NO ORDINARY SHOES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Registered number: 02096981

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity during the year was the design, sourcing, marketing and distribution of footwear in the UK and internationally. This is not expected to change in the coming year.

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

Principal risks and uncertainties

The directors of Pentland Group plc (the ultimate parent company) manage the group's risk at a group level, rather than at an individual entity level, including financial risk management. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of No Ordinary Shoes Limited's business.

The principal risks and uncertainties of Pentland Group plc, which include those of the Company, are discussed in the group's annual report which does not form part of this report. Copies of the Pentland Group plc consolidated financial statements are available from the company secretary at 8 Manchester Square, London, W1U 3PH.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

By order of the board

P J Campbell
Company secretary
27 March 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The company's loss for the financial year is £7k (2013: £480k) and is shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2013: £nil).

DIRECTORS

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

M Rock
A K Rubin
A C Sharp (resigned 31 July 2014)
A M Long

QUALIFYING THIRD PARTY AND PENSION SCHEME LIABILITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its directors and the secretary which were made during the year and remain in force at the date of this report.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking has indicated its intention to provide continuing financial support to the company for at least the next twelve months, and the foreseeable future thereafter.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors' report, of which the auditors are unaware. Having made enquiries of fellow directors and the group auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

Pursuant to sections 485-488 of the Companies Act 2006, PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

By order of the board

P J Campbell
Company secretary
27 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NO ORDINARY SHOES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, No Ordinary Shoes Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

No Ordinary Shoes Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NO ORDINARY SHOES LIMITED (continued)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

ALees

Alison Lees (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2015

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**2014 £'000**	2013 £'000
Turnover	3	**24,394**	17,596
Loss on ordinary activities before taxation	4	**(7)**	(480)
Tax on loss on ordinary activities	6	**-**	-
Loss for the financial year	13	**(7)**	(480)

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

NO ORDINARY SHOES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	7	**125**	72
Current assets			
Stock	8	**4,113**	2,909
Debtors	9	**3,443**	2,439
		7,556	5,348
Creditors amounts falling due within one year	10	**(9,261)**	(6,993)
Net current liabilities		**(1,705)**	(1,645)
Total assets less current liabilities		**(1,580)**	(1,573)
Net liabilities		**(1,580)**	(1,573)
Capital and reserves			
Called up share capital	12	**-**	-
Profit and loss account	13	**(1,580)**	(1,573)
Total shareholders' deficit		**(1,580)**	(1,573)

The financial statements on pages 6 to 16 were approved by the board of directors on 27 March 2015 and signed on its behalf by:

A M Long
Director

Registered number: 02096981

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

Basis of preparation These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently with the prior year, is given in the following paragraphs.

The financial statements have been prepared on a going concern basis as the ultimate holding company, Pentland Group plc, has committed to provide full financial support to enable the company to meet its liabilities as they fall due for at least the next twelve months, and the foreseeable future thereafter.

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

Tangible fixed assets and depreciation Tangible fixed 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. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically. The expected useful life of plant and equipment is two to five years, fixtures and fittings three to ten years.

Stock Stock is valued at the lower of cost, determined on a FIFO method, and estimated net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Foreign currencies Transactions in foreign currencies during the year are translated at the rate of exchange applicable at the transaction date, or if hedged forward, at the contracted rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, or contracted rates where hedging arrangements are in place.

Foreign exchange differences are recognised in the profit and loss account.

Turnover Turnover comprises the value of external sales, services and royalties, excluding sales related taxes. Sales are recognised as they are invoiced following the passing of title of goods. Royalties are recognised in the period in which the related sales are made.

Retirement benefits The company's employees can either be members of the defined benefit or defined contribution pension schemes. The total expense recognised in the profit and loss account in relation to pensions represents the actual contribution paid into the defined contribution scheme on behalf of employees. Contributions made during the year can be found in Note 5 of the financial statements.

The impact of Financial Reporting Standard (FRS17): Retirement Benefits on the defined benefit pension scheme have not been applied to the financial statements as the employer is unable to identify its share of the underlying assets and liabilities. The disclosures required under FRS 17: Retirement Benefits are disclosed in the financial statements of Pentland Group plc, the company's ultimate parent undertaking.

1 ACCOUNTING POLICIES (continued)

Current and deferred income tax The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and 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 currently tax assets against current tax liabilities and when the deferred income taxes 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

2 CASH FLOW STATEMENT

Pentland Group plc, of which the company is a wholly owned subsidiary, has presented in its consolidated financial statements a group cash flow statement drawn up under the provisions of Financial Reporting Standard 1 (Revised 1996): Cash Flow Statements (FRS 1). Accordingly, the company has taken advantage of the exemption available under FRS 1 to dispense with presenting its own cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

3 TURNOVER

Turnover by destination is analysed by geographical area as follows:

	2014 £'000	2013 £'000
United Kingdom	**14,875**	11,531
Europe	**1,622**	1,177
North America	**5,599**	2,863
Rest of the World	**2,298**	2,025
	24,394	17,596

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Turnover	**24,394**	17,596
Cost of sales	**(17,164)**	(11,607)
Gross profit	**7,230**	5,989
Net operating expenses		
Distribution costs*	**(751)**	(632)
Administrative expenses*	**(6,486)**	(5,837)
Loss on ordinary activities before taxation	**(7)**	(480)

The following are included within the operating loss:	**2014** **£'000**	2013 £'000
Staff costs:		
Wages and salaries	**1,735**	1,557
Social security costs	**218**	200
Other pension costs	**93**	79
	2,046	1,836
Depreciation of tangible fixed assets	**53**	84
Auditors' remuneration – audit services	**14**	14

* Overhead costs have been reclassified for 2013, to provide a more accurate split between administration and distribution costs.

