

Annual Report & Accounts 2014

jd sports fashion plc



BANK

Blacks

scotts



size?



TESSUTI

GET THE
LABEL.com

KOOGA™

Nicholas Deakins

chausport®

FOOTPATROL

millets



CHAMPION

CLOGGS



activinstinct®

PURE SPORTS. PURE PERFORMANCE.

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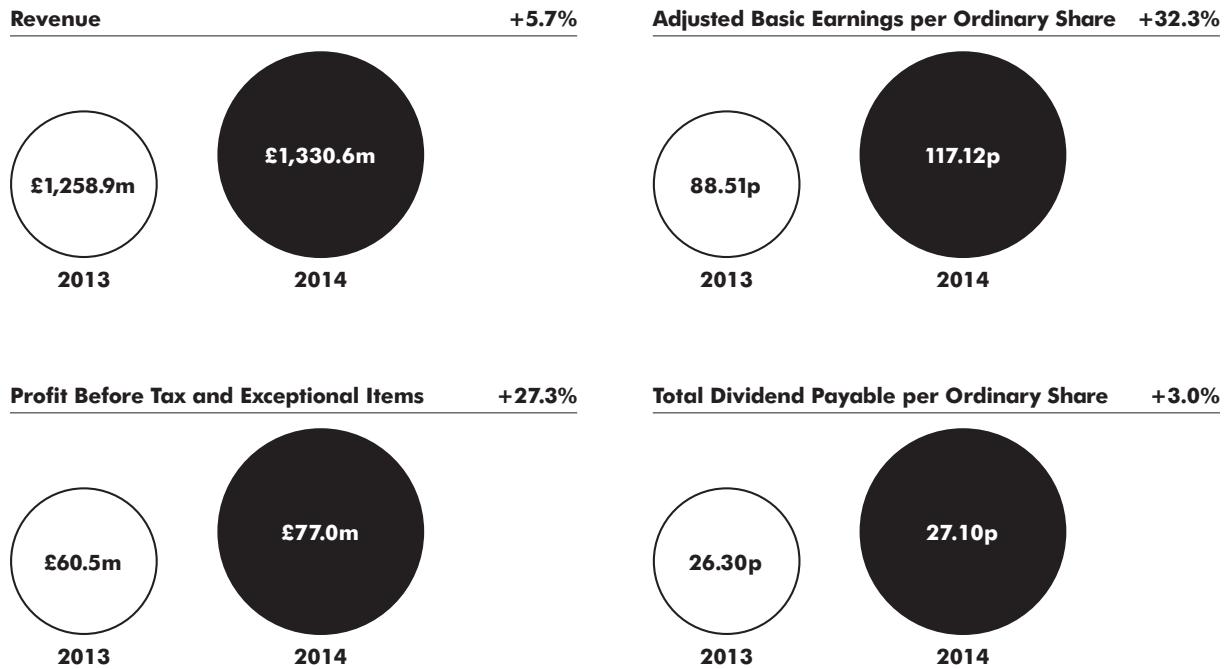
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Highlights

- Strong sales performance in Sport with gross margins maintained and operating profit (before exceptional items) increased by 20% to £93.4 million (2013: £77.9 million).
- Like for like sales for the 52 week period in the UK and Ireland combined core retail fascias increased by 6.7%.
- Further development of JD's international offering from additional stores in France and Spain and acquisitions of stores in the Netherlands and Germany.
- Turnaround of Outdoor business now progressing with combined Blacks and Millets fascias delivering a breakeven result (before exceptional items) in the second half compared to a loss of £4.9 million in the second half of the previous year and acquisition of Tiso building market presence.
- Difficult year in Fashion with operating losses (before exceptional items) increasing to £6.4 million (2013: loss of £1.7 million). A new Managing Director was appointed in Bank to drive the turnaround.
- Final dividend payable increased by 3.0% to 22.65p (2013: 22.00p) bringing the total dividends payable for the year to 27.10p (2013: 26.30p) per ordinary share, an increase of 3.0%. The total dividend payable has increased in excess of 125% since 2009.



Who We Are

Established in 1981 with a single store in Bury, in the North West of England, JD Sports Fashion Plc is a leading retailer and distributor of sport and athletic inspired fashion apparel, footwear and fashion and outdoor clothing and equipment in the UK and Europe.

The Group has over 800 stores across a number of retail fascias across Europe and is proud of the fact that it always provides its customers with the latest products from the very best brands.

The Group also operates online businesses for these retail fascias, providing the Group with a truly multichannel, international platform.

Who We Are (Continued)



JD is acknowledged as the leading specialist multiple retailer of fashionable branded and own brand sports and casual wear in the UK and Republic of Ireland combining globally recognised brands such as Nike and adidas with strong own brand labels such as McKenzie, Carbrini, Supply & Demand and The Duffer of St George. JD has now entered the European market with stores in France, Spain, the Netherlands and Germany.

size?

Established in 2000, size? has proudly specialised in supplying the UK, Europe and the rest of the World with the finest brands in footwear, apparel and accessories for over a decade. Initially set up to trial edgier product collections before introducing them to the mass market through the JD fascia, the size? brand has since grown to include its own roster of highly sought-after worldwide exclusive product releases. In 2012 size? opened its first mainland European store in Paris and is now about to embark on a major international expansion plan.



Blacks is a long established retailer of specialist outdoor apparel, footwear and equipment. The Blacks stores primarily stock more technical products from the premium brands such as Berghaus and The North Face and the fascia continues to place significant emphasis on acquiring premium brands with the recent addition of the Jack Wolfskin range being a prime example.



millets

Millets is a long established retailer of outdoor apparel, footwear and equipment. Millets today trades from approximately 80 stores nationwide with a strong emphasis on affordable family camping and is also the major fascia for our two strong own brands of Peter Storm and Eurohike.



scotts

Scotts delivers brand authority to an older, more affluent male consumer offering brands such as Fred Perry, adidas Originals and Original Penguin.



BANK

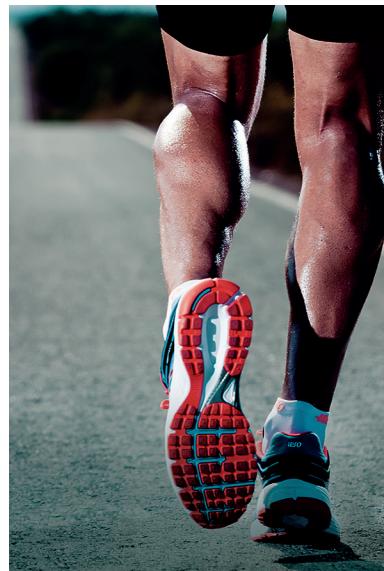
Bank is a multi-branded retailer, with an independent spirit, selling brands such as Superdry, Converse, Lipsy, Glamorous, Jack & Jones and Vans, as well as own brands such as Nanny State, Blonde & Blonde and the recently relaunched Pink Soda. The Bank customers are young males and females, who want brands, are fashion-conscious and are also inspired by friends, celebrities and the media.

Who We Are (Continued)



chausport*

Chausport sells a strong range of international brands such as Nike, adidas and Le Coq Sportif together with brands more specific to the French market such as Redskins.



Sprinter
SPORT & STYLE

Sprinter is one of the leading sports retailers in Spain selling footwear, apparel, accessories and equipment for a wide range of sports as well as lifestyle casual wear and childrenswear. Their offer includes both international sports brands and successful own brands.



TESSUTI

Premium branded fashion menswear is a new opportunity for the Group and our vision is to become the first choice retailer for branded premium menswear fashion in the UK. Our current stores offer customers a strong mix of brands including Hugo Boss, Ralph Lauren Polo, Diesel and Stone Island.



CLOGGS

Cloggs was acquired out of administration in February 2013 and is an online niche retailer of premium branded footwear. In December 2013 Cloggs opened its first retail store in Shrewsbury.



A majority shareholding in the Tiso Group (Tiso, Alpine Bikes and George Fisher) was acquired in November 2013. Tiso is Scotland's leading outdoor retailer, with 10 stores. It has successfully developed large format "Outdoor Experience" shops with unrivalled product ranges. Alpine Bikes is a quality cycle retailer, with six standalone shops, stocking brands such as Trek, Cannondale, Whyte and Genesis. George Fisher, in Keswick, is one of the most respected outdoor stores in the UK, renowned for their boot fitting and customer service.



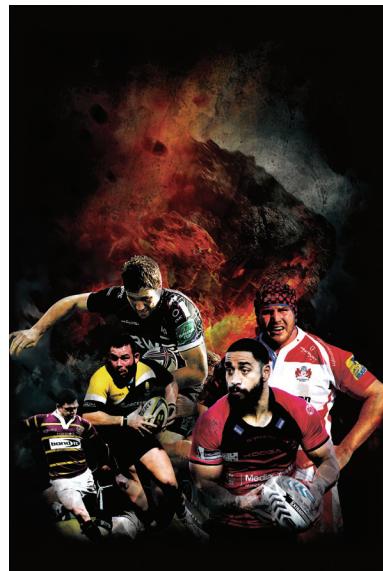
Getthelabel.com is an online and catalogue business which offers customers significant savings on branded fashion and footwear.

Who We Are (Continued)



Nicholas Deakins

Nicholas Deakins designs and manufactures predominantly men's footwear and clothing. Since its inception in 1991, the brand has been moulded into several collections with labels including Nicholas Deakins Green Label clothing and footwear, Deakins and Deakins kids. Nicholas Deakins supplies both Group and external businesses.



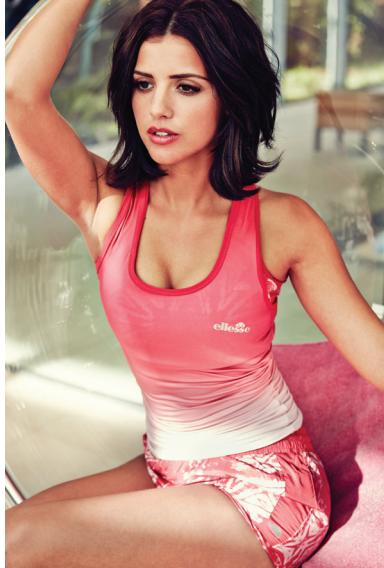
KOOGA

Kooga design, source and wholesale rugby apparel and equipment, with teamwear, replica and leisurewear ranges. Kooga is sole kit supplier to a number of professional rugby clubs across both codes.



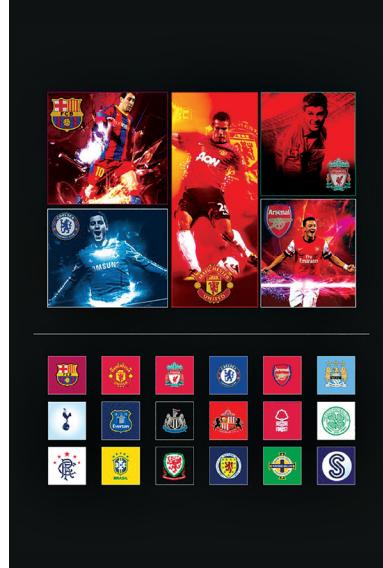
KUKRI

Kukri sources and provides bespoke sports teamwear to schools, universities and sports clubs. Teams can design and order their personalised kit online, with over 75 different sports catered for. In addition, Kukri is sole kit supplier to a number of professional sports teams and the official kit suppliers to Team England at the 2014 Commonwealth Games in Glasgow.

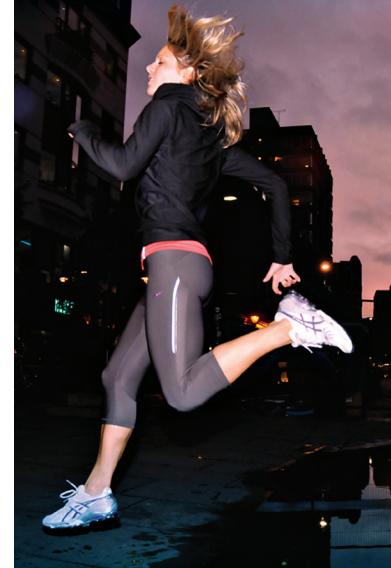


FOCUS
INTERNATIONAL

Focus is involved in the design, sourcing and distribution of footwear and apparel both for own brand and licensed brands, such as Peter Werth, Fly 53, Ecko, Ellesse, and Voi Footwear, for both group and external customers.



Source Lab, which was established in 2005, designs, sources and distributes football related apparel under license from some of the biggest clubs in Europe including Manchester United, Chelsea, Arsenal and Barcelona.



activinstinct
PURE SPORTS. PURE PERFORMANCE.

ActivInstinct was acquired in October 2013 and is the leading online retailer of performance sports equipment, footwear and apparel for the serious sports enthusiast. ActivInstinct's offer covers 28 sports categories and aside from operating in the UK, it also has websites for France, Germany, Spain and Italy.

Group Fascias





Where We Are

UK	No. Store		000 Sq Ft	
	2014	2013	2014	2013
JD	322	322	1,161	1,141
Size?	23	22	31	28
Total	345	344	1,192	1,169

UK	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Bank	88	84	266	249
Scotts	33	31	65	65
Premium Fascias	17	16	46	42
Ark	9	-	25	-
Cloggs	1	-	1	-
Total	148	131	403	356

UK	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Blacks	76	85	287	324
Millets	80	89	143	160
Tiso	17	-	101	-
Total	173	174	531	484

Germany	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Sport	10	-	8	-
JD	10	-	8	-
Total	10	-	8	-

Spain	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Sport	8	5	21	14
Sprinter	65	53	745	643
Total	73	58	766	657

ROI	No. Store		000 Sq Ft	
	2014	2013	2014	2013
JD	11	10	41	39
Champion	15	17	72	75
Size?	1	1	1	1
Total	27	28	114	115

ROI	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Bank	1	1	3	3
Total	1	1	3	3

Holland	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Sport	15	-	21	-
JD	15	-	21	-
Total	15	-	21	-

France	No. Store		000 Sq Ft	
	2014	2013	2014	2013
Sport	17	10	42	24
Size?	1	1	2	2
Chausport	75	75	84	84
Total	93	86	128	110

2014
Total Store Count
Sport 563
Fashion 149
Outdoor 173

2014 Group
Store Count Total
885

2014
Total 000 Sq Ft
Sport 2,229
Fashion 406
Outdoor 531

2014 Group
Sq Ft Total
3,166

2013
Total Store Count
Sport 516
Fashion 132
Outdoor 174

2013 Group
Store Count Total
822

2013
Total 000 Sq Ft
Sport 2,051
Fashion 359
Outdoor 484

2013 Group
Sq Ft Total
2,894



Overview

Executive Chairman's Statement

Introduction

I am delighted to report that our core Sports fascias (JD and Size?) delivered another year of substantial progress. It is particularly pleasing that they have produced a record result in our core markets in the UK and Ireland. These businesses continue to provide the foundation for profit and expansion in the Group.

We have also seen very positive developments for our Sport fascias in Europe, with an improved result in both France and Spain (where Sprinter has again performed very robustly), and the opening of stores in the Netherlands and Germany which are new territories for the Group. The JD fascia is continuing to develop into a world class retail fascia with sports fashion market-leading standards in product merchandising and retail theatre. We are increasingly confident about its international potential and we believe our key strategic suppliers recognise this too.

We made substantial operational changes during the year in our Blacks and Millets Outdoor business with the staged closure of the legacy offices and warehouse in Northampton and the relocation to the Group's main facilities. Whilst there was inevitably disruption from this process, the resulting integration into Group functions, easier access to senior management and the removal of the unsustainable property costs connected with the Northampton site have given the Blacks and Millets business a significantly better platform on which to develop. Inevitably, improvements in financial performance lag operational changes but I am encouraged that the Blacks and Millets business achieved a significant improvement in the second half of the year and we expect continued progress in the new financial year. The property portfolio for Outdoor continues to be developed. The recent acquisition of Tiso in Scotland (which also includes George Fisher in Keswick) has improved geographical coverage and increased our market share and brand access although it will not, as a business unit, enhance short term earnings. We believe over time these actions will again bring greater support to the Group from key suppliers.

Our Fashion businesses, and notably Bank, have had a more difficult year. The wider Youth Fashion sector continues to undergo significant structural change with a significant market shift in favour of own brand and online Fast Fashion retailers who have tapped into a price competitive environment and a disposable fashion culture. However, Bank still had over 30 million visitors to its stores and over 11 million unique visitors to its website in the year and we strongly believe that, with the right proposition, Bank is capable of once again generating positive returns. We appointed a new Managing Director to the business during the year with her initial focus being to strengthen the proposition by offering faster own brand fashion, better ranging and new brands.

Elsewhere in the Group, we continue to make substantial investments in improving our operational infrastructure. Work continues on the project to change our legacy IT systems to Oracle with the first businesses going live on the new system in 2015. We have also recently started a project to increase the capacity and flexibility at our Kingsway central warehouse following the absorption of Blacks and Millets and the ecommerce fulfillment function during 2013.

Dividends and Earnings per Share

The Board proposes paying a final dividend of 22.65p (2013: 22.00p) bringing the total dividend payable for the year to 27.10p (2013: 26.30p) per ordinary share. The proposed final dividend will be paid on 4 August 2014 to all shareholders on the register at 9 May 2014. The total dividends payable for the year have therefore increased by a further 3% with a cumulative growth since 2009 in excess of 125%. Future dividend growth will be limited with cash retained as we look to drive the continuing overseas growth of the Sports fascias.

The adjusted earnings per ordinary share before exceptional items were 117.12p (2013: 88.51p).

The basic earnings per ordinary share were 82.52p (2013: 79.71p).

Board Effectiveness

As Executive Chairman, I am responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Board is then responsible for the Group's strategic development, review of performance against the business objectives, overseeing risk and maintaining effective corporate governance including health and safety, environmental, social and ethical matters.

People

The exceptional performance in Sport is a testament to the skills, energy, experience and professionalism of everyone involved in these businesses. JD, in particular, is a world class retail fascia and continues to set higher standards that we challenge our other businesses to match.

Colin Archer retired as a non-executive director during the year after 12 years of loyal service to the Group. The Board would like to thank him for his great contribution to the Board in this period. His role as senior non-executive director and Chairman of the Audit Committee has been taken over by Martin Davies.

Current Trading and Outlook

Given the significant change in the timing of Easter relative to last year, we believe that our Interim Management Statement, scheduled for release on 17 June 2014, is a more appropriate and meaningful time at which to give our first update on trading for this year. We are, however, encouraged by the underlying trends to date across the principal parts of the business.

