus Brands Limited and Focus International Limited.

At 31 December 2021, Enil was drawn down on this JD bank facility (2020: £nil). The Company does not provide any financial support or guarantees to JD in support of JD's operations or the facilities and indebtedness of JD to its bankers.

JD's second principal bank facility is a syndicated Asset Based Lending Facility in the United States, which has a maximum revolving advance amount of approximately \$300m (2020: £nil) and expires on 24 September 2026. At 31 December 2021, \$nil was drawn down on this facility (2020: \$nil).

23 Provisions for liabilities

	Property provisions and onerous contracts £m	Restructuring provision £m	Onerous contracts £m	Other provisions £m	Total £m
Group					
At 1 January 2021	5.6	0.9	-	1.7	8.2
Provisions reclassified from accruals	11.5	-	-	13.9	25.4
Profit and loss account charge/(credit)	3.7	0.3	5.2	(6.2)	3.0
Utilised during the year	(0.4)	(0.9)	-	-	(1.3)
At 31 December 2021	20.4	0.3	5.2	9.4	35.3

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

23 Provisions for liabilities (continued)

Property provisions and onerous contracts

Property provisions and onerous contracts arise on onerous and vacant property leases and comprise rent and rates payable on lowest cost of exit from the lease.

Restructuring provision

Restructuring provisions comprise operational reorganisation costs arising within the Group's businesses.

Onerous contracts

Included within the onerous contracts provision is a minimum contractual cost for the remaining term on a non-cancellable logistics services contract for the Azambuja warehouse in Portugal within the SportZone division of our listed subsidiary JD. The provision will be unwound over the remaining 8 year period ending 30 September 2030

Other provisions

The balance of other provisions is made up of various trade provisions and legal costs. The provisions are estimated based on accumulated experience, supplier communication and management approved forecasts.

24 Financial instruments measured at fair value

The carrying amounts of the financial assets and liabilities measured at fair value include:

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Financial assets at fair value through profit and loss				
Financial derivative instruments	24.8	0.4	-	-
Fixed asset investments	-	465.6	-	-
Current asset investments	-	549.0	-	-
	24.8	1015.0		
Financial liabilities at fair value through profit and loss				
Financial derivative instruments	(7.6)	(40.8)	-	-
Put options held by non-controlling interests	(761.0)	(374.2)	-	-
	(768.6)	(415.0)	-	-

Derivative financial instruments

The Group enters into foreign currency contracts to mitigate foreign exchange risk. As at 31 December 2021, outstanding contracts all mature within 24 months (2020: 24 months) of the year end.

The Group utilises foreign exchange derivative contracts to help reduce exposure to currency volatility during the extended period from design, costing and purchasing to selling and revenue generation from its products. Under FRS102 we are required to fair value foreign exchange derivative contracts at the year end and report unrealised gains or losses in the profit and loss account.

Due to the significant volumes of US dollars and euro cash flows across the Group, these exposures are managed centrally by Group Treasury on a combined rather than individual entity basis for those contracts that are non-JD related and by JD otherwise. 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 entities to assist them in the forecasting, planning and budgeting processes.

As of 31 December 2021, the Group was committed to buy US\$374.9m and sell €348.8m against a fixed sterling amount (2020: buy US\$539.8 and sell €388.3m).

Fair value is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR and risk-free interest rates.

The fair value of the foreign exchange derivative contracts owned by the Group was an asset of £24.8m (2020: £0.4m) and a liability of £2.8m (2020: £40.9m). The unrealised fair value change arising from the foreign exchange derivative contracts recognised in the Consolidated profit and loss account for the year was a gain of £58.9m (2020: loss £40.0m).

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

24 Financial instruments measured at fair value (continued)

Put Options held by non-controlling interests

Minority shareholders have a number of put options to sell remaining shares in partly owned subsidiaries. The present value of these options has been estimated as at 31 December 2021, and is included within amounts falling due after more than one year in the Consolidated balance sheet.

The present value of the estimated exercise price is calculated using the option price formula agreed on acquisition. All existing option price formulas are based on a profit measure, which is estimated by applying an approved growth assumption to the current budget profit for the upcoming financial year, if appropriate for the individual business the put or call option directly relates to. A discount rate is also applied to the option price, which is pre-tax, and reflects the current market assessment of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use.

A breakdown of the movement in put options held by non-controlling interests is as follows:

Group	2021 £m	2020 £m
Opening balance	374.2	77.9
Acquisitions	106.2	275.1
Disposals/lapse	-	(3.1)
Reclassified to other creditors	(8.3)	-
Change in fair value recognised in the Consolidated profit and loss account (within operating exceptionals)	288.9	24.3
As at 31 December	761.0	374.2

Put options acquired of £50.2m relate to Marketing Investment Group S.A. ('MIG').

