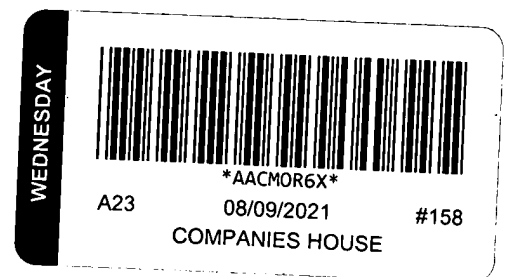


**PENTLAND BRANDS OVERSEAS AGENCY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**  
**Registered number: 11435475**



# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

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# **PENTLAND BRANDS OVERSEAS AGENCY 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.

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

### **Principal Activity**

The company's principal activity is that of an employment agency. During the year, the company provided employment agency services for employees who undertake business development activities in overseas jurisdictions in respect of other companies within the Pentland Brands group of companies, including Berghaus, Canterbury, Endura, Ellesse and Speedo.

### **Results and Dividends**

The company's profit for the financial year is £12k (2019: £7k) and is shown in the profit and loss account on page 9. The company's net assets as at 31 December 2020 were £20k (2019: net assets of £8k). The directors do not recommend the payment of a dividend (2019: £nil).

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

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

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

The COVID-19 crisis has had a major impact on the companies within the Pentland Brands portfolio and this is expected to continue in the short to medium term.

As at the end of 2020, none of the company's employees had been placed into the UK government's Coronavirus Job Retention Scheme (referred to as furlough) and continued to service the portfolio of brands.

During the ongoing pandemic, our number one priority has been the health and wellbeing of our people and employees were advised to ensure that the local government guidelines were adhered to.

Given the nature and size of the business, the company itself will be largely unaffected.

### **Going Concern**

As at 31 December 2020, the company had net current assets of £20k and a profit of £12k for the year then ended. In response to the ongoing uncertainty caused by COVID-19, 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, should this funding be required.

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

# **PENTLAND BRANDS OVERSEAS AGENCY LIMITED**

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

### **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 period unless noted and up to the date of signing the financial statements were:

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

### **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.

### **Employees 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.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

# **PENTLAND BRANDS OVERSEAS AGENCY LIMITED**

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

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

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

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

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

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

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

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

### **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

## **PENTLAND BRANDS OVERSEAS AGENCY LIMITED**

### ***Independent Auditor's Report to the Members of Pentland Brands Overseas Agency Limited***

#### **Opinion**

We have audited the financial statements of Pentland Brands Overseas Agency 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 profit 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 Pentland Brands Overseas Agency 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.

***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, anti-bribery, and employment law 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.

## **PENTLAND BRANDS OVERSEAS AGENCY LIMITED**

### ***Independent Auditor's Report to the Members of Pentland Brands Overseas Agency Limited (continued)***

#### **Directors' report**

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

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

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

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

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

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



**PENTLAND BRANDS OVERSEAS AGENCY LIMITED**

***Independent Auditor's Report to the Members of Pentland Brands Overseas Agency 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*

**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

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Financial statements for the year ended 31 December 2020

### Profit and loss account

<i>All amounts in £'000</i>	<b>Note</b>	<b><u>Year ended 31 December</u></b>	
		<b>2020</b>	<b>2019</b>
Distribution costs		<b>(167)</b>	<b>(85)</b>
Operating Income		<b>182</b>	<b>94</b>
<b>Operating profit</b>	<b>5</b>	<b>15</b>	<b>9</b>
<b>Profit before taxation</b>	<b>5</b>	<b>15</b>	<b>9</b>
Tax on profit	<b>7</b>	<b>(3)</b>	<b>(2)</b>
<b>Profit for the financial year</b>		<b>12</b>	<b>7</b>

### Statement of comprehensive income

<i>All amounts in £'000</i>	<b><u>Year ended 31 December</u></b>	
	<b>2020</b>	<b>2019</b>
<b>Profit for the financial year</b>	<b>12</b>	<b>7</b>
<b>Total comprehensive income for the year</b>	<b>12</b>	<b>7</b>

The notes on pages 12 to 18 are an integral part of these financial statements.

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

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

## Balance Sheet

	Notes	As at 31 December	
		2020 £'000	2019 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	30	10
		<b>30</b>	<b>10</b>
<b>Creditors: Amounts falling due within one year</b>	9	<b>(10)</b>	<b>(2)</b>
<b>Net current assets</b>		<b>20</b>	<b>8</b>
<b>Net assets</b>		<b>20</b>	<b>8</b>
<b>Capital and reserves</b>			
Called up equity share capital	10	<b>1</b>	<b>1</b>
Profit and loss reserves		<b>19</b>	<b>7</b>
<b>Total shareholders' funds</b>		<b>20</b>	<b>8</b>

The notes on pages 12 to 18 are an integral part of these financial statements.