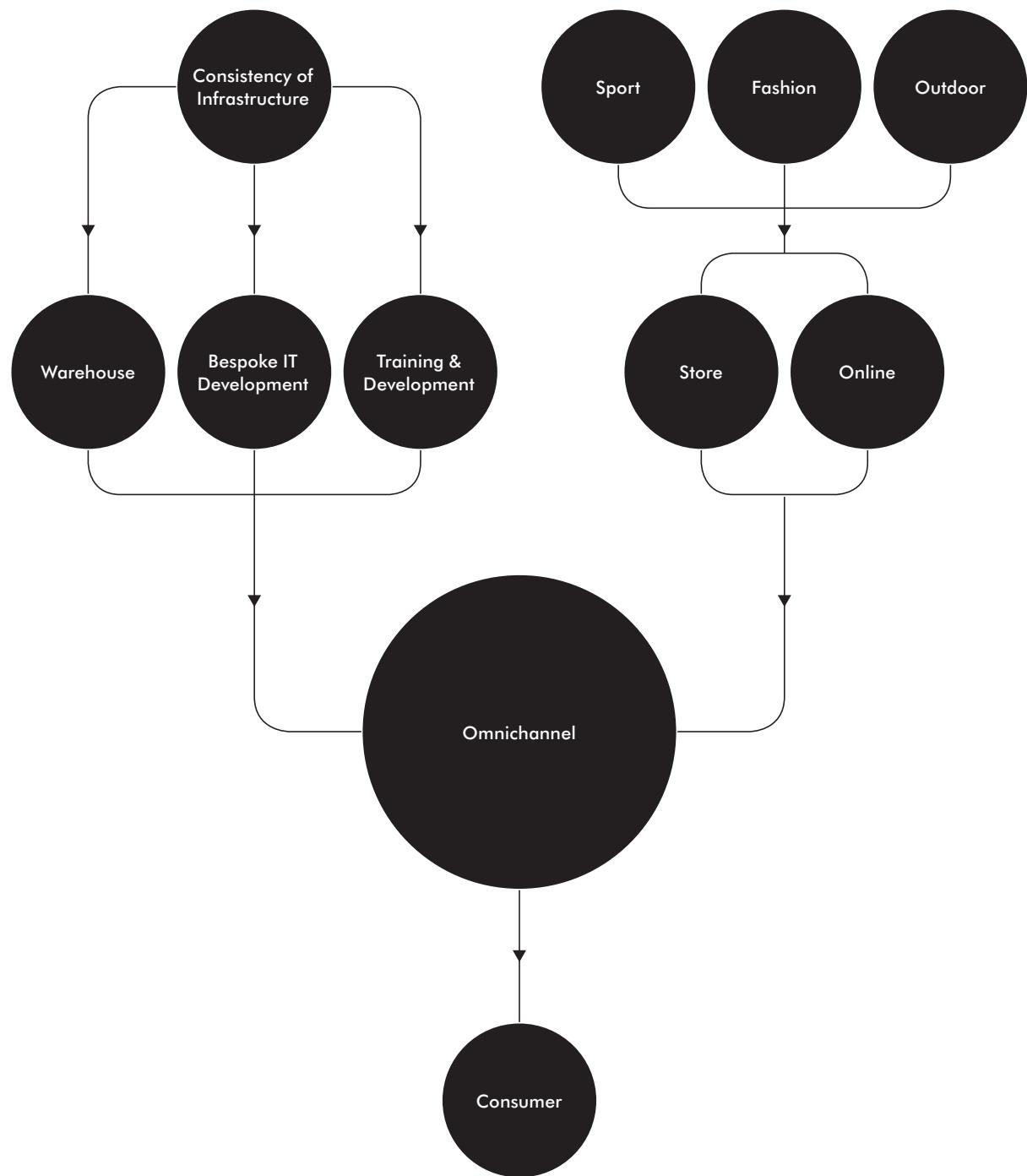
Ultimately, the Group continues to be well positioned with its retail proposition, increased financial resources and extensive management experience to take advantage of opportunities both in the UK and internationally.



Peter Cowgill

Executive Chairman
15 April 2014

Business Model



Our Strategy

Introduction

The Group is a leading retailer of branded and own brand sportswear, fashionwear, outdoor clothing, footwear, and equipment in the UK. Our Sports Fascias are also becoming a force in Europe with significant store presence in Ireland, France, Spain, Holland and Germany and we intend to extend our frontiers further. Building our geographical reach in, and potentially beyond Europe, not only gives us significant potential for growth but it also cements the strong supplier relationships required to constantly bring in new and exclusive products and to market them collaboratively.

We will sustain our leading market positions through ongoing investment in the retail store portfolio, development and nurture of global supplier relationships, and the acquisition of brands and retailers which we can develop and exploit to ensure our overall product offers remain uniquely appealing. In working towards these objectives we always aim to act in a responsible and ethical manner with all our stakeholders including suppliers, employees and, of course, our customers.

Our core business is retail and our consumers are either fashion, sports or outdoor oriented. Any business in the Group which is not retail still has a connection with the core activity. All businesses in the Group need to enhance profitability in the medium term. Our ultimate objective is to deliver long term sustainable earnings growth to enhance total shareholder returns. Recent performance in this regard is shown in the total shareholder return graph within the Remuneration Report on page 55. As we expand our geographical reach dividend growth may be restricted to allow us to fund continuing strategic acquisitions and growth of the JD and Size? store portfolios overseas.

Stores

We are engaged in omnichannel retail and we continue to invest considerable time and money in our retail property portfolio, increasingly overseas in the Sports fascias. We believe in maintaining high standards of product presentation in well fitted stores as this increases footfall through the door and the desirability of the product within.

The Outdoor property portfolio continues to be adjusted through store closures, new store openings and acquisitions. Many of the stores are still underinvested. We aim to be the ultimate Outdoor destination both instore and online through our different fascias in this business segment. There will be much less change in the Fashion fascia store portfolio until trading performance improves.

The movements in store numbers and square footage for all business segments are documented in detail in the 'Where We Are' section on page 14 a summary of which is shown below.

	As at 1 February 2014	As at 2 February 2013
No. Stores	885	822
Trading space at year end (sq ft '000)	3,166	2,894

Our Strategy (Continued)

Multichannel

Online activity in the Group has been ramped up in the last 12 months both by extension and growth within existing fascias and by the acquisition of pureplay online retailers, particularly ActivInstinct, a performance sport retailer. Substantial growth has been seen in online sales and we also see significant use of our websites for customer research. We have also seen a substantial rollout of online kiosks and ipads to our stores which, along with the availability of similar functionality at the till, has led to significant additional sales from enhanced stock availability to the store customer. Apps have also been added to our online offer and in 2014 we will be adding local language and currency websites to the JD and Size? channels. Online and kiosk sales represented 10.6% of JD UK sales in the last year and growth continues to be significant. The table below splits the Group's revenue by source:

		Period ended 1 February 2014 £M	Period ended 2 February 2013 £M	% change
Retail		1,111.4	1,060.1	+5
	In store devices	14.3	3.1	+361
Multichannel	Online (including), phones & tablets (*)	126.2	88.7	+42
		1,251.9	1,151.9	+9
Other (**)		78.7	107.0	
Total Revenue		1,330.6	1,258.9	+6

(*) On a combined basis, the Group's most high profile international websites (JD and Size?) delivered to customers in 130 different countries or territories outside of the UK in the period to 1 February 2014 (74 in the period to 2 February 2013).

(**) Revenue in the period to 2 February 2013 included £33.5 million in relation to the Canterbury business.

Infrastructure and Resources

One of our most important resources is our people. We are a large equal opportunities employer and we are particularly proud of our training resources. We provide direct employment and career development to thousands of people, both in the UK and Europe. The Group employs large numbers of recent school leavers and graduates and 104 training courses were completed by employees in the year. We believe retention of our best staff is crucial to the success of our business as it preserves the DNA of each business.

We are continuing to invest in our central distribution facility (Kingsway) in Rochdale. We have moved Blacks, Tessuti and online picking and despatch into the facility in the last year. We have also brought store picking for the overseas branches of JD back to Kingsway and the growth in activity means a further £15 million will be invested there in the next two years.

	Period ended 1 February 2014	Period ended 2 February 2013
Number of items processed by Kingsway Distribution Centre	49.5m	40.5m

To support our retail businesses a project has been underway for sometime to replace our bespoke legacy ERP with Oracle Retail Systems. These should go live in 2015 with the Outdoor Fascias being the expected pilot migration early in that year.

We also recognise the importance of protecting our environment and are committed to carrying out all our activities with due consideration for their environmental impact, particularly with regard to ensuring efficient use of energy and other resources and materials, minimising waste by recycling wherever possible and ensuring compliance with relevant legislation and codes of best practice. See also our Corporate Responsibility Report on pages 30 to 35.

The risks faced by the Group and our mitigation plans are reported separately in pages 22 to 23.

Financial Key Performance Indicators

	2014 £000	2013 £000	% Change
Revenue (a)	1,330,578	1,258,892	+5.7
Gross profit %	48.5%	48.7%	
Operating profit	59,052	55,975	+5.5
Operating profit (before exceptional items)	78,201	61,323	+27.5
Profit before tax and exceptional items	76,999	60,465	+27.3
Profit before tax	57,850	55,117	+5.0
Basic earnings per ordinary share	82.52p	79.71p	+3.5
Adjusted basic earnings per ordinary share (see note 10)	117.12p	88.51p	+32.3
Total dividend payable per ordinary share	27.10p	26.30p	+3.0
Net cash at end of period (b)	45,276	45,636	

- a) Revenue in the period to 2 February 2013 included £33.5 million in relation to the Canterbury business which was disposed in the year.
- b) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings.

On behalf of the Board



Peter Cowgill
15 April 2014

Principal Risks

Any business undertaking will involve some risk with many risk factors common to any business no matter what segment it operates in. The Directors acknowledge however that certain risks and uncertainties are more specific to the Group and the markets in which its businesses operate. The principal risk factors are assessed below:

Omnichannel	
Risk and impact	Mitigating Activities
Brands The retail fascias offer a proposition that has a mixture of third party and own brand product. These fascias are heavily dependent on the products and the brands themselves being desirable to the customer if the revenue streams are to grow. Therefore, the Group needs all of its third party and own brands, including brands licensed exclusively to it, to maintain their design and marketing prominence to sustain that desirability.	The Group seeks to ensure it is not overly reliant on a small number of brands by offering a stable of own brands which is constantly evolving. Where possible, the Group's retail fascias also work in partnership with the third party brands in their business on the design of bespoke product which is then exclusive to the Group's fascias. Further, the Group continues to actively seek additional brands which it can either own or license exclusively.
The Group is also subject to the distribution policies operated by some third party brands.	
Intellectual property The Group's trademarks and other intellectual property rights are critical in maintaining the value of the Group's own brands. Ensuring that the Group's businesses can use these brands exclusively is critical in providing a point of differentiation to our customers and without this exclusivity we believe that footfall into the stores, visits to our websites and ultimately conversion of these visits into revenues would all be reduced.	The Group therefore works with third party organisations to ensure that the Group's intellectual property is registered in all relevant territories. The Group also actively works to prevent counterfeit product being passed off as legitimate.
Retail property factors The retail landscape has seen significant changes in recent years with a number of new developments opened and a high volume of retail units becoming vacant. The Group can be exposed where it has committed itself to a long lease in a location which, as a result of a more recent retail development, is no longer as attractive to the customer leading to reduced footfall and potentially lower sales volumes.	Wherever possible, the Group will seek a number of protections when agreeing to new property leases: <ul style="list-style-type: none">• New leases generally taken out for a maximum period of 10 years.• Look to agree a break option part way through the lease.• Capped rent reviews.• Agree rents which flex with turnover in the store. When the Group determines that the current store performance is unsatisfactory then an assessment is made on whether the Group wants to continue trading in that location. If it does then the landlord is approached to see whether we can reach an agreement on a reduction in the rent or a change to a turnover based rent. If it is considered that the best solution is to exit the store completely then the landlord is approached with a view to a complete surrender of the lease. If this is not possible then the Group would alternatively seek to assign the lease or sublet it to another retailer. In many cases, this necessitates the payment of an incentive. The Group is mindful of current economic factors and the adverse impact on the potential for disposal from the high volume of vacant units already available as a consequence of a number of retailers going out of business in recent years. Assigning the lease or finding a sub-tenant is not without risk because if the other retailer fails then the liability to pay the rent usually reverts to the head lessee. The Group monitors the financial condition of the assignees closely for evidence that the possibility of a store returning is more than remote and makes a provision for the return of stores if this risk looks probable. The Board reviews the list of assigned leases regularly and is comfortable that appropriate provisions have been made where there is a probable risk of the store returning to the Group under privity of contract and, other than as disclosed in note 24, they are not aware of any other stores where there is a possible risk of these stores returning.

Omnichannel (continued)

Risk and impact	Mitigating Activities
Seasonality The Group's core retail business is highly seasonal. Historically, the Group's most important trading period in terms of sales, profitability and cash flow in its Sports and Fashion fascias in particular has been the Christmas season. Lower than expected performance in this period may have an adverse impact on results for the full year, which may cause excess inventories that are difficult to liquidate.	The business monitors stock levels and manages the peaks in demand constantly with regular sales re-forecasting.
Economic factors As with other retailers and distributors into retail businesses, the demand for the Group's products is influenced by a number of economic factors, notably interest rates, the availability of consumer credit, employment levels and ultimately, disposable incomes.	The Group seeks to manage this risk by offering a highly desirable and competitively priced product range, which is highly differentiated from that of the Group's competitors.
Reliance on non-UK manufacturers The majority of both third party branded product and the Group's own branded product is sourced outside of the UK. The Group is therefore exposed to the risks associated with international trade and transport as well as different legal systems and operating standards. Whilst the Group can manage the risk in the supply chain on its own and licensed products, it has little control over the supply chain within the third party brands. As such, the Group is exposed to events which may not be under its control.	The Group 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. The Group has also recently appointed a new Group Supply Chain and Change Director who has extensive experience in this area.
Consistency of Infrastructure	
Risk and impact	Mitigating Activities
IT The Group relies on its IT systems and networks and those of the banks and the credit card companies to service its retail customers all year round.	The Group is progressing with a programme to replace its legacy enterprise system. However, whilst a move to a third party system will reduce the risks in the current system there is significant execution risk during the migration work which will take a number of years to complete. Further, the introduction of a third party system is bringing additional costs both in terms of the initial development and ongoing support. Any long term interruption in the availability of the core enterprise system would have a significant impact on the retail businesses. The Group manages this risk by the principal IT servers being housed in a third party location which has a mirror back up available should the primary servers or links fail.
Warehouse operations The Group's new warehouse in Rochdale became operational during 2012. Having the stock in one location with increased automation in the picking process has brought significant benefits in terms of product availability, quicker deliveries to our European stores and reduced transport costs. However, there is an increased risk to store replenishment and multi-channel fulfillment from both equipment and system failure, together with the inherent risk of having all the stock in one location.	The Group has worked with its insurers on a Business Continuity Plan which came into effect when the warehouse became operational. This plan is currently being reviewed and enhanced by the Group Supply Chain and Change Director. In addition, there is a full support contract with our automation equipment providers which includes a 24/7 presence from a qualified engineer thereby enabling immediate attention to any equipment issues.
Personnel The success of the Group is partly dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees.	To help achieve this continued service, the Group has competitive reward packages for all of its staff. More specifically for the retail businesses, the Group also has a long established and substantial training function which seeks to develop training for all levels of retail employees and thereby increase morale and improve staff retention. This then ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service.

Business Review

Sport

Sport now consists of the Sports retail businesses of JD, Size?, Chausport, Sprinter, Champion Sports and ActivInstinct together with Topgrade, Kooga, Kukri, Focus and Source Lab. The latter were formerly included within our Distribution segment but in our streamlined segmental structure are now classified within Sport as the product which they deal in is predominantly either active sport or sports fashion related.

Sport has had an excellent year. Operating profit (before exceptional items) of the Sport businesses increased significantly by £15.5 million to £93.4 million (2013: £77.9 million including £1.9 million in relation to Canterbury). This is an exceptional performance but one that reflects the continual investment we make in our retail and product propositions. The growth in profitability within Sport principally came from a strong performance in our core UK and Ireland retail fascias. JD is developing into a world class retail fascia and our ultimate objective is to ensure that the high standards in our core UK and Ireland markets are transferred to our new territories as JD becomes increasingly international.

We are satisfied with the performance of our businesses in France. By year end we had 17 JD stores in the country (excluding the Size? store in Paris), after seven new store openings in the year. Subject to property availability, we anticipate continuing our store development in this territory.

Our businesses in Spain have had an encouraging year again, which is pleasing given the well publicised economic difficulties which the country has faced. We have an excellent management team in Spain who understand the geography and the local consumers very well and they have very successfully adapted the Sprinter product proposition to reflect customer demands at this time. The economic situation has meant that, to date, we have been more cautious in our programme for JD in Spain. During the year, we opened three new stores and so have eight stores in the country now. We have worked hard with the Sprinter management team to make the JD product proposition more relevant for the country.

During the year, we acquired a package of stores in the Netherlands from a local fashion retailer which was looking to close one of its fascias. Acquiring the stores in this way gave us immediate critical mass in the country although the majority of the stores are in smaller regional towns and cities. We also acquired the assets of the Isico partnership in Germany which, on acquisition, had 10 small stores primarily in the Berlin area. These stores will be converted to the JD fascia later in 2014 and have already been integrated into the Group's core IT systems. We continue to look for further opportunities in international markets around the world where we can grow with the support of our key brands.

Fashion

Fashion now consists of the established Fashion retail businesses of Bank, Scotts and Tessuti, together with Cloggs and Ark, which were both acquired during the year, and Nicholas Deakins which was formerly included within our Distribution segment but in our streamlined segmental structure is now classified within Fashion.

Losses in Fashion (before exceptional items) increased significantly in the year to £6.4 million (2013: £1.7 million), principally as a result of increased losses at Bank. Losses of this scale are disappointing and we have made management changes to address the issue. Most importantly, in July a new Managing Director, Gwynn Milligan, who has considerable experience of the Youth Fashion sector, came into the Bank business. Her turnaround plan involves both re-establishing Bank's reputation in branded fashion whilst relying on a flexible supply chain to produce faster fashion and more striking value in the price architecture. On the back of this we believe that expanding Bank's multichannel proposition represents a major opportunity. We have taken some internal actions to reduce the central overhead base but we also need to address property costs which are excessive in some legacy leases. We believe that, with the right blend of desirable third party brands supported by credible own brand ranges, Bank can re-engage with its core customers and that ultimately we can deliver an improved financial performance. We have recognised a charge of £11.8 million within exceptional items for the impairment of goodwill which arose on the original acquisition of the business.

The Scotts business has performed well in the year by focussing on its core customers and then delivering a multichannel branded fashion authority and experience to them.

Whilst we continue to experience losses in our Premium Fashion offering (Tessuti and Originals), they have been reduced compared to the prior year. As we have reported previously, we have a number of legacy issues, particularly property, to deal with which are impacting on the financial performance at this time. However, we have made a number of operational improvements to the business during the year with all stores now on the Group's core ERP systems and all stocks now replenished from the Group's Kingsway warehouse. Accordingly, we believe that we are putting the right framework in place to deliver an improved financial performance.

During the year we acquired the Cloggs and Ark businesses from administration. Cloggs is an established online retailer of premium branded fashion footwear whilst Ark is a complementary business to Bank in terms of its customer demographic and product proposition. Both of these businesses have had a difficult year as they recovered from the administration processes and rebuilt their supply chains and supplier relationships. It is too early to comment on the longer term potential of these businesses.

Outdoor

Our pre-existing Blacks and Millets Outdoor fascias have had a mixed year. We started the year with an excess of heavy winter jackets and a lack of Spring / Summer product, particularly in camping and Peter Storm own brand. We had to trade our way out of this position with the significant margin sacrifice required to clear the Winter and earlier season stocks leading to a poor first half trading result. However, the second half of the year, which we acknowledge is traditionally the stronger part of the year, has been much more promising and, ultimately, a breakeven position was achieved in this six month period compared to a loss of £4.9 million in the same period of the previous year.

Operationally, we have made a number of significant operational changes which mean that these businesses are now better controlled and so we have started the new financial year with a substantially improved framework on which to develop.

These changes can essentially be categorised into two main areas:

- Whilst there is some commonality of product ranges and brands we believe that Blacks and Millets attract different consumers. Accordingly, we have run Blacks and Millets as two separate fascias since the middle of the year with separate and significantly changed commercial teams. We believe that this decision has had positive effects in testing and developing the Outdoor proposition both instore and online. We are now working to ensure that all of our customers have easy access to our full Outdoor offer.
- We also integrated Blacks into the Group's operational infrastructure by relocating the warehousing and central functions from the previous facility at Northampton and installing the Group ERP systems. Whilst the warehousing move and the installation of the Group core systems were completed by the end of Q1, the final relocation and establishment of the Bury based new commercial teams did not complete until July. Clearly, this had a disrupting effect in the early part of the year but completion of the reorganisation together with the elimination of the unsustainable property costs associated with the Northampton facility have had positive effects on the business in the second half.

Later in the year we acquired 60% of the loss-making Tiso business which, on acquisition, had 17 premium branded Outdoor stores. These stores are primarily located in Scotland, although Tiso also owned the highly regarded and profitable George Fisher store in Keswick. Tiso is an iconic business in the Scottish Outdoor world and this acquisition has given us increased buying power, additional management expertise and brand access, as we continue to establish JD Sports Fashion's leading position in the Outdoor market.

Overall losses (before exceptional items) in Outdoor have reduced significantly to £8.8 million (2013: £14.9 million). We anticipate further significant progress in Blacks and Millets in the new financial year tempered by some initial operating losses from the newly acquired Tiso business.