5 DIRECTORS AND EMPLOYEES

The average monthly number of persons over the year, including directors, employed by the company during the year was:

	2014 Number	2013 Number
By activity:		
Management and administration	**14**	9
Selling and distribution	**18**	17
	32	26

Directors' emoluments

	2014 £'000	2013 £'000
Aggregate emoluments	**276**	243
Company contributions to money purchase scheme	**18**	16
	294	259

The emoluments of the highest paid director, excluding pension contributions, were £259,114 (2013: £243,027).

The contributions to the money purchase scheme for the highest paid director were £16,360 (2013: £15,570).

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

6 TAX ON LOSS ON ORDINARY ACTIVITIES

Based upon the results for the current and prior year there was no tax payable.

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

6 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	**(7)**	(480)
Loss on ordinary activities multiplied by the average rate in the UK of 21.49% (2013: 23.25%)	**(2)**	(112)
Effects of:		
Expenses not deductible for tax purposes	**2**	4
Group relief claimed/surrendered for £nil consideration	**3**	113
Capital allowances in excess of depreciation and other timing differences	**(75)**	(39)
Tax rate change impact	**-**	18
Adjustment to tax charge in respect of prior year	**72**	16
Current tax charge for the year	**-**	-

The main rate of corporation tax in the UK reduced from 23% to 21% with effect from 1 April 2014. Accordingly, the company's losses for the accounting period to 31 December 2014 were taxed at an effective rate of 21.49%. A further rate reduction to 20% effective from 1 April 2015 was substantively enacted on 2 July 2013 and therefore any relevant deferred tax balances have been measured at this rate.

7 TANGIBLE ASSETS

	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2014	641	71	712
Additions	106	-	106
At 31 December 2014	**747**	**71**	**818**
Accumulated depreciation			
At 1 January 2014	575	65	640
Charge for the year	51	2	53
At 31 December 2014	**626**	**67**	**693**
Net book value: **At 31 December 2014**	**121**	**4**	**125**
At 31 December 2013	66	6	72

8 STOCK

The company's stock consists of finished goods held for resale.

9 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	**2,256**	1,800
Amounts owed by fellow group undertakings	**1,157**	606
Prepayments and accrued income	**30**	33
	3,443	2,439

Amounts owed by fellow group undertakings are unsecured, interest free and have no fixed date of repayment

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Bank overdraft	**4,477**	3,035
Trade creditors	**297**	119
Amounts owed to fellow group undertakings	**2,454**	1,674
Amounts owed to parent undertaking	**503**	621
Social security and other taxes	**263**	247
Other creditors	**-**	179
Accruals and deferred income	**1,267**	1,118
	9,261	6,993

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

Amount owed to the parent undertaking relates to a short term cash balance which is interest free and is repayable on demand.

Bank overdrafts relate to a short term cash balance repayable on demand. Interest is incurred by the ultimate parent company based on the group position.

11 DEFERRED TAXATION

The full potential deferred taxation asset, which has not been recognised, is as follows:

	2014 £'000	2013 £'000
Depreciation in excess of capital allowances	**47**	101
Other timing differences	**4**	25
	51	126

The directors consider that there is insufficient certainty that there will be taxable profits within the Pentland Group plc tax group in the foreseeable future such as to realise the deferred tax asset, and therefore the asset has not been recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

12 CALLED UP SHARE CAPITAL

	2014	2013
	£'000	£'000
Authorised		
1,000 ordinary shares of £1 each	**1**	1

	2014	2013
	£	£
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

13 PROFIT AND LOSS ACCOUNT

	2014	2013
	£'000	£'000
At 1 January (deficit)	**(1,573)**	(1,093)
Loss for the financial year	**(7)**	(480)
At 31 December (deficit)	**(1,580)**	(1,573)

14 COMMITMENTS AND CONTINGENCIES

Bank overdrafts are reported gross but the company and its UK fellow group undertakings have arrangements with their clearing banks whereby sterling and, if applicable, US dollar and euro cleared credit balances are set off against the respective sterling and foreign currency cleared debit balances on their current accounts and interest is paid only on the aggregate net overdrafts.

The company is party to a guarantee in favour of its bank regarding the aggregate indebtedness on the cleared current account balances in sterling, US dollars and euros respectively of Pentland Group plc and of several UK fellow group undertakings, which together comprise the overdraft group and participate in the set-off arrangements with the bank.

The company's liability under the guarantee is limited to the lower of the account indebtedness of the relevant group companies and its own current account credit balances in sterling and the respective foreign currencies with the bank.

15 RELATED PARTIES

Pentland Group plc, of which the company is a wholly owned subsidiary, has presented in its consolidated financial statements, which are publicly available, a related parties disclosure note under the provisions of Financial Reporting Standard 8: Related Party Disclosures (FRS 8). Accordingly, the company has taken advantage of the exemption available under FRS 8 to dispense with disclosing related party transactions with wholly owned subsidiaries within the group, or investees of the group, qualifying as related parties.

Transactions with non-wholly owned subsidiaries:

a) Sale of goods

	2014	2013
	£'000	£'000
Sale of goods to JD Sports	**74**	0

b) Year-end balances arising from sales of goods

	2014	2013
	£'000	£'000
Receivables from JD Sports Fashion Limited at balance sheet date	**9**	0

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is Pentland Group plc, a company registered in England. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group plc. Consolidated financial statements have been prepared by Pentland Group plc, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2014. The consolidated financial statements of Pentland Group plc can be obtained from the Company's registered office at 8 Manchester Square, London, W1U 3PH.