

MITRE SPORTS INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
Registered number: 02688851

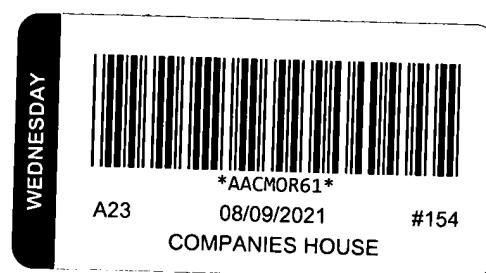


Table of Contents

	Page
Strategic Report	2
Directors' Report.....	7
Independent auditor's report to the members of Mitre Sports International Limited	10
Profit and loss account.....	14
Statement of comprehensive income	14
Balance Sheet	15
Statement of changes in equity.....	16
Notes to the financial statements	17

MITRE SPORTS INTERNATIONAL LIMITED

Strategic Report for the year ended 31 December 2020

The directors present the strategic report of the company for the year ended 31 December 2020.

Review of the Business and Future Developments

The company's principal activity during the year was the design, sourcing, marketing and distribution of sports balls and related accessories in the UK. 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 and robust long-term strategic planning, the directors remain confident that the business will continue to meet the challenges it faces.

Performance

The company's loss for the financial year is £1,299k (2019: loss of £737k) and is shown in the profit and loss account on page 14. The company's net liabilities as at 31 December 2020 were £2,355k (2019: net liabilities of £1,056k). The directors do not recommend the payment of a dividend (2019: £nil).

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

	2020 £'000	2019 £'000
Revenue	11,777	13,525

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 principal risks and uncertainties of Pentland Group Holdings Limited, which include many of those of the company, are discussed within the group's annual report which does not form part of this report. Copies of Pentland Group Holdings Limited's consolidated financial statements are available from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.

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

Category	Risk	Mitigating Activity
Liquidity and Funding		
Intercompany Funding		
The company is in a net liability position.	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.

MITRE SPORTS INTERNATIONAL LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

Principal Risks and Uncertainties (continued)

Category	Risk	Mitigating Activity
Brexit and Supply Chain		
<p>Reliance on Non-UK Manufacturers</p> <p>The majority of the company's product is sourced outside the UK and is therefore exposed to the risks associated with international trade and transport as well as different legal systems and operating standards.</p>	<p>There may be a disruption to the supply chain process from events which may not be under its control.</p>	<p>The company looks to mitigate supply chain risk by implementing a rigorous supply selection process and working closely with a variety of suppliers.</p> <p>The company (through its Group function) works with its suppliers to ensure that the products being sourced satisfy increasingly stringent laws and regulations governing issues of health and safety, packaging and labelling and other social and environmental factors.</p> <p>Adequate levels of stock are maintained to cover short periods of supply delay.</p>
<p>Tariffs and Brexit Delays</p> <p>The UK has now left the EU and the transition period came to an end on 31 December 2020. Although a deal with the EU was reached on 24 December 2020, this has little or no impact on tariff barriers between the UK and the EU; what reliefs are provided within the deal are limited to either UK or EU produced goods as defined by the 'origin rules'.</p>	<p>Given that the deal provided no relief from import duty for goods moving from the UK to the EU, there was a significant risk that double duty might have become payable on goods moving to the UK from Asia.</p>	<p>Through the use of Customs warehousing and acting as the Importer of Record into the EU, the level of duty risk has been much reduced and the supply chain remains under Pentland's control.</p> <p>Please see our statement in relation to s172 of the Companies Act 2006 on page 5, which highlights our principal decisions taken in relation to Brexit.</p>

MITRE SPORTS INTERNATIONAL LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

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 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 the highest standards of conduct, which are outlined on the Pentland Brands website (<https://pentlandbrands.com/reports-and-resources/>). These set out the high expectations we set for ourselves, our employees, 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 directors engaged with those stakeholders to promote the success of the company.

- Pentland Group Limited

Pentland Group Limited is the company's immediate parent company and provides significant intercompany funding. 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 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.