Financial Review

Revenue

Total revenue increased by 5.7% in the year to £1,330.6 million (2013: £1,258.9 million including £33.5 million in relation to the Canterbury business which was disposed in the year). Like for like sales for the 52 week period in the UK and Ireland combined core retail fascias increased by 6.7% which was an excellent performance.

Gross Margin

Total Gross Margin fell from 48.7% to 48.5% reflecting the impact of the considerable margin sacrifice in the Blacks and Millets fascias, principally in the first half, as we cleared excess winter stocks and additional markdown activity in our Fashion retail businesses. We are, however, greatly encouraged by the robust performance in our Sports businesses where margins were maintained at prior year levels.

Operating Profits

Operating profit (before exceptional items) increased substantially by £16.9 million to £78.2 million (2013: £61.3 million) with an exceptional performance in Sport and a reduction in the losses in Outdoor. We expect further significant progress in Outdoor in the new financial year.

Exceptional items increased significantly in the year to £19.1 million (2013: £5.3 million) principally due to a non-cash charge of £11.8m to write off goodwill relating to the Bank business. After allowing for exceptional items, Group operating profit increased by £3.1 million to £59.1 million (2013: £56.0 million). The exceptional items comprised:

	2014 £M	2013 £M
Loss on disposal of fixed assets	1.0	0.2
Impairment of fixed assets in loss making stores	1.9	0.9
Onerous lease provisions	1.1	1.3
Total property related exceptional costs	4.0	2.4
Completion of new Kingsway warehouse move (1)	0.6	0.2
Business restructurings (2)	2.7	1.1
Total reorganisation and restructuring costs	3.3	1.3
Impairment of intangible assets (3)	11.8	2.3
Profit on disposal of Canterbury (4)	-	(0.7)
Total other exceptional charges	11.8	1.6
 Total exceptional charge	 19.1	 5.3

- (1) Reorganisation of the warehouse operations consisting of provisions for onerous property leases, redundancy costs and dilapidations at the vacant premises.
- (2) Relates to the restructuring of the head office and warehouse operations of the Blacks, Champion and Kooga businesses. The prior period also includes costs relating to the closure of the Canterbury North America LLC and Canterbury European Fashionwear operations following the decision to wind down the separate businesses.
- (3) Relates to the impairment in both periods of the goodwill arising on the acquisition of Bank.
- (4) Profit on the disposal of the Canterbury group of businesses to Pentland Group plc in September 2012 (see note 12).

Working Capital, Financing and Amended Bank Facilities

Ongoing acquisition activity and further substantial investments in both the retail fascias and operational infrastructure offset the strong cash generation from trading in the year with net cash at the year end almost unchanged at £45.3 million (2013: £45.6 million).

On 10 July 2013, the Group amended and extended its syndicated committed £75,000,000 bank facility which previously expired on 11 October 2015. The facility has been amended by increasing the syndicated committed facility by £80,000,000 to £155,000,000. The expiry date has also been extended by two years and so the amended facility now expires on 11 October 2017. This enhanced facility enables us to continue to make acquisitions when opportunities occur whilst maintaining current levels of investment in the retail property portfolio.

Gross capital expenditure (excluding disposal costs) increased by £4.7 million to £48.2 million (2013: £43.5 million). Our commitment to delivering the best possible experience to our customers means that investment in our retail fascias, both in terms of taking new stores where appropriate and refurbishing existing space, remains substantial. A total of £27.9 million was invested in our retail fascias during the year (2013: £27.2 million). Elsewhere, our investment in the Oracle project increased to £5.1 million in the year (2013: £2.7 million). Gross capital expenditure included £4.6 million (2013: £nil) in relation to bespoke software development which is classified within Intangible Assets.

Ongoing confidence in the potential for JD internationally combined with ongoing investment in our other fascias, investment in the new core Oracle ERP system and works to increase our capabilities at Kingsway means that overall capital expenditure is likely to increase further this year.

Working capital remains well controlled with suppliers continuing to be paid to agreed terms and settlement discounts taken whenever due.

Taxation

The effective rate of tax on profit has increased by 3.1% to 28.3% primarily due to the fact that the charge of £11.8 million for the impairment of the goodwill relating to the Bank Fashion business is not allowable for tax. This non allowable charge has impacted the effective tax rate by 4.7%.

Excluding both exceptional items and prior year adjustments from the tax charge, the effective core tax rate has increased from 26.1% to 26.9%. This core effective tax rate continues to be above the standard rate due to the depreciation of non-current assets which do not qualify for tax relief and overseas subsidiaries being subject to higher rates of corporation tax than the UK rates.

Earnings per Share

The basic earnings per share has increased by 3.5% from 79.71p to 82.50p. However, the Directors consider the adjusted earnings per share to be a more appropriate measure of the Group's underlying earnings performance since it excludes the post-tax effect of exceptional items (other than the loss on disposal of non-current assets). The strong trading performance in the year is reflected in the fact that the adjusted earnings per share has increased by 32.3% from 88.51p to 117.12p.

Dividends

A final cash dividend of 22.65p per share is proposed, which if approved, would represent an increase of 3.0% on the final dividend from the prior year. Added to the interim dividend of 4.45p per share, this takes the full year dividend to 27.10p, which is an increase of 3.0% on the prior year. The cumulative growth since 2009 therefore has been in excess of 125%.

Treasury Facilities

Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential for rises in the base rate as the general economic situation improves but at present do not consider a long term interest rate hedge to be necessary given the inherent short term nature of both the revolving credit facility and working capital facility. This position is reviewed regularly.

Working capital remains well controlled with suppliers continuing to be paid to agreed terms and settlement discounts taken whenever due.

Foreign Exchange Exposures

The Group's principal foreign exchange exposure continues to be on the sourcing of own brand merchandise from either the Far East or Indian Sub-Continent which usually has to be paid for in US Dollars. A buying rate is set at the start of the buying season (typically six to nine months before product is delivered to stores). At this point, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments.

The Group's forecast requirement for US Dollars in the period to January 2015 is now \$135 million. Cover is in place for 2014 for \$114 million meaning that the Group is currently exposed on exchange rate movements for \$21 million of the current year's estimated requirement.

The Group is also exposed to the movement in the rate of the Euro from the sale of its UK sourced stocks to its subsidiaries in Europe. However, the Group has a natural hedge on this exposure as the Euros received for that stock are then reinvested back in those European subsidiaries to fund the development of both new stores and refurbishments.



Brian Small
Group Finance Director
15 April 2014

Property and Store Review

Sport

JD

We have a consistent retail property strategy for the core JD fascia across Europe with modern, efficient and attractively presented stores located in prime locations with strong footfall. JD is a world class retail fascia and we strongly believe that the vibrant presentation of our stores and the high quality retail theatre that we offer to our customers increases the attractiveness and desirability of our product and provides our stores with a real point of difference.

The JD fascia provides the foundation for profit and cash generation in the Group and consequently we continue to invest heavily in this fascia, both in our core market of UK and Republic of Ireland and internationally as we become increasingly confident of its global potential. We believe that we are gaining real credibility in Europe with both major landlords and property agents and we continue to look at opportunities, in both our existing and new territories, to develop the fascia with particular focus on major metropolitan areas.

- UK & Republic of Ireland – 16 new stores were opened in the period (including one Size? fascia store) with 16, generally smaller, stores closed. The 16 new stores included nine relocations in towns or malls to a more appropriately spaced store or a position of greater footfall. We also upsized in four locations where we were able to negotiate a favourable rent deal on additional space. This is proving to be a cost efficient way of expanding our product offer, widen our appeal to a broader consumer and ultimately improve the financial performance of the store.
- France – JD continues to develop momentum in France. A further seven stores opened in the year with 18 stores now trading in the country including one Size? fascia store. The focus on the major metropolitan areas is reflected in the fact that the openings included three stores in malls around Paris where we now have nine stores. Our seven openings in the year also included three stores which were acquired as a package from another retailer who was looking to exit those particular markets. This is an effective way of increasing our presence in the country and, if appropriate, we would look at other opportunities like this. We will look to open at least a similar number of new JD stores in France in the new financial year.
- Spain - The economic situation has meant that, to date, we have been more cautious in our programme for JD in Spain. However, we did open a further three stores in the year with eight stores now trading in the country. These openings included two in malls around Madrid where we now have four stores. We will continue to be more cautious in Spain but will look to open at least a similar number of new JD stores in the new financial year.

- Holland - During the year, we acquired a package of 14 stores in Holland from a local fashion retailer who was looking to close one of its fascias. Acquiring the stores in this way gave us immediate critical mass in the country although the majority of the stores were located in smaller regional towns. As with other territories, we are looking for suitable opportunities in the major metropolitan areas and subsequently we opened a store in the centre of Rotterdam. We are pleased with the initial performance of this store and will look to open further new stores in prime locations in other major towns and cities across the country in the new financial year.
- Germany – During the year, we also acquired the assets of the Isico partnership in Germany which, on acquisition, had 10 small stores primarily in the Berlin area. These stores will be converted to the JD fascia later in 2014.

Chausport

It is still our belief that the Chausport fascia is more suited to the smaller regional towns and centres. We opened one Chausport store in the period, closed one small store and refurbished a further three stores. Investment in new stores and refurbishments for Chausport will continue at a similar level in the new year.

Sprinter

Sprinter's core store base has historically been located in units with an average of 12,500 sq ft retail space in out of town retail parks in the communities of Andalucia, Murcia and Valencia with a much lower presence elsewhere in Spain. We believe that whilst the Sprinter management team has successfully adapted their product proposition to reflect customer demands at this time, the size of the stores which the business historically operated from was too large and that the same level of sales could be achieved from a smaller and more efficient footprint. Therefore, the 13 new stores which we opened in the year, of which two were outside the traditional heartlands, had a smaller average retail footprint of 8,900 sq ft. We also closed one underperforming and larger spaced store. The performance in the year has reinforced our view on the potential of Sprinter in the whole of Spain and consequently we will look to maintain this momentum in store openings and at this stage we would anticipate opening a similar number of new stores in the current financial year.

Fashion

Bank

The eight new stores which were opened in the year included five that we were contractually committed to at the start of the year. These five stores were all in new locations for the fascia. In addition, we have opened a further two temporary 'Pop Up' stores on short term leases with a low initial capital expenditure. Given the recent trading performance of the Bank fascia then we believe that we are right to adopt this flexible approach at this time and only if the stores developed sufficiently would we consider taking a longer lease and making a further investment in the store. We do not anticipate making a significant investment in the Bank fascia in the new financial year.

Scotts

Six new Scotts stores were opened in the year of which four were replacements of existing units. Whilst we are encouraged by the more recent performance of the business, we do not anticipate making a significant investment in the Scotts fascia at this time.

Premium

Three new Tessuti stores were opened in the year of which one was the replacement of a legacy and poor performing Cecil Gee store. Whilst we still have some smaller stores in secondary towns fascia'ed as Originals, we have now converted the remaining Cecil Gee stores to Tessuti which is our long term premium fashion fascia. The new stores which we have opened in the year are all located in the major shopping malls and city centres where footfall is strongest.

Ark

During the year we acquired nine stores trading as Ark from its administrators although one of these stores has subsequently closed in the new financial year. We are currently operating these stores under licence from the administrator whilst we assess our longer term options.

Cloggs

The acquisition of the Cloggs branded footwear business from its administrator has given us access to certain brands which previously were not available to the Group's retail fascias. We are committed to work with these brands on developing the business and to complement the online offering we have subsequently opened a Cloggs fascia'ed store in Shrewsbury. We would consider opening a small number of further stores if the appropriate locations were available and there was support from the brands on this.

Outdoor

Blacks and Millets

Neither fascia can currently generate the sales densities required to pay the premium rents in the major malls and city centres and without third party brand support then the property strategy for both fascias at this time is dictated by the availability of appropriately rented properties in the locations which are right for that fascia. Generally, Blacks stores are focused in the larger towns and smaller cities with Millets located in medium sized or market towns.

Four new Blacks stores were opened in the year of which two stores were relocations. A total of 13 stores were also closed in the year resulting in a portfolio of 76 stores at the end of the year. Taking the learnings from our initial refurbishments in the previous year, we have also refurbished a further six Blacks stores in the year. We anticipate a further small number of openings and refurbishments in the new financial year.

Seven new Millets stores were opened in the year, all of which we had previously traded and exited but have now re-entered following our decision to maintain Millets as a separate fascia. A total of 16 stores were also closed in the year resulting in a portfolio of 80 stores at the end of the year. Subject to availability of appropriately priced units, we anticipate that we will open a further small number of Millets stores in the new financial year.

Tiso

Tiso has 17 stores of which 16 are located across Scotland and one in Keswick. These stores vary in size ranging from specialist Alpine cycling stores at less than 1,000 sq ft to Tiso fascia'ed stores in secondary out of town destinations with the largest one in Glasgow at 15,500 sq ft. We do not anticipate making a significant investment in new Tiso stores at this time.

For a complete table of store numbers see page 14.

Corporate and Social Responsibility

The Group recognises that it has a responsibility to ensure its business is carried out in a way that ensures high standards of environmental and human behaviour. With the help and co-operation of all employees, the Group endeavours to comply with all relevant laws in order to meet that duty and responsibility wherever it operates. The major contributions of the Group in this respect are detailed below.

Our Employees

The Group is a large equal opportunities employer and a large training organisation with the Group's retail businesses providing direct employment and career development to thousands of people, both in the UK and internationally. The Group employs large numbers of school leavers and university graduates and participates regularly in work experience schemes with schools and colleges. Retail personnel across all levels within the Group's core UK, Republic of Ireland and JD France and Spain fascias are encouraged to take ownership of their own careers and to actively seek development and progression.

Training

The Group recognises that Training and Development for all levels of personnel is vital in maximising performance levels and also provides a useful mechanism for increasing morale and retention. This ensures that knowledge of our differentiated product offering remains in our stores, thereby enhancing customer service.

Training for the UK, Republic of Ireland and International stores is provided by the Group's long-established training function. The Training team now includes fascia-specific Training Managers for Size? and Bank, along with training support for Head Office and the Kingsway Distribution Centre.

The training function produces, designs and delivers various programmes for all fascias (including International stores) in order to ensure operational consistency throughout the Group.

Training received by all retail personnel is quality-controlled and measured via the use of electronic assessments. There are 38 types of electronic assessments across all retail fascias, covering all progression levels within the business.

Training and Development is provided across a number of areas:

	No. of courses in a year	Length of course	Number of attendees on each course
New Management Induction	19	5 days	20
Training Academy	3	12 weeks	22
Junior Management Development	60	4 hours	10
Various Management Development	22	1 day	10

Chausport and Sprinter operate their own training programmes which are more suited to those particular fascias.

Equality and Diversity

The Group is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Group are treated equally regardless of sex, marital status, creed, colour, race, religion or ethnic origin.

The Group gives full and fair consideration to applications for employment by people who are disabled, to continue whenever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees. It is also Group policy to provide opportunities for the large number of people seeking flexible or part time hours.

A breakdown by gender of the number of employees who were Directors of the Company, senior managers and other employees as at 1 February 2014, is set out below.

	Male	Female	Total	% Male	% Female
PLC board	5	-	5	100	-
Senior managers*	87	32	119	73	27
All employees	8,610	8,405	17,015	51	49

* Senior Managers is defined as -

- 1) persons responsible for planning, directing or controlling the activities of the company, or a strategically significant part of the company, other than Company Directors and;
- 2) any other Directors of subsidiary undertakings.

Communication

The number and geographic dispersion of the Group's operating locations make it difficult, but essential, to communicate effectively with employees.

Communication with retail staff is primarily achieved through the management in the regional and area operational structures. In addition, formal communications informing all employees of the financial performance of the Group are issued on a regular basis by the Group's Human Resources Department in the form of 'Team Briefs'. This department also produces a booklet four times a year for distribution within the Group's Head Office and Warehouse called People 1st.

We have introduced a regular Q & A forum in which representatives of the Group have the opportunity to speak directly with the Executive Chairman and ask him questions on behalf of their respective departments. The content of these sessions is distributed widely.

Health and Safety

We are committed to ensuring a safe environment for all of our employees and customers and actively encourage a positive health and safety culture throughout the organisation. The Group recognises its responsibility for health and safety and there is accountability throughout the various management levels within the business. Our commitment to Health and Safety is best evidenced as follows:

- The Health and Safety team has been further strengthened in the year to ensure that the procedures already developed in the existing fascias are established within the recently acquired companies.
- We have continued to develop a comprehensive induction and training programme which is regarded as an essential part of our commitment to health and safety. Targeted safety awareness campaigns are run regularly throughout the year and a monthly newsletter ensures that the safety message is communicated effectively throughout the Group.

- Our Health and Safety Committee meets four times a year allowing every employee the opportunity to raise any safety concerns through their nominated representative.
- The Health and Safety team has input into all our new and refitted stores from the initial design through to opening. The team conducts its own audit programme to ensure the highest safety standards during the construction phase of all our shop-fit projects.
- The Health and Safety team regularly review the management processes we have in place, with the aim of maintaining our high standards, whilst adapting to business and legislative changes.
- Targets are set to enable measurement of performance.

During the year we have seen positive improvements in these areas demonstrating the further development of a positive safety culture within the organisation including:

- Reportable employee accident numbers reduced by 15%.
- Number of customer accidents reported decreased by 4%.
- Local authority inspection numbers decreased by 16%.
- Fire officer inspections numbers decreased by 21%.
- Enforcement action remained constant.
- Area Manager health and safety performance increased by 6%.

Environment

The Group recognises that it has a responsibility to manage the impact that its businesses have on the environment and are committed to carrying out its activities with due consideration for the potential environmental impact both now and in the future. We continue to comply with the UK Government's carbon reduction commitment and have the following as the key areas of focus:

- Ensuring efficient use of energy and other materials.
- Maximising the amount of waste which is recycled.
- Ensuring compliance with relevant legislation and codes of best practice.

Corporate and Social Responsibility (Continued)

Energy

Basic Principles

The Group's core business is Retail and it is the Group's aim to give customers an enjoyable retail experience with goods presented attractively in an environment that is both well lit and has a pleasant ambient temperature. However, the Group accepts that all the businesses within it must be responsible in their energy usage and associated carbon emissions. This policy applies in all territories.

Carbon Management Programme

The Group maintains a Carbon Management Programme ('CMP') which is sponsored by the Group Finance Director and is reviewed regularly. The objectives of this programme are:

Objective	Action & Progress
1. Understand the drivers and timing of usage by continued investment in energy 'smart' meters.	This has now been achieved in over 430 of the Group's sites with ongoing rollout planned in remaining sites. Combined with the stores where accurate and timely usage data is already received from mandatory half hourly meters, this means that in excess of 95% of the UK and Republic of Ireland electricity consumption and 72% of gas consumption is automatically measured every 30 minutes.
2. Reduce energy usage in non-trading periods	In the period to 1 February 2014, the Group has invested in Building Management Systems in 80 of its highest energy consuming stores in the UK and Republic of Ireland. The project covers all fascias and is delivering average energy savings of 20% and a payback in less than 12 months. A further roll out of this technology is planned for 2014.
3. Reduce energy usage through investment in lighting technology	23 Watt LED lamps are now used as standard in all new shopfits in our retail businesses across Europe. These lamps reduce the electricity required for retail lighting by 30% compared to the previous 35 Watt conventional lamps and 58% compared to the 70 Watt conventional lamps which were used as standard in 2010.
4. Reduce energy usage through staff awareness and training	Retail staff have a key role to play in the execution of the CMP. Dedicated training is given at a store level.
5. Purchase energy competitively from sustainable sources wherever possible	The Group has renewed its supply contracts with British Gas (UK except Northern Ireland) and Airtricity (island of Ireland) to supply the Group's core businesses with 100% of its electricity requirement from either renewable or other sustainable sources. Newly acquired businesses are migrated to these contracts when possible.
6. Ensure all business activities are aware of their impact on energy consumption	A multi-disciplined approach to the CMP is adopted with considerable focus also given to reducing usage in the Group's warehouses and offices.
7. Ensure that the CMP applies to all businesses in all territories	The CMP applies not only to existing businesses but also to newly acquired businesses, including those outside of the traditional UK and Republic of Ireland base, where we work closely with the local management after acquisition to identify gaps and implement Group strategies.