25 Deferred taxation

The net deferred tax asset in 2021 (and 2020) is as follows:

Group	2021 £m	2020 £m
Deferred tax asset	63.2	23.2
Deferred tax liability	(123.7)	(176.5)
Net deferred liability	(60.5)	(153.3)
Accelerated capital allowances	(21.7)	-
Other timing differences*	(52.4)	(172.0)
Pension deficit	(0.2)	13.2
Unrelieved tax losses	13.8	5.5
	(60.5)	(153.3)

*Other timing differences mainly attributable to deferred tax impact of fascia names acquired by JD (2020: fair values of non-current and current investments).

The future potential deferred taxation asset in 2021 (and 2020), which has not been recognised on the basis that there was insufficient evidence of suitable taxable profits, is as follows:

Group	2021 £m	2020 £m
Unrecognised deferred tax asset	21.1	39.8
	21.1	39.8

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Called up share capital and share premium

Share capital

Group and Company	No.	£
At 31 December 2020		
Authorised		
Ordinary shares of £0.10001 each	10,000,000	1,000,100
Allotted, issued and fully paid		
Ordinary shares of £0.10001 each	9,736,402	973,737.6
Re-designation and reclassification of ordinary shares into a new class of A ordinary shares		
Ordinary shares of £0.10001 each	(1,345,682)	(134,581.66)
A ordinary shares of £0.10001 each	1,345,682	134,581.66
At 31 December 2021		
Authorised		
Ordinary shares of £0.10001 each	8,654,318	865,518.34
A ordinary shares of £0.10001 each	1,345,682	134,581.66
Allotted, issued and fully paid		
Ordinary shares of £0.10001 each	8,390,720	839,155.91
A ordinary shares of £0.10001 each	1,345,682	134,581.66

To assist the demerger of the Investment Group, as further discussed in note 5 'Discontinued operations', the Company re-designated and reclassified, on a one-for-one basis, 1,345,682 ordinary shares of £0.10001 each into 1,345,682 A ordinary shares of £0.10001 each.

The special rights attached to the ordinary shares and A ordinary shares are as follows:

Ordinary Shares

- Voting: entitle the holders to receive notice of, and to attend and vote at, general meetings of the Company pari passu with all other holders of ordinary shares; and
- Income and capital: shall entitle the holders to participate in all income or capital of the Company to the exclusion of the A ordinary shareholders other than on a return of capital on the winding up of the Company, where the repayment of the capital paid up on the ordinary shares shall rank pari passu with the rights of the A ordinary shareholders to the repayment of the capital paid up on the A ordinary shares.

A Ordinary Shares

- Voting: shall not entitle the holders to receive notice of, and to attend and vote at, general meetings of the Company; and
- Income and capital: shall not entitle the holders to participate in any income or capital of the Company other than on a return of capital on the winding up of the Company, where the repayment of the capital paid up on the A ordinary shares shall rank pari passu with the rights of the ordinary shareholders to the repayment of the capital paid up on the ordinary shares.

The Company is owned and controlled by R S Rubin, members of his immediate family and trusts whose beneficiaries include the Rubin family.

Share premium

Group and Company	2021 £m
As at 1 January	5,129.0
Return by way of demerger of the Investment Group to the shareholders of the Company	(709.0)
Dividend paid to the shareholders	(10.0)
As at 31 December	4,410.0

In October 2021, the Investment Group was demerged into a newly established group. The demerger was ultimately affected by the Company undertaking a capital reduction of its existing share premium (note 5 and 14).

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

27 Commitments and contingencies

Capital commitments

As at 31 December 2021, the Group had authorised capital commitments of £18.3m (2020: £11.3m) of which £18.3m (2020: £11.3m) had been contracted.

Other commitments

In December 2021 the Group's subsidiary, JD, signed a contract with ABG Reebok LLC to licence the Reebok brand in various territories. The agreement is subject to terms and conditions and was not effective until after the 31 December 2021 financial year-end. As a result, the Group has not recognised an intangible asset for the use of the brand in the Consolidated balance sheet at 31 December 2021, nor a liability for the discounted contractual minimum royalty payments under the initial 10 year term of £73.1m.

Defined benefit obligation

As set out in note 7, the net defined benefit obligation in respect of the Pentland Group Retirement Benefits Scheme has been split between the Group, which retained a 60% net pension liability, and the demerged Investment Group headed by Pentland Capital Holdings Limited, which assumed retained a 40% net pension liability. Certain companies within the Group, together with certain companies within the demerged Investment Group, are jointly and severally liable for any obligations in respect of the Pentland Group Retirement Benefits Scheme. No provision has been recognised in the consolidated financial statements of the Group as the risk of liability arising is remote as at 31 December 2021.