- Suppliers

Our suppliers are fundamental to the quality of our products. Most of our stock is sourced from outside the UK and it is therefore important to ensure that we are compliant with trading standards and regulations, such as the Modern Slavery Act, to meet the highest standards of social responsibility. Our Risk Committee allows us to highlight any challenges associated with various regions due to political or economic instability that may impact our ability to act in accordance with the highest standards of conduct we set ourselves, or our ability to meet customer demands, and support our suppliers if necessary.

Much of the engagement with our suppliers is through our sourcing partners, though we regularly assess the results of our Payment Practices Reporting for all suppliers to ensure that we are meeting their liquidity demands. Continued uncertainty over Brexit led to the need for extra engagement in 2020.

- Customers

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

Any significant decisions on new product ranges or investment/divestment in distribution channels must take customer needs into consideration, and engage with those customers as necessary.

- Employees

Whilst all employee contracts are held by Pentland Brands Limited, a sister company within the group, the company recognises that certain 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.

- Community

Having a positive impact on the wider community is key to the company. To reflect the growing need to factor our social and environmental impact into all that we do, in 2020 we introduced our commitment to 'positive business' – our strategy to take action for people and our planet. 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. In addition to publishing its 4th Modern Slavery Report, Pentland Brands published its first standalone Positive Business report, which outlines the activities and actions taken and our commitments from 2020 onwards - You can read the full reports of both on the Pentland Brands website - <https://pentlandbrands.com/about-us/>.

MITRE SPORTS INTERNATIONAL LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

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

Our Principal Decisions

- *Brexit*

Throughout 2020 the situation remained unclear as to what scenario the UK would find itself in once the transition period ended on 31 December 2020. During the year the directors, with advice from their steering group, continued to plan for either a 'no-deal' or 'no-transition' outcome, recognising the potential disruption to our customers' stock-holding requirements.

Significant consultations were held with our supply chain to determine whether our warehouses would be able to manage the impact of any changes to the length of time stock is held there, as well as any additional procedures that would need to be adhered to under new legislation.

The Brexit plans and mitigating procedures were communicated to vendors as a matter of course. Vendors were briefed on any possible changes to documentation requirements, which were then managed by the Pentland Shipping teams.

Our people - We had plans in place to support EU nationals employed in the business through this difficult period. This ensured that they could continue to work in the UK and help us in delivering an excellent service to our customers through their many different roles across our organisation.

Export processes - With potentially more complex border controls in place and changes to both legislation and ways of working regarding exporting goods between the UK and the EU, we worked closely with our freight forwarding partners to ensure we were prepared so that orders would not be delayed.

Duties & taxes - Leaving the EU can expose companies to increased duties and taxes in both the UK and the EU. To pre-empt this, we took some mitigating actions including the bonding of our distribution centres and renewal of our EU company registrations. The company also communicated with its employees, partners and retail customers to keep them informed on the preparations and support available in different scenarios, including a 'no deal' scenario.

The EU Deal - At the end of 2020, the UK government and EU members signed a trade agreement which includes new rules on exports, imports, tariffs, data and hiring. Its pre-Brexit preparations have enabled the company to react swiftly to the changes, however, it is clear that the agreement will increase the supply chain costs and the complexity of moving goods between the UK and the EU. We are now working with employees, partners, vendors and customers on what this means for them.

- *COVID-19*

In common with many businesses, a significant area for decision making in 2020 related to the global COVID-19 pandemic. Please see our Statement in relation to COVID-19 below for further information.

Statement in relation to COVID-19

During the ongoing COVID-19 pandemic, our number one priority has been the health and wellbeing of our people, those working for our partners and within our supply chain and the communities in which we operate; whilst also keeping our business running for our retail customers and our consumers.

- *Pandemic Committee*

From the outset we set up a Pandemic Committee with experts from across the global organisation. The Committee was responsible for monitoring the escalating situation, advising and agreeing actions and support aligned to WHO and various government guidelines for its employees, partners and vendors.