KPIs

The Group is committed to using and subsequently reporting on appropriate KPIs with regards to energy usage. Accordingly, the Group can report the following in respect of locations in the UK and the Republic of Ireland that have been present for the full year both years.

	2014	2013	% Change
Energy Usage – Electricity (MWh)	55,532	57,220	
Energy Usage – Natural Gas (MWh)	1,923	1,522	
Total Energy Use (MWh)	57,455	58,743	
Carbon Footprint (Tonnes CO2)	30,396	31,236	-3

We also report our global greenhouse gas (GHG) emissions which have been calculated based on the GHG Protocol using emissions factors from UK government conversion factor guidance for the year reported. The emissions reported correspond with our financial year and reflect emissions from the leased and controlled assets for which the Group is responsible. Emissions are predominately from electricity use and delivery vehicle fuel consumption for our UK operations.

Global GHG emissions for 3 February 2013 to 1 February 2014

Emissions From:	Tonnes CO2 Equivalent
Combustion of fuels & operation of facilities (i)	6,724
Purchased electricity, heat, steam & cooling	33,216
Intensity Measurement (ii)	33

- (i) Excludes facility F-Gas emissions.
- (ii) Like for like revenues for businesses that have contributed full years both years. Emissions reported normalised to per £m revenue.

The following businesses are excluded from the data above as their contribution is not considered material at this time:

- JD Sports Fashion GmbH
- ActivInstinct Limited
- Tiso Group Limited
- Nicholas Deakins Limited
- Kukri Sports Limited
- Ark Fashion Limited
- Source Lab Limited
- Focus International Limited
- Topgrade Sportswear Limited
- Kooga Rugby Limited
- Tessuti Limited
- Cloggs Online Limited

The Group has pledged to reduce its combined energy usage in its like for like businesses by 3% year on year on a basis until the end of the current phase of the CRC scheme in 2015. This target, and the associated operating standards that drive this target, apply to all the Group's businesses.

Objectives for the Period to January 2015

The Group is committed to investing in the necessary resources to help achieve its targets on reducing carbon emissions, with the following works planned for the year to 31 January 2015:

- Continue to expand the reach of the CMP by working with the newly acquired businesses.
- Retrofit further stores with the 23 Watt LEDs for retail lighting thereby further reducing energy consumption and heat gain in the retail environment.
- Further investment in the use of building management systems to allow remote monitoring and control of building services.

Interaction with Pentland Group Plc

Under the current rules of the statutory Carbon Reduction Commitment Energy Efficiency scheme ('CRC'), the Group's submission to the UK Environment Agency is aggregated with that of Pentland Group Plc who are the Group's ultimate holding company (see note 34). The Group continues to work closely with Pentland Group Plc on ensuring an efficient process with regards to the emissions trading scheme which was introduced in April 2010, as part of the CRC.

Corporate and Social Responsibility (Continued)

Recycling

Wherever possible, cardboard (the major packaging constituent) is taken back to the Group's distribution centres. The cardboard is then baled and passed to recycling businesses for reprocessing. During the year, the amount of cardboard recycled increased to 993 tonnes (2013: 651 tonnes).

The Group has expanded its use of the Dry Mixed Recycling ('DMR') scheme to all pre-existing stores and businesses in the UK & Ireland to divert as much waste as possible away from landfill. This scheme has also been successfully introduced in to the newly acquired stores in The Netherlands. The scheme will be rolled out to other newly acquired businesses as soon as this is possible. In the period to 2 February 2014 we recycled 89% (2013: 87%) of our DMR waste with the remainder being used as an energy-from-waste (EFW) material.

Our Kingsway Distribution Facility continues to be a zero waste to landfill site.

In addition to the DMR scheme, there are four other main elements to our recycling strategy:

- Confidential paper waste is shredded on collection by a recycling business. This business provides a 'Certificate of Environmental Accomplishment' which states that the shredded paper, which was collected in the year, was the equivalent of 2,884 trees (2013: 2,078 trees). This large increase reflects the fact that we have disposed of increased quantities of confidential waste as we transition our distribution operations.
- Wood, metals and plastics are separated at our main distribution centre.
- Photocopier and printer toners (laser and ink) are collected and recycled for charity by Environmental Business Products Limited.
- Food waste is separated where possible and reused in the production of compost.

Plastic Bags

Approximately 35% of the bags issued by the Group's like for like businesses are high quality drawstring duffle bags, which are generally reused by customers many times. However, the Group is aware of the environmental impact of plastic bags and has sought to minimise any impact through the following measures:

- The bags are made from 33% recycled material.
- The bags contain an oxo-biodegradable additive, which means that they degrade totally over a relatively short life span.

The use of this material has also been adopted in an additional 60% of the Group's plastic bags handed out to customers. The Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland and we are also fully compliant with the carrier bag charge scheme introduced by the devolved administrations in Wales, Scotland and Northern Ireland.

Ethical Sourcing

The Group seeks to provide its customers with high quality and value merchandise from suppliers who can demonstrate compliance with internationally accepted core labour and ethical standards throughout their supply chain. These standards are based upon the provisions of the Ethical Trading Initiative ('ETI') Base Code and specifically cover areas such as wages, working hours, health and safety and the right to freedom of association.

The Group requires all of its suppliers, both existing and new, to formally commit to implementing the provisions of the ETI Base Code throughout their supply chains. Prior to any orders being placed, all new suppliers are required to complete the Group's risk assessment form to indicate their degree of compliance to the ETI Base Code. All existing suppliers are also required to conduct this assessment on an annual basis. These forms are reviewed by the Group's Compliance team and any areas of concern with regard to potential non-compliance are investigated when visiting the factories concerned. These reports are shared by the Group in a central base and those travelling are encouraged to take all documentation from the base with them when visiting the factories so that follow up can be done on a continual basis.

The Group has engaged Asia Inspections to complete an audit and compliance programme of the Group's current suppliers to the ETI Base Code standard. Asia Inspections is a global quality and compliance solutions provider which performs factory audits. In the year to 1 February 2014, 55% of the current supplier base was visited and audited with the results reported to the Group Sourcing and Supply Chain Manager.

Due to the diverse nature and scope of the supply chain, it is not always possible to visit all of the factories directly. Where instances of non-compliance are identified from the risk assessment forms and the supplier cannot be visited, they are required to confirm what corrective actions are being undertaken to resolve the issue. These actions will be verified directly by the Group's Compliance team as soon as practically possible on a future visit.

All suppliers are contractually obliged to comply with the Group's Conditions of Supply which includes a specific policy on 'Employment Standards for Suppliers'.

Our Communities

The Group seeks to be involved in the community where it can make an appropriate contribution from its resources and skills base.

In 2011 we undertook a three year commitment to The Christie Hospital to help raise £500,000 for the teenage cancer unit. In 2014 we achieved the £500,000 through staff fundraising events, Team JD running BUPA Great Manchester run and our successful charity balls. The funds raised through the partnership will enable The Christie to build and develop the UK's premier young oncology unit, helping to fund vital research into new treatments, provide equipment, counselling, activities for the young patients and support for their families.

Other examples of community engagement include:

- We sponsored the Once Upon A Smile celebrity football team for £10,000 which play throughout the year at tournaments to raise money for the charity. Once Upon A Smile was founded in 2011 and is a UK based charity offering a source of support to families who have suffered the loss of a child or parent (and have young children) from a long term or terminal illness.
- We made a donation of £3,000 to Gloves Community Centre in Bolton which was founded by Amir Khan.
- We made a donation to The Marina Dalglish Appeal of £3,850 to improve cancer treatment facilities in Liverpool.
- We made a donation of £2,500 to Manchester City Football Club in the Community which engages with over 200,000 people of all ages and across all communities over Manchester, Tameside and Stockport.

The Board

Peter Cowgill

Executive Chairman and Chairman of the Nomination Committee - aged 61

Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. Since then he has been a partner in Cowgill Holloway Chartered Accountants. He is a Non-Executive Director of a number of private companies and Non-Executive Chairman of United Carpets Plc and MBL Group Plc.

Barry Bown

Chief Executive Officer - aged 52

Barry joined the Board in 2000 and has been with JD Sports Fashion Plc since 1984. He held the positions of Head of Retail, Head of Buying and Merchandising and Chief Operating Officer prior to his appointment as Chief Executive in 2000.

Brian Small

Group Finance Director - aged 57

Brian was appointed Finance Director in January 2004. Immediately prior to his appointment he was Operations Finance Director at Intercare Group Plc and has also been Finance Director of a number of other companies. He qualified as an accountant with Price Waterhouse in 1981.

Andrew Leslie

Non-Executive Director, Chairman of the Remuneration Committee and Member of the Audit and Nomination Committees - aged 67

Andrew was appointed to the Board in May 2010. He has over 40 years of experience in the retail, footwear and apparel sectors. He was an Executive Board Director of Pentland Brands Plc, from which he retired in 2008. During his career, Andrew also held a number of senior positions with British Shoe Corporation, The Burton Group Plc and Timpson Shoes Limited.

Martin Davies

Non-Executive Director, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committees - aged 54

Martin was appointed to the Board in October 2012. He was previously Group Chief Executive of Holidaybreak Plc from 2010 until its sale to Cox and Kings Limited in 2011. He joined the Board of Holidaybreak Plc in 2007 when it acquired PGL where he had been Chief Executive. He left Holidaybreak Plc in 2012. Previously, he has had roles at Allied Breweries, Kingfisher and Woolworths.

Directors' Report

The Directors present their annual report and the audited financial statements of JD Sports Fashion Plc (the 'Company') and its subsidiaries (together referred to as the 'Group') for the 52 week period ended 1 February 2014.

Principal Activity

The principal activity of the Group is the retail and distribution of branded sportswear, fashionwear and outdoor clothing and equipment.

In accordance with the Companies Act 2006, a review of the business providing a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, including environmental, employee and social and community issues, together with the Group's Key Performance Indicators and a description of the principal risks and uncertainties facing the business is detailed in the Strategy Report on pages 19 to 35.

All the information set out in those sections is incorporated by reference into, and is deemed to form part of, this report.

The Corporate Governance Report (pages 40 to 45) and the Directors' Remuneration Report (pages 46 to 56) are incorporated by reference into, and are deemed to form part of, this report.

Share Capital

As at 1 February 2014 the Company's issued share capital was £2,433,083 comprising 48,661,658 ordinary shares of 5p each. There have been no changes in the year.

Shareholder and Voting Rights

All members who hold ordinary shares are entitled to attend and vote at the Company's Annual General Meeting. On a show of hands at a general meeting, every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share they hold. Subject to relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes.

Restrictions on Transfer of Shares

The restrictions on the transfer of shares in the Company are as follows:

- The Board may, in absolute discretion, refuse to register any transfer of shares which are not fully paid up (but not so as to prevent dealings in listed shares from taking place), or which is in favour of more than four persons jointly or which is in relation to more than one class of share.
- Certain restrictions may, from time to time, be imposed by laws and regulations (for example, insider trading laws).
- Restrictions apply pursuant to the Listing Rules of the Financial Services Authority whereby Directors and certain of the Group's employees require prior approval to deal in the Company's shares.

The Company is not aware of any arrangement between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Authority to Purchase Own Shares

A resolution was passed at the 2013 Annual General Meeting giving Directors authority to buy back ordinary shares up to a maximum of 10% of the total issued ordinary share capital of the Company. As at the date of this report no shares have been purchased under this authority.

Substantial Interests in Share Capital

As at 1 February 2014 the Company has been advised of the following significant holdings of voting rights in its ordinary share capital pursuant to the Disclosure and Transparency Rules of the Financial Conduct Authority ('DTRs'):

	Number of ordinary shares/voting rights held	% of ordinary share capital
Pentland Group Plc	27,963,722	57.47
Sports World International Ltd	5,775,255	11.87
Aberforth Partners	4,711,740	9.68
FMR LLC	2,437,000	5.00

The Company has not been notified of any change in interests pursuant to the DTRs between 1 February 2014 and the date of this report.

Directors Report (Continued)

Directors

The names and roles of the current Directors together with brief biographical details are given on page 36. The Directors are responsible for the management of the business of the Company and, subject to law and the Company's Articles of Association ('Articles'), the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

The number of directors at any one point in time shall not be less than two.

The Articles give the Directors power to appoint and replace directors. Any director so appointed shall hold office only until the dissolution of the first AGM of the Company following appointment unless they are re-elected during such meeting.

The Articles require that, at each AGM of the Company, any director who was elected or last re-elected at or before the AGM held in the third calendar year before the then current calendar year must retire by rotation and such further Directors must retire by rotation so that in total not less than one third of the Directors retire by rotation each year. A retiring director is eligible for re-election.

However in accordance with the UK Corporate Governance Code the Board has determined that all Directors will stand for re-election at the 2014 AGM.

Amendment of the Company's Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

Change of Control – Significant Agreements

In the event of a change of control of the Company, the Company and the lenders of the £155 million bank syndicated facility shall enter into an agreement to determine how to continue the facility. If no agreement is reached within 20 business days of the date of change in control, the lenders may, by giving not less than 10 business days notice to the Company, cancel the facility and declare all outstanding loans, together with accrued interest and all other amounts accrued immediately due and payable.

Contractual Arrangements Essential to the Business of the Group

The Board considers that continuing supply from Nike and adidas, being the main suppliers of third party branded sporting products, to the Group's core sports fashion retail operation is essential to the business of the Group.

Employees

The Group communicates with its employees through team briefs and via the Company's intranet and notice boards. Views of employees are sought on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's performance and of significant organisational changes.

The Group's employee remuneration strategy is set out in the Remuneration Report on pages 46 to 56.

The Group is committed to promote equal opportunities in employment regardless of employees' or potential employees' sex, marital status, creed, colour, race, religion, ethnic origin or disability. Recruitment, promotion and the availability of training are based on the suitability of any applicant for the job and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during his or her employment by the Group, every effort is made to continue employment and training within their existing capacity wherever practicable, or failing that, in some alternative suitable capacity.

Auditor

KPMG LLP have indicated their willingness to continue in office as auditors of the Company. A resolution proposing their re-appointment will be proposed to shareholders at the forthcoming AGM.

Disclosure of Information to the Auditor

Each person who is a Director at the date of approval of this report confirms that:

- So far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

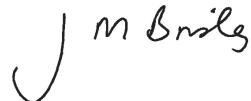
Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, the financial statements have been prepared on a going concern basis.

Annual General Meeting (AGM)

Notice of the Company's AGM to be held at 1pm on 26 June 2014 at Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR incorporating explanatory notes of the resolutions to be proposed at the meeting is enclosed, together with a form of proxy.

By order of the Board



Jane Brisley
Company Secretary
15 April 2014

Corporate Governance Report

The Board is committed to high standards of corporate governance. This report sets out how the Company has applied the main principles set out in the UK Corporate Governance Code published by the Financial Reporting Council in September 2012 and June 2010 ('the Code') and the extent to which the Company has complied with the provisions of the Code.

The Board

The Board currently consists of five directors: an Executive Chairman, two other Executive Directors and two Non-Executive Directors. The name, position and brief profile of each Director is set out on page 36.

Composition of the Board is kept under review and changes are made when appropriate and in the best interests of the Group. Colin Archer stood down as a Non-Executive Director with effect from 30 September 2013. The Board considers that its composition during the year had the necessary balance of Executive and Non-Executive Directors providing the desired blend of skills, experience and judgement appropriate for the needs of the Group's business and overall effectiveness of the Board. None of the Directors have served for more than three years without having been re-elected by shareholders. Martin Davies is the senior independent Non-Executive Director following Colin Archer's departure from the Board on 30 September 2013.

The independence of the Non-Executive Directors is considered by the Board on an annual basis. Both Non-Executive Directors are considered to be independent by the Board. Andrew Leslie was appointed to the Board in May 2010 and is considered to be independent by the Board for the purposes of the Code. Andrew Leslie was formerly an Executive Director of Pentland, the Company's largest shareholder. Andrew Leslie does not represent the interests of Pentland on the Board and retired from Pentland in 2008. The Board believes that the Non-Executive Directors have provided ample guidance to the Board and perform an effective role in challenging the Executive Directors when appropriate.

From time to time the Executive Chairman meets with the Non-Executive Directors without the other Directors present to discuss Board performance and other matters considered appropriate.

The Board considers that all the Directors are able to devote sufficient time to their duties as Directors of the Company. The brief biographical detail on page 36 includes details of the Chairman's other directorships of listed companies. The Board is satisfied that these appointments do not conflict with the Chairman's ability to carry out his role effectively for the Group.

Under the Company's Articles of Association, all Directors are required to retire and offer themselves for re-election every three years. However, in accordance with the Code, all Directors will retire and offer themselves for re-election at the 2014 AGM.

Board Operation

The Board is responsible for the direction, management and performance of the Company. The Board held nine scheduled meetings during the year under review and ad hoc meetings were held between scheduled meetings where required. Directors' attendance at scheduled Board and Committee meetings is set out in the table below. The Board is responsible for providing effective leadership and promoting the success of the Group. The Board has a formal schedule of matters reserved specifically to it for decisions which include major strategic matters, approval of financial statements, acquisitions and disposals and significant capital projects.

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Board delegates certain powers to committees as set out below.

Board papers are circulated to Directors prior to Board meetings which include up-to-date financial information, reports from the Executive Directors and papers on major issues for consideration by the Board. The Board has a formal procedure for Directors to obtain independent professional advice.

All Board members have full access to the Company Secretary who is a fully admitted solicitor and attends all Board and Committee meetings. The Company Secretary is responsible for advising the Board on Corporate Governance matters. The appointment and removal of the Company Secretary is a matter for the Board as a whole to determine.

All newly appointed Directors receive an appropriate induction when they join the Board. Relevant training is arranged as and when deemed appropriate.

A performance evaluation of the Board, its Committees and individual Directors has been conducted post the year end and in the period prior to the Company's annual results being announced. This consisted of an internally run exercise conducted through the completion by each Director of a questionnaire prepared by the Company Secretary which encourages the Directors to give his opinions on Board and Committee procedures, operation and effectiveness as well as any other matter they wish to raise. A separate questionnaire was completed by the Directors (other than the Executive Chairman) in relation to the performance of the Executive Chairman with the Senior Independent Director discussing the resulting feedback with the other Non-Executive Directors, taking into account the views of the other Executive Directors (excluding the Executive Chairman). The feedback from the evaluation process is used by the Board to identify strengths and development areas and confirmed that the Board and its Committees were operating effectively. The Board determined that an internal performance evaluation exercise was appropriate but will consider on an annual basis the value and appropriateness of an externally facilitated exercise.

The division of responsibilities between the Executive Chairman and Chief Executive Officer is in writing and has been agreed by the Board. The Chairman is responsible for overall Board leadership, corporate strategy and communication with major shareholders. The Chief Executive Officer's responsibilities are focused on the development of the Group's core retail operations.

The Company, through its majority shareholder Pentland Group Plc, maintains appropriate Directors' and Officers' liability insurance.

Attendance at Board and Committee Meetings

	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings in year	9	4	3	-
P Cowgill	9	4*	3*	-
B Bown	7	-	1*	-
B Small	9	4*	3*	-
C Archer ¹	6	4	2	-
A Leslie	9	4	3	-
M Davies ²	8	-	2	

* P Cowgill and B Small attended the Remuneration Committee meetings and the Audit Committee meetings at the invitation of the members of those committees. B Bown attended an Audit Committee meeting at the invitation of the members of that committee.

- (1) C Archer served on the Board for part of the year, having stood down on 30 September 2013.
- (2) M Davies was appointed to the Remuneration, Audit and Nomination Committees on 1 October 2013.

Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or possibly could conflict, with the interests of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective.

Board Committees

There are three principal Board Committees to which the Board has delegated certain of its responsibilities. The terms of reference for all three Committees are available for inspection on request and are available on the Company's corporate website www.jpdlc.com.

Corporate Governance Report (Continued)

Audit Committee

Membership and Meetings

The Audit Committee currently comprises two independent Non-Executive Directors, Martin Davies (Chairman) who was appointed to the Committee on 1 October 2013 and Andrew Leslie. Colin Archer was Chairman of the Committee until 30 September 2013.

The Audit Committee met three times in the year with the external auditor attending each meeting. Details of attendance at Audit Committee meetings are set out in the table above.