The financial statements on pages 9 to 18 were approved by the board of directors on 7 July 2021 and signed on its behalf by:



A M Long  
**Director**  
**Pentland Brands Overseas Agency Limited**  
**Registered number: 11435475**

# PENTLAND BRANDS OVERSEAS AGENCY 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	Profit and loss reserve	Total equity
<b>Balance as at 1 January 2019</b>	10	<b>1</b>	<b>-</b>	<b>1</b>
Profit for the financial year		-	7	7
Total comprehensive income for the year		-	7	7
<b>Balance as at 31 December 2019</b>	10	<b>1</b>	<b>7</b>	<b>8</b>
<b>Balance as at 1 January 2020</b>	10	<b>1</b>	<b>7</b>	<b>8</b>
Profit for the financial year		-	12	12
Total comprehensive income for the year		-	12	12
<b>Balance as at 31 December 2020</b>	10	<b>1</b>	<b>19</b>	<b>20</b>

The notes on pages 12 to 18 are an integral part of these financial statements.

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements

### 1 General Information

Pentland Brands Overseas Agency 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's principal activity is that of an employment agency. During the year, the company provided employment agency services for employees who undertake business development activities in overseas jurisdictions in respect of other companies within the Pentland Brands group of companies, including Berghaus, Canterbury, Endura, Ellesse and Speedo.

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

### 2 Statement of compliance

The individual financial statements of Pentland Brands Overseas Agency 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

As at 31 December 2020, the company has net current assets of £20k and a profit of £12k for the year then ended. In response to the ongoing uncertainty caused by COVID-19, 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, should this funding be required.

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

# PENTLAND BRANDS OVERSEAS AGENCY 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.

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) Operating income

Operating income relates to fees charged for the provision of agency workers employed by the company to other UK companies within the group.

#### (f) Employee benefits

The company 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.

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements (continued)

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

#### (f) Employee benefits (continued)

##### *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.

There is no policy for charging the cost of the group defined benefit plan to individual entities within the group.

##### *Annual bonus plan*

Should the company provide a bonus for the employees, an expense would be 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.

#### (g) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

##### *Current tax*

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

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

##### *Deferred tax*

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

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

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

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements (continued)

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

#### (h) 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.

#### (i) Impairment of 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.

#### (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 with the same group. It does not disclose transactions with members of the same group that are wholly owned as per FRS 102.

### 4 Critical accounting estimates and judgements

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

#### (a) Impairment of intercompany debtors

The company makes an estimate of the recoverable value of debtors. When assessing impairment, management considers factors including the underlying performance of the counter party and historical experience. See note 8 for the net carrying amount of the intercompany debtors and associated impairment provision.



# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements (continued)

### 5 Operating profit

Operating profit is stated after charging:

	2020 £'000	2019 £'000
Wages and salaries	101	47
Social security costs	13	5
Other pension costs	19	6
Staff costs	133	58
Audit fees payable to the company's auditor	6	5

### 6 Employees and directors

#### Employees

The average monthly number of persons employed by the company including directors during the year to 31 December was:

	2020	2019
Management and administration	2	2
	2	2

All employee contracts are held by the company as at the year end.

#### Directors' emoluments

The directors' emoluments were as follows:

	2020 £'000	2019 £'000
Aggregate emoluments (excluding pension)	-	50
Aggregate pension	-	3
	-	53

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements (continued)

### 6 Employees and directors (continued)

	2020	2019
Number of directors under the defined benefit scheme	-	1
Number of directors receiving contributions under the money purchase scheme	-	2

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.

### 7 Tax on profit

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK - current corporation tax at 19% (2019: 19%)	3	2
<b>Total current tax charge</b>	<b>3</b>	<b>2</b>
<b>Tax charge on profit</b>	<b>3</b>	<b>2</b>

#### Reconciliation of tax charge

The tax assessed for the year is equal to (2019: equal to) the standard rate of corporation tax in the UK of 19% (2019: 19%).

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.

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.

# PENTLAND BRANDS OVERSEAS AGENCY LIMITED

## Notes to the financial statements (continued)

### 8 Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed from group undertakings	29	9
Amounts owed from the parent company	1	1
	<b>30</b>	<b>10</b>

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

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

	2020 £'000	2019 £'000
Amounts owed to group undertakings	1	2
Accruals	6	-
Corporation Tax creditor	3	-
	<b>10</b>	<b>2</b>

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

### 10 Called up share capital

Allotted and fully paid	2020 £'000	2019 £'000
1,000 ordinary shares of £1 each	1	1

### 11 Related party transactions

There have been no transactions with non-wholly owned subsidiaries of the group. (2019: none)

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.

### 12 Capital and other commitments

As at 31 December 2020 (and 2019), the company had no capital commitments or off-balance sheet arrangements.

### 13 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.