The rapidly evolving COVID-19 crisis meant the majority of our retail customers closed their retail stores globally. This naturally had a significant impact on product demand across our brand portfolio and our expectation is that the COVID-19 global pandemic will have a significant impact on our business well into 2021.

MITRE SPORTS INTERNATIONAL LIMITED

Strategic Report for the year ended 31 December 2020 (continued)

Statement in relation to COVID-19 (continued)

- *Employees*

With the closure of retail significantly impacting revenue over the past 12 months, we were grateful to access government support to protect as many jobs as possible across the Pentland Brands group of companies. Given our improved confidence in the recovery, we have now repaid all UK government support received since the start of the crisis.

- *Health and Safety*

While we closed our offices in-line with the relevant government guidelines in 2020, our distribution centres remained open. We significantly reduced the number of people working in our warehouses and introduced changes in working practises to minimise the risks and to protect the wellbeing of our teams.

- *Supply Chain*

We endorsed the call-to-action initiative convened by the International Labour Organisation (ILO) to address COVID-19 impact on the global garment sector and, as a founding member of ACT (Action, Transformation, Collaboration), worked in partnership with our suppliers to assess the impact of changes in demand due to the pandemic.

We also worked together with our suppliers on any rephasing of orders looking to mitigate the impact and, in some cases, our suppliers switched to producing PPE/COVID-19 related goods.

Health and safety within our supply chain is important to us and forms part of our regular auditing practice. Due to the need for increased safety and hygiene measures during the COVID-19 pandemic we also shared industry best practice guidance with our suppliers.

We value the partnerships with our suppliers and in many cases have long standing relationships which we have held over many years. Together, we worked to help them navigate through the difficult period and to reassure them of our long-term commitment to them.

- *Supplier Engagement*

We standardised the majority of supplier terms at 60-days, which is significantly shorter than the industry average of 90 days. Where additional support was needed, Pentland connected a small number of stock suppliers to Standard Chartered, who provided a short-term supply chain financing facility for an element of outstanding invoices.

Pentland has long-standing relationships with the majority of its suppliers and, throughout the year, kept vendors informed of all business and leadership changes with regular updates.

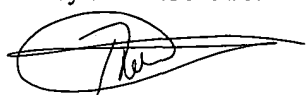
- *Stock Management*

We collaborated with suppliers to rephrase our order book to limit the challenge of being in an over stocked position within our warehouses. We also reconfigured our distribution network to manage stock more efficiently and continued to fulfil fast moving lines still in demand. To minimise the impact on our distribution operations, we also established a stock SWAT team to manage the impact of inventory during the pandemic.

These decisions placed us in a stronger position to manage inventory and, by making in-demand products available, we were able to minimise order cancellation with our suppliers.

There were challenges in the global shipping market throughout 2020 due to an in-balance of container availability and a reduction in service level options. Our strong long-standing relationships with shipping partners, alongside open communication and improved forecasting accuracy, helped us to navigate these challenges during the year.

By order of the board



T E Cullen
Company Secretary
Date: 7 July 2021

MITRE SPORTS INTERNATIONAL LIMITED

Directors' Report for the year ended 31 December 2020

The directors present their report of the company for the year ended 31 December 2020.

Future Developments and Financial Risk Management

Refer to the Strategic Report on page 2.

Going Concern

Notwithstanding net current liabilities of £2,393k as at 31 December 2020 and a loss for the year then ended of £1,299k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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

Those forecasts are dependent on Pentland Group Limited providing additional financial support during that period. Pentland Group 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 2.

Financial Instruments

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 were:

A K Rubin
A M Long
K L Nurse (resigned 30 September 2020)
C Y Patel (appointed 1 October 2020)
J M Godden (appointed 1 October 2020)
D Highfield (appointed 1 October 2020)

Qualifying Third Party and Pension Scheme Liability Provisions

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

MITRE SPORTS INTERNATIONAL LIMITED

Directors' Report for the year ended 31 December 2020 (continued)

Employee Policies

Pentland supports and promotes 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. Pentland's policy is to recruit, develop and promote people purely on their aptitude and ability. We are determined to ensure that no applicant or employee receives less favourable treatment. For people with disabilities, including anyone who becomes disabled whilst in our employment, this includes taking into consideration and making the appropriate adjustments so they have equal opportunities in recruitment, promotion and career development.