Principal Duties

The Committee's principal duties are to review draft annual and interim financial statements prior to being submitted to the Board, reviewing the effectiveness of the Group's system of internal control and risk management and to review the performance and cost effectiveness of the external auditor.

Main Activities During the Year

The Committee's activities included:

- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon including internal controls.
- Reviewing regularly the potential impact on the Group's financial statements of certain matters such as impairments of fixed asset values and proposed International Accounting Standards.
- Reviewing the external auditor's plan for the audit of the Group's financial statements, key risks of misstatement in the financial statements, confirmations of auditor independence, audit fee and terms of engagement of the auditor.
- Reviewing the independence and effectiveness of the Group's external auditor.
- Reviewing the arrangements in place for employees to be able to raise matters of possible impropriety in confidence to ensure they remain appropriate.
- Reviewing the Company's risk register and internal controls.
- Consideration of whether an internal audit function should be established.

Financial Statements and Significant Accounting Matters

The Committee is responsible for reviewing the Group's draft financial statements and interim results statement prior to Board approval. As part of such review, the Committee considers whether suitable accounting policies have been adopted and whether appropriate judgements have been made by management. The Committee also reviews reports by the external auditor on the full year and half year results.

The following are material areas in which significant judgements have been applied and have been considered by the Committee during the year:

Impairment of Goodwill and Intangible Assets

The Committee considered the assumptions underlying the calculation of the value in use of the cash generating units being tested for impairment, primarily the achievement of the short term business plan, the assumptions on discount rates and long term growth rates. The Committee reviewed the budgets and business plans that support the impairment reviews and challenged the key assumptions used and are comfortable that they represent managements best estimate at the time.

The external auditor provides to the Committee detailed explanations of the results of their review of the estimate of the value in use, including their challenge of management's underlying cashflow projections, the key growth assumptions and discount rates. The Committee have also reviewed the disclosures in the financial statements.

During the year the Committee reviewed the value in use of the Bank goodwill and the growth assumptions used in this estimate and an impairment of £11.8 million has been recognised in the current year.

Further information on this is provided in note 13.

Valuation of Inventories

The Committee considered the assumptions used in the inventory obsolescence provision models across the Group. The valuation of inventories is a principal risk for the Group as its retail businesses are highly seasonal. The Committee reviews the provision models and challenges management on the key judgements made over aged stock and the level of proceeds for aged stock.

The external auditor reports to the Committee on the work they have completed and how their audit work is concentrated on this area.

External Auditor

A breakdown of the audit and non-audit related fees is set out in note 3 to the Consolidated Financial Statements on page 72. Non-audit work was comprised mainly of tax and other project work and was undertaken by the external auditor due to their knowledge and understanding of the Group's business and in the interests of efficiency. Larger pieces of non-audit work were awarded following a tender process. The Company has instructed other firms to provide non-audit services from time to time in prior years and the Committee will keep the level of non-audit work performed by the auditor under review. The Committee is satisfied that the level and scope of non-audit services performed by the external auditor does not impact their independence.

Since the year end, the Committee has adopted a formal policy on the provision of non-audit services by the external auditor. The objective of the policy is to ensure the external auditor's independence is maintained and to establish appropriate approval levels prior to non-audit work being undertaken by the external auditor. Under the policy, any non-audit services to be undertaken by the auditor require advance authorisation in accordance with the following:

- Work in excess of £100,000 – Committee approval required.
- For individual pieces of work between £20,000 and £100,000 – Executive Chairman approval required.
- For individual pieces of work below £20,000 - Group Finance Director approval required.

KPMG have acted as auditor to the Company since its flotation in 1996 and no tender exercise has been conducted to date. The lead partner is subject to rotation every five years to safeguard independence, with a new lead partner being appointed to lead the audit for the 2014/15 financial year. In light of the Code and the recent conclusions of the Competition Commission, the Committee will keep under review the appropriate timing for a formal tender. In the meantime, the Board believes it is important that the auditor is independent from the auditor of the Company's majority shareholder.

The Committee keeps under review the relationship between the Group and external auditor and, having considered the external auditor's performance during their period in office and being satisfied that the external auditor continues to be independent, recommends their reappointment.

Internal Audit

The Company does not currently have an internal audit function. The Committee considers on an annual basis whether an internal auditor should be recruited and at the current time has determined that this is not necessary due to the centralised nature of the Group's core operations and the Group's experienced Loss Control team who play an effective role in limiting shrinkage, theft and fraud. The Loss Control Director reports to the Board on a quarterly basis.

Remuneration Committee

The Remuneration Committee currently comprises two independent Non-Executive Directors, Andrew Leslie (Chairman) who was appointed as Chairman on 1 October 2013 and Martin Davies who was appointed to the Committee on 1 October 2013. Colin Archer was Chairman of the Committee until 30 September 2013.

The Committee's principal duties are to determine overall Group remuneration policy, remuneration packages for Executive Directors and senior management, the terms of Executive Director service contracts, the terms of any performance-related schemes operated by the Group and awards thereunder.

The Committee met four times during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 41.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 46 to 56.

Nomination Committee

The Nomination Committee currently comprises the Executive Chairman and two independent Non-Executive Directors, Andrew Leslie and Martin Davies who was appointed to the Committee on 1 October 2013. Colin Archer was a member of the Committee until 30 September 2013.

The Committee's principal duties are to consider the size, structure and composition of the Board, ensure appropriate succession plans are in place for the Board and senior management and, where necessary, consider new appointments to the Board and senior management. From time to time the full Board performs some of the duties of the Nomination Committee, as was the case during the year under review. In addition, regular informal discussions on Board structure, succession and performance take place between the non-executive directors and the Executive Chairman.

No external search consultancy has been engaged during the year under review.

Corporate Governance Report (Continued)

Board Composition and Diversity

The Board is mindful of the recommendations of the Davies Review. The Board's overriding aim is to make appointments based on merit and against objective criteria. The Board anticipates undertaking a search exercise during the 2014/15 financial year with a view to appointing a further independent non-executive director and any such appointment will be made with due regard to the benefits of diversity on the Board, including gender diversity, as well as other relevant and required experience.

Internal Control

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the year under review and accords with the Turnbull guidance.

The Board, in conjunction with the Audit Committee, has full responsibility for the Group's system of internal controls and monitoring their effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement. The Board has established a well-defined organisation structure with clear operating procedures, lines of responsibility, delegated authority to executive management and a comprehensive financial reporting process.

Key features of the Group's system of internal control and risk management are:

- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Audit Committee and the Board.
- Detailed appraisal and authorisation procedures for capital investment.
- Prompt preparation of comprehensive monthly management accounts providing relevant, reliable and up-to-date information. These allow for comparison with budget and previous year's results. Significant variances from approved budgets are investigated as appropriate.
- Preparation of comprehensive annual profit and cash flow budgets allowing management to monitor business activities and major risks and the progress towards financial objectives in the short and medium term.
- Monitoring of store procedures and the reporting and investigation of suspected fraudulent activities.
- Reconciliation and checking of all cash and stock balances and investigation of any material differences.

In addition, the Audit Committee receives comprehensive reports from the external auditor in relation to the financial statements and the Group's system of internal controls.

The Group has a formal whistle blowing policy in place enabling employees to raise concerns in relation to the Group's activities on a confidential basis.

The Board has reviewed the effectiveness of the Group's system of internal controls and believes this to be effective. In establishing the system of internal control the Directors have regard to the materiality of relevant risks, the likelihood of a loss being incurred and costs of control. It follows, therefore, that the system of internal control can only provide a reasonable, and not absolute, assurance against the risk of material misstatement or loss.

The integration of recently acquired businesses into the Group's system of internal controls is achieved as quickly as possible.

Shareholder Relations

The Executive Directors maintain an active dialogue with the Company's major shareholders to enhance understanding of their respective objectives. The Executive Chairman provides feedback to the Board on issues raised by major shareholders. This is supplemented by twice yearly formal feedback to the Board on meetings between management, analysts and investors which seeks to convey the financial market's perception of the Group.

The Senior Independent Non-Executive Director is available to shareholders if they have concerns which have not been resolved through dialogue with the Executive Directors, or for which such contact is inappropriate. Major shareholders may meet with the Non-Executive Directors upon request.

External brokers' reports on the Group are circulated to the Board for consideration. In addition, the Non-Executive Directors attend results presentations and analyst and institutional investor meetings whenever possible.

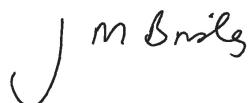
The AGM is attended by all Directors, and shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended. At the AGM the level of proxies lodged on each resolution is announced to the meeting after the show of hands for that resolution.

Compliance with the Code

The Directors consider that during the year under review and to the date of this report, the Company complied with the Code except in relation to the following:

- Code provision B.1.2 – The Company was re-admitted to the FTSE 350 in December 2013. Colin Archer stood down from the Board on 30 September 2013 and so the Company does not currently comply with this Code provision which requires at least half of the Board (excluding the Chairman) to be comprised of independent non-executive directors. The Board anticipates undertaking a search exercise during the 2014/15 financial year with a view to appointing a further independent non-executive director.
- Code provision B.6.1 – The annual evaluation exercise was not conducted by the year end but in the period prior to the announcement of the Company's results on 15 April 2014.
- Code provision B.6.2 – The Board did not conduct an externally facilitated evaluation exercise. The Board will keep under consideration on an annual basis whether an externally facilitated exercise is appropriate and would provide value for money.
- Code provision C.3.1 and D.2.1 – These provisions require there to be three independent non-executive directors on the Audit Committee and Remuneration Committee respectively. Each such Committee was comprised of two independent non-executive directors. The Board will keep Committee composition under review and will look to make adjustments as and when a new independent non-executive director is appointed to the Board.
- Code provision C.3.7 – The audit has not been put out to tender. In light of the Code and the recent conclusions of the Competition Commission, the Committee will keep under review the appropriate timing for a formal tender.

This report was approved by the Board and signed on its behalf by:



Jane Brisley
Company Secretary
15 April 2014

Directors' Remuneration Report

Annual Statement

Dear Shareholder

The Remuneration Committee ('Committee') has focused on ensuring that our policies and actions are appropriate for our business and that they balance the rewards to our Executive Directors for delivering first class financial performance with our medium/long term strategic goals to create long term value for our shareholders.

We believe in rewarding our Executives based on their individual and team performance and on the value created for the shareholders. Our annual bonus scheme combines challenging financial targets with clear medium/long term strategic objectives. This year we are proposing a new Long Term Incentive Plan ('LTIP') which will be based on the achievement of challenging financial targets.

This Directors' Remuneration Report ('Report') is on the activities of the Committee for the period to 1 February 2014. It sets out the remuneration policy and remuneration details for the Executive and Non-Executive directors of the Company. There are three sections;

- This Annual Statement.
- The Policy Report setting out the forward looking directors' remuneration policy and which is subject to a binding shareholder vote at the 2014 AGM.
- The Annual Report on Remuneration providing details on how the directors' remuneration policy will be operated for 2014/2015 and the remuneration earned in the year to 1 February 2014. This Annual Report on Remuneration together with the Annual Statement will be subject to an advisory shareholder vote at the 2014 AGM.

This report has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 ('Regulations'). This is the first time the Company has prepared the Report in accordance with the amended Regulations. The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report.

The Committee keeps under review the remuneration policy and specific remuneration packages for the Executive Directors and other senior executives. The Committee is mindful that our

Group operates in a highly competitive retail environment and we seek to ensure that our remuneration policy is appropriate to attract, retain and motivate executive directors of the right calibre to ensure the success of the Company into the future. The Committee has determined that it would be appropriate for a new LTIP scheme to be proposed to shareholders at the 2014 AGM. In line with prior LTIP schemes, it will grant cash awards rather than shares, given the current shareholder structure and the lack of a large free float. The Committee believes it is in the best interests of the Company to adopt the new LTIP in order to be able to retain and motivate the Executive Directors, to provide competitive rewards and to incentivise them to sustain and build long term value in alignment with shareholder interests.

Summary of activity

- Review of basic salary to ensure these are appropriate for the market in which we operate. No salary increase was awarded to the Executive Directors at the last review in 2013. With effect from 1 April 2014, the Committee has agreed that the basic salary reviews detailed on page 56 will be implemented. The salary increases equate to a 2% increase for the Executive Chairman and Chief Executive (which is in line with the general increase for our Head Office employees) and 6.25% for the Group Financial Director so as to be more in line with the market.
- Review of annual bonus awards for the year to 1 February 2014, which are set out on page 53, and appropriate targets for the 2014/15 financial year. These are based on a combination of financial and non-financial Key Performance Indicators ('KPIs') linked to key strategic objectives which are intended to reward our Executive Directors for performance and provide alignment with shareholder interests.
- Consideration of appropriate LTIP arrangements. The Company is proposing a new cash LTIP for the Executive Directors at the 2014 AGM.
- Consideration of the final award under the Executive Chairman's special retention scheme which is outlined on page 54.

Andrew Leslie

Chairman of the Remuneration Committee
15 April 2014

Policy Report

This directors' remuneration policy will take effect, subject to it being approved by shareholders, from the date of the 2014 AGM. Following approval, remuneration payments and payments for loss of office can only be made to directors if they are consistent with the approved directors' remuneration policy. However, commitments made before the directors' remuneration policy comes into effect and commitments made before an individual became a director will be honoured even if they are inconsistent with the policy prevailing when the commitment is fulfilled.

Policy Overview

- The Group operates in a highly competitive retail environment and the Committee seeks to ensure that the level and form of remuneration is appropriate to attract, retain and motivate Executive Directors of the right calibre to ensure the success of the Company into the future.
- Remuneration should be aligned with the key corporate metrics that drive earnings growth and increased shareholder value with significant emphasis on performance related pay measured over the longer term.
- Incentive arrangements for Executive Directors should provide an appropriate balance between fixed and performance related elements and be capable of providing exceptional levels of total payment if outstanding performance is achieved.

Future Policy Table

Executive Directors

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	To provide competitive fixed level remuneration to attract and retain Executive Directors of the necessary calibre to execute the Group's strategy and deliver shareholder value.	<p>Base salaries for the Executive Directors are reviewed annually by the Committee.</p> <p>The following factors are taken into account when determining base salary levels:</p> <ul style="list-style-type: none"> • Remuneration levels at comparable quoted UK retail companies. • The need for salaries to be competitive. • The performance of the individual Executive Director. • Experience and responsibilities. • Pay for other employees in the Group. • The total remuneration available to the Executive Directors and the components thereof and the cost to the Company. 	<p>The policy of the Committee is that the salaries of the Executive Directors should be reviewed annually, although it reserves the right to review salaries on a discretionary basis if it believes an adjustment is required to reflect market rates or performance.</p> <p>There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader employee population but on occasions may need to recognise, for example, an increase in the scale, scope or responsibility of the role as well as market rates.</p>	Not applicable
Benefits	To ensure the overall package is competitive for Executive Directors.	<p>Current benefits provision is detailed on page 53.</p> <p>Other benefits may be provided where appropriate including health insurance, life insurance/death in service, travel expenses and relocation.</p>	<p>The Committee determines the appropriate level taking in account market practice and individual circumstances.</p>	Not applicable

Directors' Remuneration Report (Continued)

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Pension	To provide post-retirement benefits for Executive Directors.	<p>Payments are made into a defined contribution scheme with company contributions set as a percentage of base salary.</p> <p>The Committee has the discretion to pay a cash amount in lieu of a pension contribution (any such payment would not count for the purposes of calculating bonus and LTIP awards).</p>	<p>The rates are set at a level which the Committee considers is appropriate.</p> <p>Current company contribution rates for Executive Directors are shown on page 53.</p>	Not applicable
Annual Bonus	Executive Directors have the opportunity to earn performance related bonuses based on the achievement of targets and key performance indicators which incentivise the achievement of the business strategy.	<p>The bonus is paid annually in cash and is non-pensionable.</p> <p>No claw back provisions apply.</p>	100% of salary, however, the Committee has the discretion to award bonuses of up to 200% of salary for exceptional performance.	<p>The targets are set by the Committee each year and are based on a combination of financial and strategic KPIs, with target and maximum levels. At least two thirds of the annual bonus will be linked to financial KPIs. The Committee retains the discretion to adjust the targets in the event of significant corporate activity during the year. The Committee will review the Group's overall performance before determining final bonus levels. The Committee may in exceptional circumstances amend the bonus payout should this not, in the view of the Committee, reflect the overall business performance or individual contribution. Targets will be disclosed in the following year's Annual Report.</p>

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Long Term Incentive Plans	<p>To provide the Executive Directors with the opportunity to earn competitive rewards.</p> <p>To align the Executive Directors' interests more closely with those of the shareholders.</p> <p>To focus the Executive Directors on sustaining and improving the long-term financial performance of the Company and reward them appropriately for doing so.</p>	<p>We are proposing a new LTIP for shareholder approval at the 2014 AGM.</p> <p>Key features of the proposed LTIP are:</p> <ul style="list-style-type: none"> • Cash awards (not shares). • Three year performance period. • The performance condition can be amended or substituted if events occur which cause the Committee to consider that an amended or substituted performance target would be more appropriate. Any amended or substituted target would not be materially more or less difficult to satisfy. • Malus provisions apply to unvested awards. The Committee can reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage. 	<p>200% of base salary under the proposed new LTIP. The level of any awards under such LTIP (if approved) remain under consideration of the Committee.</p>	<p>The proposed LTIP will measure financial performance over a 3 year period with targets based on headline earnings during that period.</p> <p>It is anticipated that 25% of any award will vest at threshold performance increasing on a straightline basis to 100% for maximum performance.</p> <p>Targets will be disclosed in the annual accounts for the year following a performance period.</p>

Non-Executive Directors

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive Director Fees	Set at a level which the Committee considers reflects the time commitment and contributions that are expected from the Non-Executive Directors	<p>Cash fee paid. Additional fees based on additional responsibilities, such as acting as Senior Non-Executive Director or serving as Chairman of Board Committees, may be paid.</p> <p>Fees are reviewed on an annual basis.</p> <p>The Non-Executive Directors do not participate in the Company's incentive arrangements and no pension contributions are made in respect of them. Reasonable travel and subsistence expenses may be paid or reimbursed by the Company.</p>	<p>The policy of the Committee is that the fees paid to Non-Executive Directors should be reviewed annually, although it reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates, scope of responsibilities or performance. There is no prescribed maximum annual increase.</p>	None

Directors' Remuneration Report (Continued)

Share Ownership Guidelines

The Company does not have a minimum share ownership requirement for the Executive Directors. Given our narrow shareholder base, the Committee considers it impractical to set realistic shareholding targets.

Consideration of Shareholder Views

The Committee engages directly with the major shareholders on key aspects of the remuneration policy and will take into consideration feedback received in relation to the AGM (or otherwise) when next reviewing the policy.

Consideration of Employee Conditions Elsewhere in the Group

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of our business strategy and should be sufficient to attract and retain high calibre talent, without paying more than is necessary.

Senior executives below Board level with a significant ability to influence company results may participate in an annual bonus plan and deferred bonus plan which reward both performance and loyalty and are designed to retain and motivate.

Approach to Recruitment Remuneration

In the event that a new Executive Director was to be appointed, a remuneration package would be determined consistent with the directors' remuneration policy. In particular, new Executive Directors will participate in variable remuneration arrangements on the same basis as an existing Executive Directors. In the event that a new Non-Executive Director was to be appointed, the fees payable would be determined consistent with the directors' remuneration policy.

If it were necessary to attract the right candidate, due consideration would be given to making awards necessary to compensate for forfeited awards in a previous employment. In making any such award, the Committee will take into account any performance conditions attached to the forfeited awards, the form in which they were granted and the timeframe of the forfeited awards. The value of any such award will be capped to be no higher on recruitment than the forfeited awards and will not be pensionable nor count for the purposes of calculating bonus and LTIP awards. The Committee retains the right to exercise the discretion available under Listing Rule 9.4.2 where necessary to put in place an arrangement established specifically to facilitate, in unusual circumstances, the recruitment of a new Executive Director. Where appropriate the Company will offer to pay reasonable relocation expenses for new Executive Directors.

In respect of an internal promotion to the Board, any commitments made before the promotion will continue to be honoured even if they would otherwise be inconsistent with the directors' remuneration policy prevailing when the commitment is fulfilled.