Contingent liabilities

The activities of the listed subsidiary, JD, are overseen by a number of regulators around the world and, whilst the Group 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 Group 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 Group would make a provision for this matter.

On 23 September 2021, the CMA launched an investigation under section 25 of the Competition Act 1998 ('CA98') into suspected breaches of competition law by Leicester City Football Club Limited and JD, together with their affiliates. JD continues to co-operate fully with the CMA.

The CMA has not reached a view as to whether there is sufficient evidence of an infringement of competition law for it to issue a statement of objections or, ultimately, an infringement decision, to any party under investigation. Therefore, at this stage, it is not possible to determine with sufficient certainty that a liability will ultimately arise. Indeed, not all cases result in the CMA issuing a statement of objections or an infringement decision.

Lease commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	Land and buildings		Other	
	2021 £m	2020 £m	2021 £m	2020 £m
Payments				
Leases expiring				
- Within one year	429.7	372.6	3.5	3.1
- Within two to five years	1,030.9	914.6	3.4	3.9
- Over five years	453.2	382.1	-	-
	1,913.8	1,669.3	6.9	7.0

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

28 Net cash from operating activities

	2021 £m	2020 £m
Profit for the financial year	379.8	613.7
Adjustments for		
Tax on profit	232.0	244.5
Net interest expense	6.5	5.1
Income from other fixed asset investments	(0.5)	(0.6)
Other finance charges	0.8	1.1
Net gain on fair value of investment property	(0.7)	-
Net (gain)/loss on financial assets at fair value through the profit and loss account	(68.0)	(526.3)
Income from interests in associated undertakings and joint ventures	(15.7)	(5.9)
Profit from sale of business	-	(0.6)
Realised (gain)/loss on disposal of associates and joint ventures	-	(1.2)
Unrealised losses on derivative financial instruments	(57.8)	40.0
Operating profit	476.4	369.8
Depreciation and amortisation	322.0	216.0
Impairment of tangible and intangible assets	63.2	103.1
Impairment of associates	-	5.7
Loss on settlement of pre-existing relationship	-	6.0
Loss/(profit) on disposal of tangible and intangible assets	6.5	2.0
Profit on disposal of fixed asset and current asset investments	-	(29.1)
Fair value loss on put options held by non-controlling interests	288.9	24.3
Net movement in provisions for liabilities and charges	1.7	(1.9)
Contribution to the pension scheme	(1.4)	(1.4)
Decrease/(increase) in inventory	(28.0)	88.4
Decrease in debtors	(130.4)	48.1
Increase in creditors	119.5	190.6
Foreign exchange movement	2.4	(0.2)
Net cash from operating activities	1,120.8	1,021.3

29 Analysis and reconciliation of net funds

	Note	At 1 January 2021 £m	Cash flow £m	Acquisitions £m	Demerger £m	Exchange movement £m	At 31 December 2021 £m
Cash at bank and in hand	20	1,045.1	23.7	151.8	(28.3)	(5.1)	1,187.2
Short term deposits	20	261.4	157.2	-	-	-	418.6
Bank overdrafts	21	-	(12.6)	(23.2)	-	-	(35.8)
Cash and cash equivalents		1,306.5	168.3	128.6	(28.3)	(5.1)	1,570.0
Finance leases	21, 22	(15.9)	5.8	(10.5)	-	0.8	(19.8)
Other loans due within one year	21	(131.7)	237.2	(156.2)	-	6.0	(44.7)
Other loans due after one year	22	(56.7)	(7.5)	-	-	4.8	(59.4)
Net Funds		1,102.2	403.8	(38.1)	(28.3)	6.5	1,446.1

Pentland Group Holdings Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

30 Cash flow relating to exceptional items

Included in operating cash flow is an outflow of £nil (2020: £nil) relating to provisions made in prior years.

31 Related party transactions and ultimate controlling party

Disclosure of control

R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of the Company as at 31 December 2021.

Subsidiary undertakings

Details of investments in principal undertakings are included in note 15. In accordance with FRS 102 Section 8 "Related Party Disclosures", disclosure is not required of transactions and balances between Group companies where such transactions are eliminated on consolidation.

Pentland Capital Holdings Limited and its subsidiary undertakings

	2021 £m
Transactions post de-merger	
Sale of services and management recharges	1.6
Administrative expenses incurred	(0.5)
Year end balances	
Amounts owed by related parties	5.9
Amounts owed to related parties	(2.0)

Pentland Capital Holdings Limited and its undertakings became a related party of the Group upon demerger of the Investment Group in October 2021 (note 5).