Pentland sees employee engagement as a key aspect of ensuring that teams remain motivated and well informed about activities and developments across the business. Various group, subsidiary and brand updates are distributed throughout the year and webinars are held to keep employees informed of performance and strategy. Management is charged with communicating and explaining group's financial results to their team and maintain constant communication with direct reports so that employee's views may be considered in making decisions. Other communications, and the methods used for consulting employees and their representatives, vary locally according to the type of business and the nature of employee representation. Employees are encouraged to identify with the aims of the group through various schemes suited to local circumstances.

Political Contributions

The company made no political donations nor incurred any political expenditure during the year.

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.

MITRE SPORTS INTERNATIONAL LIMITED

Directors' Report for the year ended 31 December 2020 (continued)

Disclosure of Information to Auditor

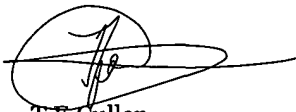
In the case of each director in office at the date the directors' report is approved:

- 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 to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



T E Cullen
Company Secretary
Date: 7 July 2021

Independent Auditor's Report to the Members of Mitre Sports International Limited

Opinion

We have audited the financial statements of Mitre Sports International Limited ("the company") for the year ended 31 December 2020 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 2020 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;
- 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, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- 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 Mitre Sports International 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 the company's income primarily arises from non-complex, individually low value transactions, with few sources of judgement. In addition, 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.

Secondly, the company 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 and anti-bribery, recognising the nature of the company's activities. 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.

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 Mitre Sports International 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 8, 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.

MITRE SPORTS INTERNATIONAL LIMITED

Independent Auditor's Report to the Members of Mitre Sports International 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
9 July 2021

MITRE SPORTS INTERNATIONAL LIMITED

Financial statements for the year ended 31 December 2020

Profit and loss account

<i>All amounts in £'000</i>	Note	Year ended 31 December	
		2020	2019
Turnover	5	11,777	13,525
Cost of sales		(8,975)	(8,393)
Gross profit		2,802	5,132
Distribution costs		(2,535)	(2,548)
Administrative expenses		(2,097)	(3,534)
Operating loss	6	(1,830)	(950)
Loss before taxation		(1,830)	(950)
Tax on loss	8	531	213
Loss for the financial year		(1,299)	(737)

Statement of comprehensive income

<i>All amounts in £'000</i>	Year ended 31 December	
	2020	2019
Loss for the financial year	(1,299)	(737)
Total Comprehensive loss for the year	(1,299)	(737)

The notes on pages 17 to 27 are an integral part of these financial statements.

MITRE SPORTS INTERNATIONAL LIMITED

Financial statements for the year ended 31 December 2020 (continued)

Balance Sheet

		As at 31 December	
<i>All amounts in £'000</i>	Note	2020	2019
Fixed assets			
Intangible assets	9	38	75
		38	75
Current assets			
Inventories	10	3,716	5,131
Debtors	11	1,536	9,638
Deferred tax	12	572	10
Cash		11	759
		5,835	15,538
Creditors: amounts falling due within one year	13	(8,228)	(16,669)
Net current liabilities		(2,393)	(1,131)
Total assets less current liabilities		(2,355)	(1,056)
Net liabilities		(2,355)	(1,056)
Capital and reserves			
Called-up share capital	14	10,000	10,000
Accumulated losses		(12,355)	(11,056)
Total equity		(2,355)	(1,056)

The notes on pages 17 to 27 are an integral part of these financial statements.