Service Contracts and Payments For Loss of Office

Details of the contracts currently in place for Executive Directors are as follows:

	Date of Contract	Notice Period (Months)	Unexpired Term
P Cowgill	16 March 2004	12	Rolling 12 months
B Bown	20 February 2009	12	Rolling 12 months
B Small	10 March 2004	12	Rolling 12 months

It is the Company's policy that notice periods for Executive Director service contracts are no more than 12 months.

In the event of early termination, the Company may make a termination payment not exceeding one year's salary and benefits. Incidental expenses may also be payable where appropriate. It is in the discretion of the Committee as to whether departing directors would be paid a bonus. In exercising its discretions on determining the amount payable to an Executive Director on termination of employment, the Board would consider each instance on an individual basis and take in account contractual terms, circumstances of the termination and the commercial interests of the Company. When determining whether a bonus or any other payment should be made to a departing director, the Committee will ensure that no 'reward for failure' is made. The Committee may make a payment to a departing director for agreeing to enter into enhanced restrictive covenants following termination where it considers that it is in the best interests of the Company to do so.

In the event of gross misconduct, the Company may terminate the service contract of an Executive Director immediately and with no liability to make further payments other than in respect of amounts accrued at the date of termination.

The current Executive Director service contracts permit the Company to put an Executive Director on garden leave for a maximum period of 3 months. The Company may adjust such period as deemed appropriate for any new Executive Directors.

The Executive Director service contracts contain a change of control provision whereby if 50% or more of the shares in the Company come under the direct or indirect control of a person or persons acting in concert, an Executive Director may serve notice on the Company, at any time within the 12 month period following a change of control, terminating his employment. Upon termination in these circumstances, an Executive Director will be entitled to a sum equal to 112% of his basic salary (less deductions required by law) and such Executive Director waives any claim for wrongful or unfair dismissal. The Company does not envisage such a provision being contained in any service contracts for any new Executive Directors.

LTIP

Where cessation of employment is due to ill-health, injury, disability or the sale of the employing entity out of the group, the unvested LTIP award will continue. It will continue to vest in accordance with the original vesting date and subject to the original performance target unless the Committee determines that it should vest as soon as reasonably practicable following the date of cessation.

Where cessation of employment is due to death, the LTIP award will, unless the Committee determine otherwise, vest as soon as reasonably practicable following death. Where the Executive Director is dismissed lawfully without notice, the LTIP award will lapse on the date of cessation.

In all other circumstances the LTIP award will lapse on the date of cessation of employment unless the Committee determines otherwise, in which case it will determine the extent to which the unvested LTIP award vest taking into account the extent to which the performance target is satisfied at the end of the performance period or, as appropriate, on the date on which employment ceases. The period of time that has elapsed since the start of the performance period to the date of cessation of employment will also be taken into account unless the Committee determines otherwise.

In the event of a change of control, LTIP awards will vest at the date of change of control (other than in respect of an internal reorganisation) unless the Committee determines otherwise.

The service contracts and letters of appointment are available for inspection by shareholders at the forthcoming AGM and during normal business hours at the Company's registered office address.

In accordance with the recommendations of the UK Corporate Governance Code, all Directors will retire and offer themselves for re-election at the 2014 AGM.

Non-Executive Directors

The Non-Executive Directors have entered into letters of appointment with the Company which are terminable by the Non-Executive Director or the Company on not less than three months' notice.

Non-Executive Directorships

The Board recognises that Executive Directors may be invited to become Non-Executive Directors of other businesses and that the knowledge and experience which they gain in those appointments could be of benefit to the Company. Prior approval of the Board is required before acceptance of any new appointments.

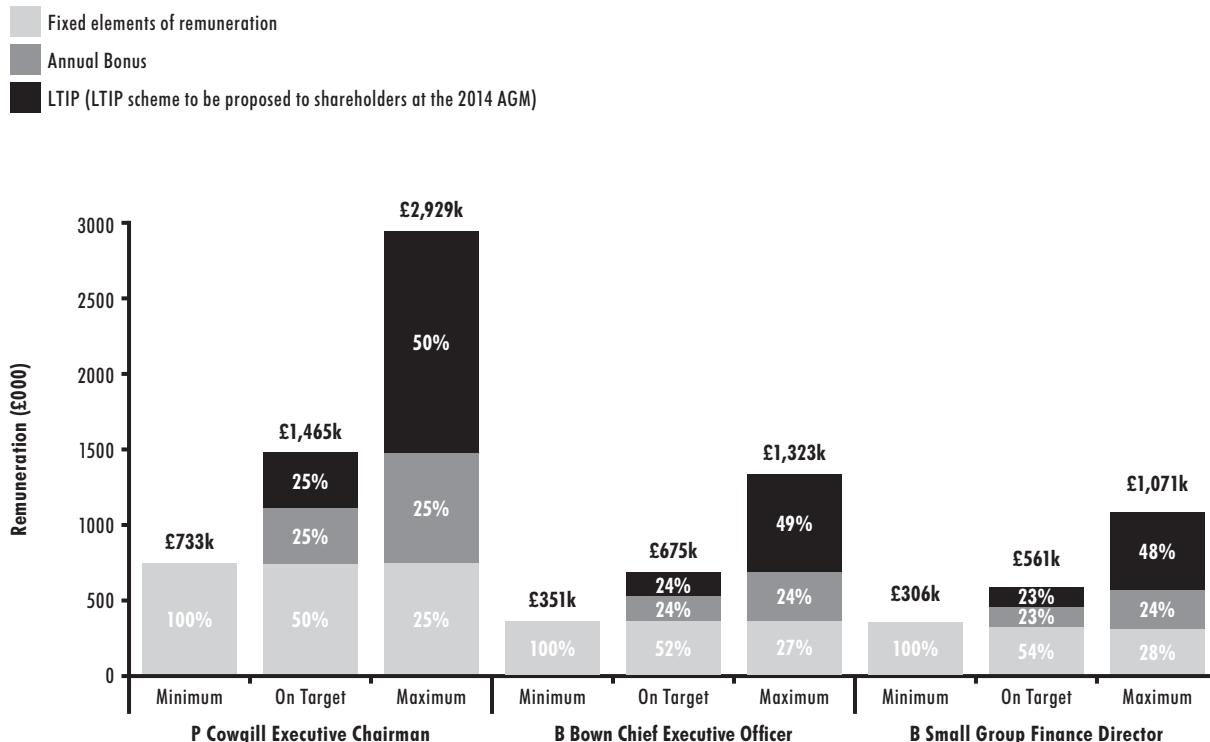
During the year to 1 February 2014, only Peter Cowgill held Non-Executive positions. He is Non-Executive Chairman of both United Carpets Group Plc and MBL Group Plc. He has retained earnings of £72,500 (2013: £72,500) in respect of these offices.

Illustrations of Application of Remuneration Policy

The chart below illustrates the level of remuneration that would be received by the Executive Director in accordance with the directors' remuneration policy in the year to 31 January 2015.

Each bar gives an indication of the minimum amount of remuneration payable at target performance and remuneration payable at maximum performance to each Director under the policy. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration and variable remuneration.

Directors' Remuneration Report (Continued)



The scenarios in the above graphs are defined as follows:

	Minimum	On target performance	Maximum performance
Fixed elements of remuneration	<ul style="list-style-type: none"> • The base salary is the salary as at 1 April 2014 • The benefits are taken as those in the single figure table on page 53 • The pension is taken as shown in the single figure table on page 53. 		
Annual Bonus (1)	0%	50%	100%
Long Term Incentive Plan (2)	0%	25%	100%

Note (1) – the maximum annual bonus has been based on the usual maximum award of 100% of salary.

Note (2) – the above graphs assume that the new LTIP is adopted at the 2014 AGM. On target performance is 50% of salary.

Maximum performance is 200% of salary.

Annual Report on Remuneration

Single Total Figure Table (Audited)

	Salary (1) £000	Benefits £000	Pension £000	Bonus £000	LTIP £000	Special Retention £000	Total £000
Peter Cowgill							
2014	718	1	-	718	-	1,700	3,137
2013	714	1	-	263	167	900	2,045
Barry Bown							
2014	318	1	25	318	-	-	662
2013	316	-	25	116	146	-	603
Brian Small							
2014	240	20	29	240	-	-	529
2013	234	18	28	77	104	-	461
Colin Archer (2)							
2014	27	-	-	-	-	-	27
2013	41	-	-	-	-	-	41
Andrew Leslie							
2014	31	-	-	-	-	-	31
2013	31	-	-	-	-	-	31
Martin Davies (3)							
2014	31	-	-	-	-	-	31
2013	10	-	-	-	-	-	10
Chris Bird (4)							
2013	20	-	-	-	-	-	20

(1) Salary reviews effective 1 April.

(2) Colin Archer ceased to be a Non-Executive Director on 30 September 2013.

(3) Martin Davies became a Non-Executive Directors on 1 October 2012.

(4) Chris Bird ceased to be a Non-Executive Director on 30 September 2012.

The taxable benefits received by the Executive Directors are car benefits and healthcare insurance.

Pension contributions are:

- Peter Cowgill – 0% of salary
- Barry Bown - 8% of salary
- Brian Small - 12% of salary

Directors' Remuneration Report (Continued)

2010-2013 LTIP

An LTIP was approved by shareholders at the 2010 AGM ('2010 LTIP') and consisted of one award made in 2010 that would pay out in cash after three years, subject to continued employment and meeting performance targets which would drive the creation of shareholder value. The delivery mechanism was cash rather than shares, given the Company's shareholder structure and the lack of a large free float. All payments would be non-pensionable.

The following table outlines the structure of the 2010 LTIP:

Performance to	2 February 2013 £000
Amount Payable:	
P Cowgill	500
B Bown	437
B Small	313
Other key executives	2,750
	4,000

The 2010 LTIP awards were paid out in full in 2013 following satisfaction of the performance conditions under that plan. No further awards can be made under the 2010 LTIP.

Executive Chairman Special Retention Scheme

A special retention scheme (the 'Scheme') for the Executive Chairman designed to ensure that he is retained until at least 31 March 2014 and focused on driving shareholder value was approved by shareholders at the 2011 AGM.

The Scheme provides for Mr Cowgill to receive a cash award at a certain date in the future. The final value of the Scheme is subject to the Group achieving certain profits before tax and exceptional items ('Adjusted Profits'). None of the benefits which may be received under the Scheme are pensionable.

The Scheme is divided into three 'tranches' relating to three accounting periods of the Group being the years ending 28 January 2012, 2 February 2013 and 1 February 2014 ('Award Tranches'). Each Award Tranche has a maximum value, which will be paid out if the Adjusted Profits target for the relevant accounting period is met. If the Adjusted Profits target is not met for any particular accounting period, the value of the relevant Award Tranche will be reduced pro-rata according to the actual profits before tax and exceptional items of the Group. If the Adjusted Profits are less than an agreed figure (the 'Minimum Adjusted Profits'), the Award Tranche will lapse and no cash payment will be made to Mr Cowgill.

The Adjusted Profits target of £74m to achieve the maximum award of £900,000 for the 52 weeks to 28 January 2012 was met and so the first Award Tranche of £900,000 vested.

The Adjusted Profits target to achieve the maximum award of £900,000 for the 53 weeks to 2 February 2013 was set at £74m, with the Minimum Adjusted Profit to achieve 40% of such maximum award being set at £70m. However as these targets were set prior to the acquisition of Blacks which was targeted to deliver additional profits in the medium term, the Committee retained a discretion to adjust the award for the impact of this acquisition, as reported in the 2012 Annual Report. The Committee exercised its discretion in this regard and was satisfied that, excluding the impact of the Blacks acquisition, the target of at least £74 million in the year to 2 February 2013 would have been satisfied. In the light of this the Committee exercised its discretion and awarded the second Award Tranche of £900,000 in full.

The Adjusted Profits target to achieve the maximum award of £1,700,000 for the 52 weeks to 1 February 2014 was set at £75m, with the Minimum Adjusted Profit to achieve 40% of such maximum award being set at £68m. Again, the Committee reserved the right to adjust these targets to take into account the short term impact of any corporate activity which may have taken place in the year. This discretion was not exercised.

Given the Adjusted Profits target to achieve the maximum award for the year to 1 February 2014 has been exceeded, the Committee has determined that the third award tranche of £1,700,000 has vested. It is envisaged that payment of the awards will be made in the period between the announcement of the Company's results and the end of April 2014.

Statement of Directors' Shareholding (Audited)

The interests of the Directors who held office at 1 February 2014 and their connected persons in the Company's ordinary shares are shown below:

	Ordinary shares of 5p each	
	1 February 2014	2 February 2013
P Cowgill	410,263	410,263
B Bown	5,676	5,676
B Small	23,950	23,950
	439,889	439,889

There has been no change in the interests of the Directors or their connected persons between 1 February 2014 and the date of this report. The holdings stated above are held directly by the Directors and are not subject to any performance targets. The Directors have no other interests in Company shares. As stated in the directors' remuneration policy, the Company does not have a minimum share ownership requirement for Directors. Given our narrow shareholder base, the Committee considers it impractical to set realistic shareholding targets.

Scheme Interests Awards During the Year (Audited)

No awards were made during the year under any long term incentive scheme.

Payments to Past Directors (Audited)

No payments were made during the year to any past director.

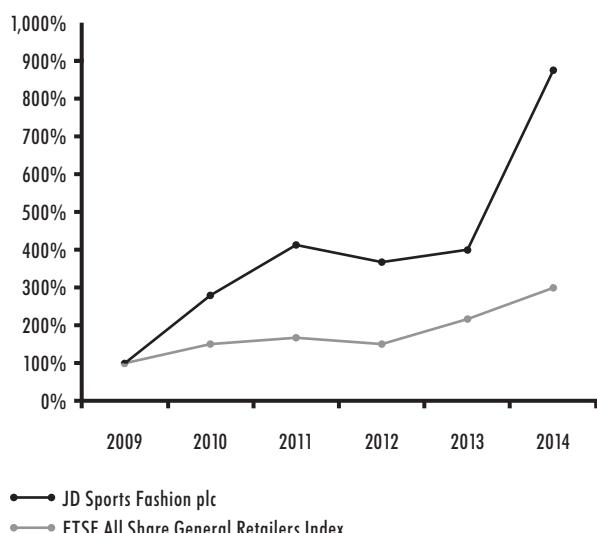
Loss of Office Payments (Audited)

No payments were made for loss of office during the year.

Total Shareholder Return

The following graph shows the Total Shareholder Return ('TSR') of the Group in comparison to the FTSE All Share General Retailers Index over the past five years. The Committee consider the FTSE All Share General Retailers Index a relevant index for total shareholder return comparison disclosure required under the Regulations as the index represents the broad range of UK quoted retailers.

TSR is calculated for each financial year end relative to the base date of 31 January 2009 by taking the percentage change of the market price over the relevant period, re-investing any dividends at the ex-dividend rate.



Executive Chairman's Remuneration Over Past 5 Years (Audited)

The total remuneration figures for the Executive Chairman during each of the last 5 financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance and LTIP awards based on three year performance periods ending in the relevant financial year.

The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year Ended	January 2010	January 2011	January 2012	January 2013	January 2014
Total remuneration (£'000)	1,604	1,810	2,293	2,045	3,137
Annual bonus %	100	120*	75	37	100
LTIP vesting %	100	100	100	100	n/a

* The Committee exercised its discretion in 2011 to award bonuses of 120% of salary as the Group's performance was considerably above market expectations early in that financial year.

Percentage change in Executive Chairman's remuneration

The table below shows the percentage change in the Executive Chairman's salary, benefits and annual bonus between financial years 2 February 2013 and 1 February 2014 compared to UK Head Office employees in the JD and Size? businesses, being deemed by the Board as the most appropriate comparator group.

	% change
Salary	
Executive Chairman	0
UK Head Office Employee average*	2.5
Benefits	
Executive Chairman	0
UK Head Office Employee average*	0
Annual Bonus	
Executive Chairman (includes special retention bonus)	173
UK Head Office Employee average*	71

* Comparator group as defined above. There are circa 770 employees within this group.

Relative Importance of Spend on Pay

The following table shows the Group's actual spend on pay (for all employees) relative to dividends, tax and retained profits:

	2014	2013	% change
Staff costs (£'000)	213,653	208,702	2.4
Dividends (£'000)	12,871	12,408	3.7
Tax (£'000)	14,810	12,232	21.1
Retained profits (£'000)	41,486	41,242	0.6

Directors' Remuneration Report (Continued)

Implementation of Directors' Remuneration Policy in 2014/15

Salaries

The Committee recognised that last year in the difficult and volatile trading environment it was important that pay restraint was exercised generally and that the Executive Directors should lead on this issue. Accordingly, the Committee determined that the salaries for the Executive Directors would remain unchanged last year. Following this year's review, the Committee has determined that salaries for the current year will be revised as follows with effect from 1 April 2014:

	Previous Salary £'000	New Salary £'000	Percentage Increase	Position Against Computer Group
P Cowgill	718	732	2	Upper Quartile
B Bown	318	324	2	Lower Quartile
B Small	240	255	6.25	Lower Quartile

The Comparator Group for these purposes is the FTSE 350 companies.

The salary increases for P Cowgill and B Bown are in line with the general salary increase for Head Office employees. Following review of B Small's salary, the Committee deemed it appropriate to award a higher increase so as to be more in line with the market.

Annual Bonus Performance Targets

The targets in respect of the annual bonus for the financial year to 31 January 2015 are deemed to be commercially sensitive and so will be disclosed in the 2015 Annual Report.

LTIP operation

- Annual performance targets for the three financial years comprising the performance period will be set at the date of grant based on headline earnings for the relevant financial year. A third of the award will be subject to this performance target in the first financial year, a third of the award will be subject to the performance target in the second financial year and the remaining third will be subject to the performance target in the third financial year.
- In order for the relevant portion of the award to vest at the end of the three year period the relevant target for each proportion of the award must continue to be met at the end of the three year performance period.
- The targets in respect of the LTIP are deemed to be commercially sensitive. However, the targets for the three year performance period will be disclosed in the Annual Report following the end of the performance period.

Consideration by Directors of Matters Relating to Directors' Remuneration

The Committee comprises two independent Non-Executive Directors, being Andrew Leslie and Martin Davies. Andrew Leslie was appointed as the Chairman of the Committee on 1 October 2013. Colin Archer was Chairman of the Committee until 30 September 2013.

The Committee assists the Board in determining the Group's policy on Executive Directors' remuneration and determines the specific remuneration packages for senior executives, including the Executive Directors, on behalf of the Board. Peter Cowgill, the Executive Chairman, Barry Bown, the Chief Executive Officer, and Brian Small, the Group Finance Director, have assisted the Committee when requested with regards to matters concerning key executives below Board level.

The Committee can obtain independent advice at the Company's expense where they consider it appropriate and in order to perform their duties. No such advice was obtained during 2013/14.

The Committee is formally constituted with written Terms of Reference, which are available on the Company's corporate website www.jdplc.com. The Committee is willing to engage with any of the major shareholders or other representative groups where appropriate concerning remuneration matters.

The Committee is mindful of the Company's social, ethical and environmental responsibilities and is satisfied that the current remuneration arrangements and policies do not encourage irresponsible behaviour.

The Committee has met four times during the year under review with each member attending all the meetings. Details of attendance at the Committee meetings are set out on page 41.

Statement of Voting at General Meeting

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholder.