Associate undertakings and joint ventures

	2021 £m	2020 £m
Transactions		
Sale of services to Pentland Chaussures Limited	6.0	4.1
Purchases from Pentland Chaussures Limited	(18.8)	(25.1)
Purchases from Linea Aqua (Pvt) Ltd	(2.3)	(3.6)
Year end balances		
Amounts owed by related parties	0.3	1.7
Amounts owed to related parties	(3.5)	(5.9)

Pension funds

Information relating to pension fund arrangements is disclosed in note 7. Other than the payment of normal pension contributions there have been no transactions between the Group, nor its related parties, and any employee pension funds. There are no balances outstanding at the year end between Group companies and employee pension funds, except those relating to the payment of pension contributions.

The following directors are Trustees of the RSH Executive Pension Scheme:

A J Mosheim
 B A Mosheim
 A S Rubin
 C L Rubin
 R S Rubin (Chairman)
 A K Rubin

The following director was a Trustee of the Pentland Group Retirement Benefits Scheme during the year:

A M Long

Pentland Group Holdings Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

31 Related party transactions and ultimate controlling party (continued)

Charitable donations

As at 31 December 2021, R S Rubin and his close family exercised a trustee role in the Rubin Foundation Charitable Trust.

During the year payments of £1.0m were made as a charitable donation to the Rubin Foundation Charitable Trust and at year end there was a total accrual of £0.5m (2020: £nil).

Directors

During the year there were no transactions with directors, or directors' close family members, outside of items already disclosed in note 4.

Key management compensation

Key management includes the directors whose compensation is disclosed in note 4.

32 Profit attributable to the Company

The loss for the year ended 31 December 2021 of the Company was £0.4m (16-month period ended 31 December 2020: £0.3m). As permitted by section 105(11) of the Companies (Jersey) Law 1991, no separate profit and loss account or statement of comprehensive income is presented in respect of the Company.

33 Events after the reporting period

Acquisition of Total Swimming Group

On 27 May 2022, JD completed, via its existing subsidiary JD Sports Gyms Limited, the acquisition of a 60% share in Total Swimming Group. Initial cash consideration paid was £11.1m with a maximum of £4.0m of deferred consideration that is contingent upon future performance criteria and certain closing conditions. Total Swimming Group was founded by former Olympic swimmers Steve Parry, Rebecca Adlington and Adrian Turner to make swimming more accessible and includes Swim!, the first multi-site operator of dedicated children's learn to swim centres in the UK. The acquisition provides a broadening of JD's leisure interests, which now includes gyms and pools. In its 2021 financial year, Total Swimming Group generated revenues of £8.6m. The Group is in the process of preparing the purchase price allocation, including a provisional goodwill calculation.

Disposal of Footasylum Limited

On 5 August 2022, JD completed on the sale of Footasylum Limited and its associated subsidiaries to AURELIUS Group for £37.5m. The sale was agreed in accordance with the final undertakings issued by the Competition and Markets Authority on 14 January 2022, following the decision to prohibit JD's acquisition of Footasylum last year.

JD Sports Fashion Korea Inc

On 6 September 2022, JD acquired 50% of the shares in its existing subsidiary, JD Sports Fashion Korea Inc ('JD Korea') for cash consideration of 26.1 billion KRW (£16.4m). JD now owns 100% of the share capital of JD Korea. In accordance with FRS 102, JD had previously assessed and concluded that it controlled JD Korea. As the acquisition of the 50% on 6 September 2022 does not result in a change of control, this will be accounted for as an equity transaction.

Acquisition of additional holding in Deporvillage

On 14 October 2022, Iberian Sports Retail Group SL ('ISRG'), JD's existing 50.02% intermediate holding company in Spain, acquired an additional 18% holding in the issued shares in Deporvillage SL from Xavier Pladellourens and Angel Corcuera, (the 'Co-Founders') for cash consideration of €19.8 million. Following the transaction, ISRG own 98% of Deporvillage with the Co-Founders retaining a 2% interest. ISRG and the Co-Founders have also entered into put and call options over the Co-Founders' remaining 2% interest in Deporvillage. The consideration payable for this remaining 2% holding has been capped.

Revolving credit facility with Pentland Group Limited

In June 2022, the Group entered into a credit agreement with Pentland Group Limited, a related party, for a revolving credit facility. The aggregate principal amount available under that facility has been increased to £90m. The credit facility carries an interest charge of SONIA + 3.75% per annum and the final repayment date is 31 December 2023. The credit facility does not impose any financial covenants on the Group.