The financial statements on pages 14 to 27 were authorised for issue by the board of directors on 7 July 2021 and signed on its behalf by:



A M Long
Director
Mitre Sports International Limited
Registered number: 02688851

MITRE SPORTS INTERNATIONAL LIMITED

Financial statements for the year ended 31 December 2020 (continued)

Statement of changes in equity

<i>All amounts in £'000</i>	Notes	Called up Share Capital	Accumulated Losses	Total Equity
Balance as at 1 January 2019	14	10,000	(10,319)	(319)
Loss for the financial year		-	(737)	(737)
Total comprehensive loss for the Year		-	(737)	(737)
Balance as at 31 December 2019		10,000	(11,056)	(1,056)
Balance as at 1 January 2020	14	10,000	(11,056)	(1,056)
Loss for the financial year		-	(1,299)	(1,299)
Total comprehensive loss for the Year		-	(1,299)	(1,299)
Balance as at 31 December 2020	14	10,000	(12,355)	(2,355)

The notes on pages 17 to 27 are an integral part of these financial statements.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements

1 General Information

Mitre Sports International 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, United Kingdom.

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

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

2 Statement of compliance

The individual financial statements of Mitre Sports International 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 judgements and estimates are significant to the financial statements are disclosed in note 4.

(b) Going concern

Notwithstanding net current liabilities of £2,393k as at 31 December 2020 and a loss for the year then ended of £1,299k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

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

Those forecasts are dependent on Pentland Group Limited providing additional financial support during that period. Pentland Group 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

MITRE SPORTS INTERNATIONAL 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 are available to the public and may be obtained from the company's registered office at 26 New Street, St Helier, Jersey JE2 3RA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

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

(d) Foreign currency

Functional and presentational currency

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

Transactions and balances

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

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

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

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

(e) Turnover

Turnover comprises the value of external sales and royalties, net of trade discounts, volume 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 company and value added taxes.

The company 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.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(e) Turnover (continued)

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

o Sale of goods – wholesale

The company sells a range of sports footwear, balls and related accessories in the wholesale market. Sales 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 the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated 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.

o Sale of goods – internet based transactions

The company sells goods via its website for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory are passed to the customer on dispatch of goods or otherwise in accordance with shipping terms, where this varies.

o Royalty income

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

(f) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

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

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(f) Taxation (continued)

Deferred tax

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

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

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

(g) 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.

At the end of each reporting period inventories are assessed for impairment. 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 profit and loss account.

(h) 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.

(i) Financial instruments

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

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

(j) 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.

(k) 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.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

(l) Intangible assets

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

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

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

(m) Impairment of assets

Non-financial assets

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

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

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.

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) Inventory provisioning

The company designs, manufactures and sells sports accessories and balls and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. Management also consider ageing and the potential to re-season certain stock lines, depending on the nature of that stock, as well as all possible routes to market. See note 10 for the net carrying amount of the inventory and associated provision.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

4 Critical accounting estimates and judgements (continued)

(b) Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

5 Turnover

Analysis of turnover by geography:

	2020 £'000	2019 £'000
United Kingdom	10,017	10,571
Continental Europe and Eire	608	716
Americas	424	1,247
Asia-Pacific	637	712
Other	91	279
	11,777	13,525

Analysis of turnover by category:

	2020 £'000	2019 £'000
Sales of goods	11,244	12,589
Royalty income	533	936
	11,777	13,525

6 Operating loss

Operating loss is stated after charging:

	2020 £'000	2019 £'000
Audit fees payable to the company's auditor	28	24
Impairment loss/(reversal) on inventories	676	(42)
Impairment reversal on debtors	(61)	(3)

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

7 Employees and directors

Employees

All employees contracts are held by Pentland Brands Limited, a sister company within the group that provides shared services to all other companies within the Pentland Brands group of companies. The average number of employees is 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:

	2020 £'000	2019 £'000
Aggregate emoluments	39	33
Company contribution to money purchase scheme	1	2
	40	35

Included within aggregate emoluments, are amounts of £7k (2019: £nil) related to compensation for loss of office.