	2013 AGM	%
Votes cast for	37,579,895	94.31
Votes cast against	2,266,118	5.69
Total votes cast	39,846,013	
Votes withheld	0	

This report has been prepared on behalf of the Board

Andrew Leslie

Chairman of the Remuneration Committee
15 April 2014

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 Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

The Board considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Brian Small
Group Finance Director
15 April 2014

Independent Auditor's Report to The Members of JD Sports Fashion Plc Only

Opinions and Conclusions Arising From Our Audit

1. Our Opinion on the Financial Statements is Unmodified

We have audited the financial statements of JD Sports Fashion Plc for the 52 week period ended 1 February 2014 set out on pages 60 to 119. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 1 February 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our Assessment of Risks of Material Misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Goodwill and Intangibles (£104.3m)

Refer to page 42 (Audit Committee Report), page 87 (accounting policy) and pages 84 to 90 (financial disclosures)

- The risk – There is a risk of impairment of the group's significant goodwill and intangible balances due to challenging trading conditions in certain of the high street retail sectors and locations that the Group operates in. Goodwill and intangibles are reviewed by the directors for impairment using value in use models, except for brand names which are reviewed for impairment using an estimate of fair value less cost to sell based on the 'royalty relief' method of valuation. The directors perform their reviews on groups of individual cash generating units (CGUs). A write down of £11.8m in relation to goodwill is recorded in the income statement in respect of Bank. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are used as the basis of the assessment of recoverability of all goodwill and intangible assets, this is one of the key judgemental areas that our audit concentrated on.
- Our response – our audit procedures included, among others, reviewing the historical accuracy of the Group's budgets and challenging the assumptions used in the current year budgets upon which the cash flow forecasts are based. In addition we have tested the principles and integrity of the discounted cash flow models used and performed sensitivity analysis on the key assumptions underlying the cash flow forecasts (revenue growth and margin growth) and the

discount rates used. We assessed the overall consistency of the assumptions and of the estimated inputs, including the potential risk of management bias by comparing growth and discount rates applied in the models across each class of goodwill and intangibles. We challenged the directors' assumptions on revenue and margin growth for management bias by critically analysing their strategy for future growth and undertook our own assessments of future growth potential based on long term growth within the market and historic performance of margin growth within the Group. We also used our own KPMG valuation specialist to assess the reasonableness of the discount rates applied to each class of goodwill and intangibles. Finally, we considered the adequacy of the Group's disclosures in respect of impairment testing and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in the key assumptions reflected the risks inherent in the valuation of goodwill and intangible assets.

Carrying Value of Inventories (£186.1m)

Refer to page 42 (Audit Committee Report), page 96 (accounting policy) and page 96 (financial disclosures)

- The risk over the carrying value of inventories is considered a significant audit risk due to the seasonal nature of the Group's core retail business, the changing desirability of branded products over time and the judgement therefore made in assessing the recoverability of its carrying value.
- Our response – Our audit procedures included, among others, testing the principles and integrity of the obsolescence provision calculations used across the Group principally by performing our own assessments in relation to key assumptions within the model such as the proportion of current inventory expected to become aged in the future and average proceeds received for aged inventory. We assessed the overall consistency of the assumptions, including the potential risk of management bias by comparing the assumptions to those used in prior periods, coupled with a review of inventory sold below cost during the year and margins achieved for aged inventory sold post year end. Finally we considered the adequacy of the financial statements disclosures in respect of gross inventory and inventory provisioning.

3. Our Application of Materiality and an Overview of the Scope of Our Audit

The materiality of the Group financial statements as a whole was set at £6.75 million. This has been determined with reference to a benchmark of Group operating profit before exceptional items (of which it represents 8.6%) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.3 million, in addition to other audit misstatements below that threshold that we believe warranted being reported on qualitative grounds.

Audits for Group reporting purposes were performed by component auditors at the key reporting components in the following countries: UK (three entities), France (one consolidated reporting entity), and Spain (one consolidated reporting entity). These group procedures covered 83.4% of total Group revenue; 88.1% of the total Group profits and losses before taxation; and 91.1% of total Group assets and liabilities.

The Group audit team performed the audits of the UK components in accordance with materiality levels used for local audits. These local materiality levels were set individually for each component in the Group and ranged between £1.50m and £6.75m.

4. Our Opinion on Other Matters Prescribed by the Companies Act 2006 is Unmodified

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- information given in the Corporate Governance Statement set out on pages 40 to 45 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5. We Have Nothing to Report in Respect of the Matters on Which we Are Required to Report by Exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement or fact, or that is otherwise misleading.

In particular we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration report to be audited 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
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 39, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 40 to 45 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review; and

We have nothing to report in respect of the above responsibilities.

Scope of Report and Responsibilities

As explained more fully in the Directors' Responsibilities Statement [set out on page 57], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

**Stuart Burdass (Senior Statutory Auditor)
For and on Behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
St James' Square, Manchester, M2 6DS
15 April 2014

Consolidated Income Statement

For the 52 weeks ended 1 February 2014	Note	52 weeks to 1 February 2014 £000	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000	53 weeks to 2 February 2013 £000
Revenue			1,330,578		1,258,892
Cost of sales			(685,448)		(645,404)
Gross profit			645,130		613,488
Selling and distribution expenses - normal		(512,092)		(494,619)	
Selling and distribution expenses - exceptional	4	(7,310)		(3,724)	
Selling and distribution expenses			(519,402)		(498,343)
Administrative expenses - normal		(56,430)		(59,973)	
Administrative expenses - exceptional	4	(11,839)		(1,624)	
Administrative expenses			(68,269)		(61,597)
Other operating income			1,593		2,427
Operating profit			59,052		55,975
Before exceptional items			78,201		61,323
Exceptional items	4		(19,149)		(5,348)
Operating profit			59,052		55,975
Financial income	7		582		645
Financial expenses	8		(1,784)		(1,503)
Profit before tax	3		57,850		55,117
Income tax expense	9		(16,364)		(13,875)
Profit for the period			41,486		41,242
Attributable to equity holders of the parent			40,158		38,786
Attributable to non-controlling interest			1,328		2,456
Basic earnings per ordinary share	10		82.52p		79.71p
Diluted earnings per ordinary share	10		82.52p		79.71p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 1 February 2014		Group		Company
		52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000	52 weeks to 1 February 2014 £000
Profit for the period		41,486	41,242	64,783
Other comprehensive income:				47,874
Items that may be classified subsequently to the Consolidated Income Statement:				
Exchange differences on translation of foreign operations		(2,728)	(2,921)	-
Recycling of foreign currency translation reserve on disposal of foreign operations		-	(910)	-
Total other comprehensive income for the period		(2,728)	(3,831)	-
Total comprehensive income and expense for the period (net of income tax)		38,758	37,411	64,783
Attributable to equity holders of the parent		37,425	34,767	64,783
Attributable to non-controlling interest		1,333	2,644	-

Consolidated Statement of Financial Position

As at 1 February 2014

	Note	Group		Company	
		As at 1 February 2014 £'000	As at 2 February 2013 £'000	As at 1 February 2014 £'000	As at 2 February 2013 £'000
Assets					
Intangible assets	13	104,330	96,024	34,411	31,908
Property, plant and equipment	14	141,574	129,101	70,532	71,924
Investment property	15	-	-	3,573	3,614
Other assets	16	23,802	20,568	4,835	4,399
Investments	17	-	-	55,227	45,952
Deferred tax assets	25	-	-	7	519
Total non-current assets		269,706	245,693	168,585	158,316
Inventories	18	186,116	146,569	73,525	56,125
Trade and other receivables	19	66,966	56,761	222,160	156,105
Cash and cash equivalents	20	76,797	53,484	32,433	20,046
Total current assets		329,879	256,814	328,118	232,276
Total assets		599,585	502,507	496,703	390,592
Liabilities					
Interest-bearing loans and borrowings	21	(30,970)	(7,157)	(26,000)	-
Trade and other payables	23	(240,544)	(194,061)	(122,250)	(97,913)
Provisions	24	(2,541)	(2,714)	(1,547)	(2,040)
Income tax liabilities		(11,596)	(8,817)	(8,831)	(5,783)
Total current liabilities		(285,651)	(212,749)	(158,628)	(105,736)
Interest-bearing loans and borrowings	21	(551)	(691)	-	-
Other payables	23	(34,487)	(30,085)	(28,017)	(26,608)
Provisions	24	(1,773)	(3,373)	(1,338)	(1,695)
Deferred tax liabilities	25	(4,283)	(3,852)	-	-
Total non-current liabilities		(41,094)	(38,001)	(29,355)	(28,303)
Total liabilities		(326,745)	(250,750)	(187,983)	(134,039)
Total assets less total liabilities		272,840	251,757	308,720	256,553
Capital and reserves					
Issued ordinary share capital	26	2,433	2,433	2,433	2,433
Share premium		11,659	11,659	11,659	11,659
Retained earnings		257,744	230,572	294,628	242,461
Other reserves		(12,070)	(6,841)	-	-
Total equity attributable to equity holders of the parent		259,766	237,823	308,720	256,553
Non-controlling interest		13,074	13,934	-	-
Total equity		272,840	251,757	308,720	256,553

These financial statements were approved by the Board of Directors on 15 April 2014 and were signed on its behalf by:

B Small
Director

Registered number: 1888425

Consolidated Statement of Changes In Equity

For the 52 weeks ended 1 February 2014

Group	Ordinary share capital £'000	Share premium £'000	Retained earnings £'000	Other equity £'000	Foreign currency translation reserve £'000	Total equity attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 28 January 2012	2,433	11,659	207,503	(4,094)	(2,245)	215,256	13,832	229,088
Profit for the period	-	-	38,786	-	-	38,786	2,456	41,242
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	(3,109)	(3,109)	188	(2,921)
Recycling of foreign currency translation reserve on disposal of foreign operations	-	-	-	-	(910)	(910)	-	(910)
Total other comprehensive income	-	-	-	-	(4,019)	(4,019)	188	(3,831)
Total comprehensive income for the period	-	-	38,786	-	(4,019)	34,767	2,644	37,411
Dividends to equity holders	-	-	(12,408)	-	-	(12,408)	(338)	(12,746)
Put options held by non-controlling interests	-	-	-	(1,744)	-	(1,744)	-	(1,744)
Revaluation of Canterbury put option prior to disposal	-	-	-	2,570	-	2,570	-	2,570
On disposal of Canterbury	-	-	(2,691)	2,691	-	-	(2,570)	(2,570)
Non-controlling interest arising on acquisition	-	-	(618)	-	-	(618)	366	(252)
Balance at 2 February 2013	2,433	11,659	230,572	(577)	(6,264)	237,823	13,934	251,757
Profit for the period	-	-	40,158	-	-	40,158	1,328	41,486
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	(2,733)	(2,733)	5	(2,728)
Total other comprehensive income	-	-	-	-	(2,733)	(2,733)	5	(2,728)
Total comprehensive income for the period	-	-	40,158	-	(2,733)	37,425	1,333	38,758
Dividends to equity holders	-	-	(12,871)	-	-	(12,871)	(45)	(12,916)
Put options held by non-controlling interests	-	-	-	(2,496)	-	(2,496)	-	(2,496)
Acquisition of non-controlling interest				(115)		(115)	115	-
Non-controlling interest arising on acquisition	-	-	-	-	-	-	(2,263)	(2,263)
Balance at 1 February 2014	2,433	11,659	257,744	(3,073)	(8,997)	259,766	13,074	272,840

Company	Ordinary share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 28 January 2012	2,433	11,659	206,995	221,087
Profit for the period	-	-	47,874	47,874
Total comprehensive income for the period	-	-	47,874	47,874
Dividends to equity holders	-	-	(12,408)	(12,408)
Balance at 2 February 2013	2,433	11,659	242,461	256,553
Profit for the period	-	-	64,783	64,783
Total comprehensive income for the period	-	-	64,783	64,783
Dividends to equity holders	-	-	(12,871)	(12,871)
Dividends received from subsidiary	-	-	255	255
Balance at 1 February 2014	2,433	11,659	294,628	308,720

Consolidated Statement of Cash Flows

For the 52 weeks ended 1 February 2014

		Group		Company	
	Note	52 weeks to 1 February 2014 £'000	53 weeks to 2 February 2013 £'000	52 weeks to 1 February 2014 £'000	53 weeks to 2 February 2013 £'000
Cash flows from operating activities					
Profit for the period		41,486	41,242	64,783	47,874
Income tax expense	9	16,364	13,875	21,340	21,901
Financial expenses	8	1,784	1,503	1,500	1,019
Financial income	7	(582)	(645)	(1,444)	(683)
Depreciation and amortisation of non-current assets	3	34,353	30,328	18,064	17,125
Exchange differences on translation		(2,709)	401	29	158
Revaluation of forward contracts		6,254	(411)	6,254	(449)
Profit on disposal of Canterbury	4	-	(691)	-	600
Loss on disposal of non-current assets	4	1,017	212	370	255
Other exceptional items	4	14,225	4,495	153	-
Increase in inventories		(29,372)	(23,551)	(17,400)	(3,546)
Increase in trade and other receivables		(8,702)	(12,393)	(66,056)	(54,851)
Increase/(decrease) in trade and other payables		19,671	(5,902)	16,092	(10,508)
Interest paid		(1,784)	(1,503)	(1,500)	(1,019)
Income taxes paid		(14,810)	(12,232)	(17,780)	(11,100)
Net cash from operating activities		77,195	34,728	24,405	6,776
Cash flows from investing activities					
Interest received		582	645	1,444	683
Proceeds from sale of non-current assets		557	977	194	55
Disposal costs of non-current assets		(7)	(143)	-	(51)
Acquisition of other intangible assets	13	-	(5,540)	-	(5,540)
Investment in bespoke software development	13	(4,609)	-	(4,609)	-
Acquisition of property, plant and equipment	14	(40,351)	(38,178)	(14,553)	(15,823)
Acquisition of investment property	15	-	-	-	(677)
Acquisition of non-current other assets	16	(3,224)	(5,350)	(1,070)	(1,372)
Acquisition of investments	17	-	-	(6,779)	(2,860)
Cash consideration of acquisitions		(14,889)	(5,875)	-	-
Cash acquired with acquisitions		1,313	1,208	-	-
Overdrafts acquired with acquisitions		(3,637)	(175)	-	-
Receipt of Canterbury intercompany debt	12	-	22,699	-	22,699
Cash in Canterbury on disposal	12	-	(5,888)	-	-
Net cash used in investing activities		(64,265)	(35,620)	(25,373)	(2,886)
Cash flows from financing activities					
Repayment of interest-bearing loans and borrowings		(129)	(245)	-	-
Repayment of finance lease liabilities		(60)	(593)	-	-
Draw down of syndicated bank facility		26,000	-	26,000	-
Acquisition of non-controlling interest		-	(40)	-	(40)
Equity dividends paid	27	(12,871)	(12,408)	(12,871)	(12,408)
Dividend received from subsidiary		-	-	255	-
Dividends paid to non-controlling interest in subsidiaries		(45)	(338)	-	-
Net cash provided by/(used) in financing activities		12,895	(13,624)	13,384	(12,448)
Net increase/(decrease) in cash and cash equivalents	30	25,825	(14,516)	12,416	(8,558)
Cash and cash equivalents at the beginning of the period	30	46,228	61,611	20,046	28,762
Foreign exchange gains on cash and cash equivalents	30	(10)	(867)	(29)	(158)
Cash and cash equivalents at the end of the period	30	72,043	46,228	32,433	20,046

Notes to the Consolidated Financial Statements

1. Basis of Preparation

General Information

JD Sports Fashion Plc, (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 52 week period ended 1 February 2014 represent those of the Company and its subsidiaries (together referred to as the 'Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The financial statements were authorised for issue by the Board of Directors on 15 April 2014.

Basis of Preparation

European Union law ('EU LAW') (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared and approved in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'). The financial statements have been prepared on the basis of the requirements of adopted IFRSs that are endorsed by the EU and effective at 1 February 2014.

The Company has chosen to present its own results under adopted IFRSs and by publishing the Company Financial Statements here, with the Group Financial Statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities (including derivative instruments) at fair value through the Consolidated Income Statement and also put options held by the non-controlling interests.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Statement and Financial and Risk Review on pages 16 and 26 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in note 22.

As at 1 February 2014, the Group had net cash balances of £45,276,000 (2013: £45,636,000) with available committed borrowing facilities of £155,000,000 (2013: £75,000,000) of which £26,000,000 (2013: £nil) has been drawn down (see note 21). With a facility of £155,000,000 available, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of New and Revised Standards

From 3 February 2013, the Group has applied the amendment to IFRS 1 'Presentation of Items of Other Comprehensive Income (OCI)'. This amendment requires an entity to separate items included in OCI between those that may be reclassified to profit and loss in the future from those that would never be reclassified to profit and loss. This has been reflected in the Groups OCI for the 52 week period ending 1 February 2014.

Since being endorsed, the Group has applied the relevant sections of the Annual improvement to IFRSs - 2009-2011 Cycle. This has had no significant impact on the consolidated results or financial position of the Group.

Notes to the Consolidated Financial Statements (Continued)

1. Basis of Preparation (Continued)

Adoption of New and Revised Standards (Continued)

From 3 February 2013, the Group has applied IFRS 13 'Fair Value Measurement'. This standard consolidates the existing fair value measurement guidance in different IFRSs with a single definition of fair value, a framework for measuring fair value and disclosures about fair value measurements. This has had no significant impact on the consolidated results or financial position of the Group.

From 3 February 2013 the Group has applied Amendments to IFRS 7 'Offsetting Financial Assets and Financial Liabilities'. This amendment has introduced new disclosure required for financial assets and liabilities which have been offset in the statement of financial position and/or are subject to master netting arrangements or similar agreements. This has had no significant impact on the consolidated results or financial position of the Group.

A number of new standards, amendments to standards and interpretations have been issued during the 52 week period ended 1 February 2014 but are not yet effective, and therefore have not yet been adopted by the Group.

New standards on consolidation (and related standards), which are effective for accounting periods beginning 1 January 2014. The following standards replace the existing accounting for subsidiaries and joint ventures, and make limited amendments in relation to associates:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IFRS 10, IFRS 11 and IFRS 12
- IAS 27 'Separate Financial Statements (2011 revised)'
- IAS 28 'Investments in Associates and Joint Ventures (2011 revised)'

With the exception of future acquisition of subsidiaries and joint ventures it is not anticipated that these standards will have a significant impact on the financial statements, as no change to the current consolidation conclusions is expected to be required. IFRS 10 indicates that control is the determining factor in deciding whether an entity should be consolidated in the Groups financial statements.

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' is applicable from 1 January 2014. This amendment clarifies the application of the offsetting rules, however this is not anticipated to have a significant impact on the financial statements.

Investment Entities (Amendments to IFRS 10, IFRS12 and IAS 27) is applicable from 1 January 2014. This amendment exempts an investment entity from the requirement to consolidate the investments that it controls and to instead account for these investments at fair value through the profit and loss. This standard is not expected to have a significant impact on the consolidated results or financial position of the Group.

Amendments to IAS 36 'Recoverable amount disclosures for non-financial assets' is applicable from 1 January 2014. This amendment reverses the unintended requirement of IFRS 13 'Fair Value Measurement' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite lived intangible assets have been allocated. This standard is not expected to have a significant impact on the consolidated results or financial position of the Group.

IFRS 9 'Financial Instruments' is expected to be applicable after 1 January 2015. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future reporting periods.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the Consolidated Financial Statements (Continued)

1. Basis of Preparation (continued)

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

I. Impairment of Goodwill

Goodwill arising on acquisition is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination from which goodwill arose. Goodwill is allocated to groups of cash-generating units, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses. The recoverable amount is the higher of the value in use and the fair value less the costs to sell. The recoverable amounts of these cash-generating units are determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. See note 13 for further disclosure on impairment of goodwill and review of the key assumptions used.

II. Impairment of Property, Plant and Equipment and Non-Current Other Assets

Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

III. Impairment of Other Intangible Assets with Definite Lives

The Group is required to test whether other intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit until the license expiry date and the choice of a suitable discount rate in order to calculate the present value. Note 13 provides further disclosure on impairment of other intangible assets with definite lives, including review of the key assumptions used.

Notes to the Consolidated Financial Statements (Continued)

1. Basis of Preparation (continued)

Critical Accounting Estimates and Judgements (Continued)

IV. Impairment of Other Intangible Assets with Indefinite Lives

The Group is required to test whether other intangible assets with an indefinite useful economic life have suffered any impairment. The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Note 13 provides further detail of the judgements made by the Board in determining that the lives of acquired fascia names are indefinite and further disclosure on impairment of other intangible assets with indefinite lives, including review of the key assumptions used.

V. Provisions to Write Inventories Down to Net Realisable Value

The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events.

VI. Onerous Property Lease Provisions

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

VII. Value of Put Options Held by Non-Controlling Interest

The Group recognises put options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. The present value of the non-controlling interests' put options are estimated based on expected earnings in Board-approved forecasts and the choice of a suitable discount rate. Upon initial recognition, and for subsequent changes on remeasurement of the liability, a corresponding entry is made to other equity.