	2020	2019
Number of directors receiving contributions under the money purchase scheme	3	1

The remuneration of directors is borne by other entities within the Pentland Group for their services as employees, rather than being of an executive nature. The amounts disclosed above represent their share of services rendered to this company from Pentland Brands Limited, a sister company.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

8 Tax on loss

	2020 £'000	2019 £'000
Current tax		
UK - current corporation tax at 19% (2019: 19%)	-	(199)
Adjustments in respect of prior years	31	(6)
Current Overseas Tax	-	2
Total current tax charge/(credit)	31	(203)
Deferred tax		
Origination and reversal of timing differences	(558)	6
Adjustment in respect of prior periods	(2)	(15)
Effect of changes in tax rate	(2)	(1)
Total deferred tax credit	(562)	(10)
Tax credit on loss on ordinary activities	(531)	(213)

Reconciliation of tax credit

The tax credit assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19 %). The differences are explained below:

	2020 £'000	2019 £'000
Loss on ordinary activities before taxation	(1,830)	(950)
Corporation tax at UK statutory rate of 19% (2019: 19%)	(348)	(181)
Effects of:		
- Deferred tax not recognised	(210)	-
- Transfer pricing adjustment	-	(13)
- Overseas tax	-	2
- Tax rate changes	(2)	(1)
- Adjustments to tax credit in respect of prior years	29	(20)
Total tax credit for the year	(531)	(213)

Following announcements made at the Budget 2020, legislation to reverse the planned reduction in corporation tax from 19% to 17% with effect from 1 April 2020 was substantively enacted on 17 March 2020. As a result, the company has re-measured its deferred tax balances at the revised 19% rate.

At the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

9 Intangible assets

<i>All amounts in £'000</i>	Software
At 31 December 2019	
Cost	75
Accumulated amortisation and impairment	-
Net book amount	75
Year ended 31 December 2020	
Opening net book amount	75
Additions	-
Amortisation	(37)
Closing net book amount	38
At 31 December 2020	
	75
Cost	
Accumulated amortisation and impairment	(37)
Net book amount	38

Intangible assets comprise the mitre.com website.

10 Inventories

	2020 £'000	2019 £'000
Finished goods and goods held for resale	3,716	5,131

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

Inventories are stated after provisions for impairment of £1,543k (2019: £867k)

Raw materials, consumables, and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £7,193k (2019: 7,543k).

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

11 Debtors

	2020 £'000	2019 £'000
Trade debtors	1,052	1,206
Amounts owed by group undertakings	39	7,654
Taxation and social security	46	34
Other receivables	19	11
Prepayments and accrued income	380	733
	1,536	9,638

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

Trade debtors are stated after provisions for impairment of £569k (2019: £630k)

12 Deferred tax

The deferred taxation asset is as follows:

	2020 £'000	2019 £'000
Fixed asset timing differences	11	10
Losses	561	-
Deferred tax asset	572	10

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 such as to realise the deferred tax asset in 2020, and therefore the asset has been recognised in these financial statements.

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	378	496
Amounts owed to group undertakings	7,157	15,360
Accruals and deferred income	358	451
Taxation and social security	335	362
	8,228	16,669

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

MITRE SPORTS INTERNATIONAL LIMITED

Notes to the financial statements (continued)

14 Called up share capital

Alotted and fully paid	2020 £'000	2019 £'000
At 1 January - 10,000,100 ordinary shares of £1 each	10,000	10,000
At 31 December - 10,000,100 ordinary shares of £1 each	10,000	10,000

15 Commitments and contingencies

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

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

At 31 December 2020 (and 2019), the company does not have any capital commitments, minimum lease payments or any other off balance sheet agreements.

16 Related party transactions

Transactions with non-wholly owned companies within the group:

a) Sale of goods

	2020 £'000	2019 £'000
Sale of goods to JD Sports Fashion Plc	26	38

b) Year-end balances arising from sales of goods

	2020 £'000	2019 £'000
Receivables from JD Sports Fashion Plc at balance sheet date	-	8

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

17 Controlling parties

The immediate parent undertaking is Pentland Group 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 will be 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 2020. The consolidated financial statements of Pentland Group Holdings Limited can be obtained from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.