VIII. Estimation of Useful Economic Lives of Brand Names

The Group amortises brand names over their useful economic life. In determining the useful economic life of each brand name, the Board considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways.

IX. Determination of Fair Value of Assets and Liabilities on Acquisition

For each acquisition, the Group reviews the appropriateness of the book values of the assets and liabilities acquired, taking into account the application of Group accounting policies, to determine if fair value adjustments are required. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows based on the Board's strategic plans for the intangible asset, the useful economic life of the intangible asset and the selection of a suitable discount rate.

Notes to the Consolidated Financial Statements (Continued)

2. Segmental Analysis

IFRS 8 'Operating Segments' requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Operating Decision Maker is considered to be the Executive Chairman of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focused on the nature of the businesses within the Group. In the current period the reportable segments have been adjusted to reflect the streamlining of the Group's businesses into three main operating divisions. This has resulted in those businesses that were previously allocated to the distribution segment now being allocated to the Sport and Fashion segments based on the nature of the products they supply. The Group's revised reportable segments under IFRS 8 are therefore as follows:

- Sport – includes the results of JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Spodis SA, Champion Sports Ireland, JD Sprinter Holdings 2010 SL (including subsidiary companies), JD Sports Fashion BV, JD Sports Fashion Germany GmbH, ActivInstinct Limited, Duffer of St George Limited, Topgrade Sportswear Limited, Kooga Rugby Limited, Focus Brands Limited (including subsidiary companies), Kukri Sports Limited (including global subsidiary companies) and Source Lab Limited. Canterbury Limited (including global subsidiary companies) was also included in the prior period until the point of disposal (see note 12).
- Fashion – includes the results of Bank Fashion Limited, R.D. Scott Limited, Premium Fashion Limited, Tessuti Group Limited (including subsidiary companies), Nicholas Deakins Limited, Cloggs Online Limited and Ark Fashion Limited
- Outdoor – includes the results of Blacks Outdoor Retail Limited and Tiso Group Limited (including subsidiary companies)

The Chief Operating Decision Maker receives and reviews segmental operating profit. Certain central administrative costs including Group Directors' salaries are included within the Group's core 'Sport' result. This is consistent with the results as reported to the Chief Operating Decision Maker.

IFRS 8 requires disclosure of information regarding revenue from major products and customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major customers is not appropriate. Disclosure of revenue from major product groups is not provided at this time due to the cost involved to develop a reliable product split on a same category basis across all companies in the Group.

Intersegment transactions are undertaken in the ordinary course of business on arm's length terms.

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £26,000,000 (2013: £nil), a deferred tax liability of £4,283,000 (2013: liability of £3,852,000) and an income tax liability of £11,596,000 (2013: £8,817,000) are included within the unallocated segment.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net down of long term loans and short term working capital funding provided by JD Sports Fashion Plc (within Sport) to other companies in the Group, and intercompany trading between companies in different segments.

Revenue Recognition

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

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

In the case of goods not sold directly through the retail stores, revenue is recognised when goods are sold and the title has passed less a provision for credit notes. Wholesale sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

Notes to the Consolidated Financial Statements (Continued)

2. Segmental Analysis (Continued)

Business Segments

Information regarding the Group's reportable operating segments for the 52 weeks to 1 February 2014 is shown below:

Income statement	Sport £000	Fashion £000	Outdoor £000	Total £000
Gross revenue	1,056,423	172,297	104,027	1,332,747
Intersegment revenue	(1,077)	(1,092)	-	(2,169)
Revenue	1,055,346	171,205	104,027	1,330,578
Operating profit/(loss) before exceptional items	93,421	(6,425)	(8,795)	78,201
Exceptional items	(4,013)	(13,323)	(1,813)	(19,149)
Operating profit/(loss)	89,408	(19,748)	(10,608)	59,052
Financial income				582
Financial expenses				(1,784)
Profit before tax				57,850
Income tax expense				(16,364)
Profit for the period				41,486

Total assets and liabilities	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Eliminations £000	Total £000
Total assets	573,640	58,663	75,952	-	(108,670)	599,585
Total liabilities	(225,184)	(71,896)	(96,456)	(41,879)	108,670	(326,745)
Total segment net assets/(liabilities)	348,456	(13,233)	(20,504)	(41,879)	-	272,840

Other segment information	Sport £000	Fashion £000	Outdoor £000	Total £000
Capital expenditure:				
Software development	4,609	-	-	4,609
Property, plant and equipment	31,961	4,505	3,885	40,351
Non-current other assets	3,183	41	-	3,224
Depreciation, amortisation and impairments:				
Depreciation and amortisation of non-current assets	26,815	4,366	3,172	34,353
Impairment of intangible assets	-	11,839	-	11,839
Impairment of non-current assets	529	1,413	-	1,942

Notes to the Consolidated Financial Statements (Continued)

2. Segmental Analysis (Continued)

Business Segments (Continued)

The comparative segmental results (restated) for the 53 weeks to 2 February 2013 are as follows:

Income statement (restated)	Sport £000	Fashion £000	Outdoor £000	Total £000
Gross revenue	977,082	163,613	121,006	1,261,701
Intersegment revenue	(1,590)	(1,219)	-	(2,809)
Revenue	975,492	162,394	121,006	1,258,892
Operating profit/(loss) before exceptional items	77,912	(1,683)	(14,906)	61,323
Exceptional items	(1,426)	(3,314)	(608)	(5,348)
Operating profit/(loss)	76,486	(4,997)	(15,514)	55,975
Financial income				645
Financial expenses				(1,503)
Profit before tax				55,117
Income tax expense				(13,875)
Profit for the period				41,242

Total assets and liabilities (restated)	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Eliminations £000	Total £000
Total assets	451,718	73,187	50,112	-	(72,510)	502,507
Total liabilities	(178,296)	(68,138)	(64,157)	(12,669)	72,510	(250,750)
Total segment net assets/(liabilities)	273,422	5,049	(14,045)	(12,669)	-	251,757

Other segment information (restated)	Sport £000	Fashion £000	Outdoor £000	Total £000
Capital expenditure:				
Brand names purchased	5,540	-	-	5,540
Property, plant and equipment	31,707	3,031	3,440	38,178
Non-current other assets	5,350	-	-	5,350
Depreciation, amortisation and impairments:				
Depreciation and amortisation of non-current assets	25,108	4,037	1,183	30,328
Impairment of intangible assets	-	2,315	-	2,315
Impairment of non-current assets	843	62	-	905

Notes to the Consolidated Financial Statements (Continued)

2. Segmental Analysis (Continued)

Geographical Information

The Group's operations are located in the UK, Republic of Ireland, France, Spain, Germany, the Netherlands, Australia, New Zealand, Canada, Dubai, Singapore and Hong Kong.

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

Revenue	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
UK	1,086,335	1,029,801
Europe	229,971	197,596
Rest of world	14,272	31,495
	1,330,578	1,258,892

The revenue from any individual country, with the exception of the UK, is not more than 10% of the Group's total revenue.

The following is an analysis of the carrying amount of segmental non-current assets, excluding the deferred tax assets of £nil (2013: £nil) by the geographical area in which the assets are located:

Non-current assets	2014 £000	2013 £000
UK	205,591	190,590
Europe	63,985	54,961
Rest of world	130	142
	269,706	245,693

Notes to the Consolidated Financial Statements (Continued)

3. Profit Before Tax

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Profit before tax is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	108	-
Audit of these financial statements (KPMG Audit Plc)	-	123
Amounts receivable by the Company's auditor (KPMG LLP) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	299	-
Audit-related assurance services	38	-
Taxation compliance services	37	-
Other tax advisory services	94	-
All other services	123	-
Amounts receivable by the Company's auditor (KPMG Audit Plc) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	-	407
Audit-related assurance services	-	42
Taxation compliance services	-	23
Other tax advisory services	-	67
All other services	7	60
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	30,743	26,993
Amortisation of intangible assets	2,736	2,798
Amortisation of non-current other assets - owned	874	537
Impairments of non-current assets:		
Property, plant and equipment	1,786	714
Intangible assets	11,839	2,315
Other non-current assets	156	191
Rentals payable under non-cancellable operating leases for:		
Land and buildings	113,216	117,404
Other - plant and equipment	2,605	2,760
Foreign exchange loss recognised	6,032	-
Profit before tax is stated after crediting:		
Rents receivable and other income from property	733	945
Sundry income	860	1,482
Foreign exchange gain recognised	-	2,633

In addition, fees of £49,000 (2013: £46,000) were incurred and paid by Pentland Group Plc (see note 34) in relation to the non-coterminous audit of the Group for the purpose of inclusion in their consolidated financial statements.

Non-current other assets comprise key money, store deposits and legal fees associated with the acquisition of leasehold interests (see note 16).

Notes to the Consolidated Financial Statements (Continued)

4. Exceptional Items

Items that are, in aggregate, material in size and/or unusual or infrequent in nature, are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which will be included as exceptional items are:

- Loss/(profit) on the disposal of non-current assets
- Provision for rentals on onerous property leases
- Impairment of property, plant and equipment
- Impairment of non-current other assets
- Impairment of goodwill, brand names and fascia names
- Impairment of investment property
- Profit/(loss) on disposal of subsidiary undertakings
- Negative goodwill
- Business restructuring and business closure related costs
- (Gains)/losses arising on changes in ownership interest where control has been obtained

	Note	52 weeks to 1 February 2014 £'000	53 weeks to 2 February 2013 £'000
Loss on disposal of non-current assets (1)		1,017	212
Impairment of non-current assets (2)		1,942	905
Onerous lease provision (3)	24	1,087	1,332
Reorganisation of the warehouse operations (4)		589	133
Business restructuring (5)		2,675	1,142
Selling and distribution expenses - exceptional		7,310	3,724
Profit on disposal of Canterbury (6)		-	(691)
Impairment of goodwill, brand names and fascia names (7)		11,839	2,315
Administrative expenses - exceptional		11,839	1,624
		19,149	5,348

- (1) Relates to the excess of net book value of property, plant and equipment and non-current other assets disposed over proceeds received
- (2) Relates to property, plant and equipment and non-current other assets in cash-generating units which are generating a negative cash contribution, where it is considered that this position cannot be recovered
- (3) Relates to the net movement in the provision for onerous property leases on trading and non-trading stores
- (4) Relates to the reorganisation of the current warehouse operations consisting of the provision of onerous property leases, redundancy costs and dilapidations at the vacated premises
- (5) Relates to the restructuring of the Blacks and Champion businesses following acquisition for relocation of the warehouse and head office operations, as well as the restructuring of the Kooga business following a decision to relocate the current head office and warehouse. In the prior period the exceptional items relate to the restructuring of the Blacks business for relocation of the warehouse operations and closure of the Canterbury North America LLC and Canterbury European Fashionwear operations following the decision to wind down the separate businesses
- (6) Profit on the disposal of Canterbury Limited and its subsidiaries (see note 12)
- (7) Relates to the impairment in both periods of the goodwill arising on the acquisition of Pink Soda Limited (formerly Bank Stores Holdings Limited) (see note 13) in which the trading subsidiary, Bank Fashion Limited, is held

These selling and distribution expenses and administrative expenses are exceptional items as they are, in aggregate, material in size and/or unusual or infrequent in nature.

Notes to the Consolidated Financial Statements (Continued)

5. Remuneration of Directors

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Directors' emoluments:		
As Non-Executive Directors	89	102
As Executive Directors	4,274	3,056
Pension contributions	54	53
	4,417	3,211

The remuneration of the Executive Directors includes provision for future retention payments totalling £1,700,000 (2013: £900,000) and provision for future LTIP payments of £nil (2013: £417,000). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 46.

In the opinion of the Board, the key management as defined under revised IAS 24 'Related Party Disclosures' are the five Executive and Non-Executive Directors (2013: six). Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 53.

6. Staff Numbers and Costs

Group

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

Group	2014	2013
Sales and distribution	15,932	15,885
Administration	572	778
	16,504	16,663
Full time equivalents	10,508	10,430

The aggregate payroll costs of these persons were as follows:

Group	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Wages and salaries	192,490	188,826
Social security costs	19,175	18,607
Other pension costs	1,988	1,269
	213,653	208,702

Notes to the Consolidated Financial Statements (Continued)

6. Staff Numbers and Costs (Continued)

Company

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

Company	2014	2013
Sales and distribution	8,194	8,438
Administration	245	293
	8,439	8,731
Full time equivalents	5,054	5,229

The aggregate payroll costs of these persons were as follows:

Company	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Wages and salaries	98,083	91,927
Social security costs	6,814	6,038
Other pension costs	814	517
	105,711	98,482

7. Financial Income

Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated Income Statement on an effective interest method.

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Bank interest	537	620
Other interest	45	25
	582	645

Notes to the Consolidated Financial Statements (Continued)

8. Financial Expenses

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

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
On bank loans and overdrafts	1,580	1,266
Amortisation of facility fees	187	101
Interest on obligations under finance leases	7	19
Other interest	10	117
	1,784	1,503

9. Income Tax Expense

Tax on the profit or loss for the year comprises current and deferred tax.

Current Income Tax

Current income tax expense is calculated using the tax rates which have been enacted or substantively enacted by the reporting date, adjusted for any tax paid in respect of prior years.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Current tax		
UK corporation tax at 23.2% (2013: 24.3%)	18,157	13,311
Adjustment relating to prior periods	(996)	163
Total current tax charge	17,161	13,474
Deferred tax		
Deferred tax (origination and reversal of temporary differences)	(304)	1,410
Adjustment relating to prior periods	(493)	(1,009)
Total deferred tax (credit)/charge (see note 25)	(797)	401
Income tax expense	16,364	13,875

Notes to the Consolidated Financial Statements (Continued)

9. Income Tax Expense (Continued)

Reconciliation of Income Tax Expense

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Profit before tax multiplied by the standard rate of corporation tax in the UK of 23.2% (2013: 24.3%)	13,421	13,393
Effects of:		
Expenses not deductible	156	172
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	943	784
Non taxable income	(258)	(323)
Loss on disposal of non-qualifying non-current assets	(24)	(45)
Effect of tax rates in foreign jurisdictions	761	233
UK research and development tax credits and other allowances	(138)	-
Non-qualifying impairment of goodwill on consolidation	2,742	605
Recognition of previously unrecognised tax losses	(23)	(146)
Reduction in tax rate	(46)	83
Change in unrecognised temporary differences	319	(35)
Over provided in prior periods	(1,489)	(846)
Income tax expense	16,364	13,875

10. Earnings per Ordinary Share

Basic and Diluted Earnings per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 1 February 2014 is based on the profit for the period attributable to equity holders of the parent of £40,158,000 (2013: £38,786,000) and a weighted average number of ordinary shares outstanding during the 52 weeks ended 1 February 2014 of 48,661,658 (2013: 48,661,658).

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Issued ordinary shares at beginning and end of period	48,661,658	48,661,658

Adjusted basic and diluted earnings per ordinary share

Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more meaningful measure of the underlying performance of the Group.

	Notes	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Profit for the period attributable to equity holders of the parent		40,158	38,786
Exceptional items excluding loss on disposal of non-current assets	4	18,132	5,136
Tax relating to exceptional items		(1,296)	(850)
		56,994	43,072
		117.12p	88.51p

Notes to the Consolidated Financial Statements (Continued)

11. Acquisitions

Business Combinations

All business combinations are accounted for by applying the acquisition method.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated Income Statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

Current Period Acquisitions

Cloggs Online Limited

On 13 February 2013, the Group acquired, via its new 88% owned subsidiary Cloggs Online Limited, the trade and assets of Cloggs (UK) Limited ('Cloggs') from its Administrators for a total cash consideration of £579,000. Cloggs is an online niche retailer of premium branded footwear. In December 2013, Cloggs opened its first retail store.

The Board believes that the excess of consideration paid over net identifiable assets on acquisition of £700,000 represents the fair value of the 'Cloggs' online fascia name.

Included in the 52 week period to 1 February 2014 is revenue of £4,701,000 and a loss before tax of £617,000 in respect of Cloggs Online Limited.

Setpoint RE BV

On 1 May 2013, the Group acquired Setpoint RE BV for a cash consideration of £1,280,000 (€1,600,000). Setpoint RE BV was established on 26 April 2013 with its only asset being the leases of 15 stores in the Netherlands which were transferred into it on 27 April 2013 from Setpoint BV who were looking to close down their retail operations. Following a refit, 14 of these stores now trade under the JD fascia with one store handed back to the landlord.

The only asset acquired is the right to the leases, with a fair value of £1,280,000 (€1,600,000). As the acquisition does not constitute a business combination under IFRS 3, the Group has not applied acquisition accounting.

Ark Fashion Limited

On 28 June 2013, the Group acquired, via its new 70% owned subsidiary Ark Fashion Limited, the trade and assets of Rett Retail Limited from its Administrators for a total cash consideration of £1,138,000. On acquisition, there were nine stores trading as Ark in the North of England and the Midlands with a separate trading website. Since acquisition one of the loss making stores has been closed.

The Board believes that the excess of consideration paid over net identifiable assets on acquisition of £469,000 represents the fair value of the 'Ark' fascia name.

Included in the 52 week period to 1 February 2014 is revenue of £6,008,000 and a loss before tax of £803,000 in respect of Ark Fashion Limited.

Isico U.S.A. Sports Eric Isichei & Soehne oHG

On 1 July 2013, the Group acquired, via its new 85% subsidiary JD Sports Fashion Germany GmbH, the trade and assets of Isico U.S.A. Sports Eric Isichei & Soehne oHG ('Isico') for a cash consideration of £800,000 (€1,000,000). On acquisition, Isico had 10 small stores primarily in Berlin but with a presence also in Hamburg, Hannover and Frankfurt. It is intended that these stores will be rebranded to JD through 2014.

The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £982,000 is best considered as goodwill on acquisition representing employee expertise.

Notes to the Consolidated Financial Statements (Continued)

11. Acquisitions (Continued)

Isico U.S.A. Sports Eric Isichei & Soehne oHG (continued)

The goodwill calculation is provisional at 1 February 2014 to allow further measurement adjustments to be made if necessary, during the remaining measurement period to reflect any new information obtained about facts and circumstances that existed at the acquisition date that would have affected the measurement of the amounts recognised as of that date.

Included in the 52 week period to 1 February 2014 is revenue of £3,687,000 and a profit before tax of £329,000 in respect of JD Sports Fashion Germany GmbH.

ActivInstinct Limited

On 25 October 2013, the Group, via its new 81.2% subsidiary ActivInstinct Holdings Limited acquired the issued share capital of ActivInstinct Limited for an initial cash consideration of £9,093,000 with a maximum further payment of £4,136,000 payable after 31 August 2014 depending on performance. ActivInstinct is an online multi-sport retailer of premium, technical sporting equipment.

The provisional goodwill calculation is summarised below:

	Book value £'000	Measurement adjustment £'000	Provisional fair value at 1 February 2014 £'000
Acquiree's net assets at the acquisition date:			
Intangible assets	-	3,524	3,524
Property, plant and equipment	164	-	164
Inventories	3,035	-	3,035
Cash and cash equivalents	1,110	-	1,110
Trade and other receivables	808	-	808
Trade and other payables	(2,407)	-	(2,407)
Income tax liabilities	(452)	-	(452)
Interest bearing loans and borrowings	(18)	-	(18)
Deferred tax asset / (liabilities)	20	(705)	(685)
Net identifiable assets	2,260	2,819	5,079
Non-controlling interest	(425)	(530)	(955)
Goodwill on acquisition			6,617
Consideration paid - satisfied in cash			9,093
Non-controlling interest share of loan made from JD Sports Fashion Plc to ActivInstinct Holdings Limited			(2,488)
Deferred consideration			4,136
Total consideration			10,741

ActivInstinct is on course to meet the performance criteria for the maximum deferred consideration to be payable and therefore the full amount has been included in the acquisition accounting.

The fair value of trade and other receivables is £808,000 and includes trade receivables with a fair value of £523,000. The gross contractual amount for trade receivables is £523,000, of which £nil is expected to be uncollectable.

The intangible asset acquired represents the fair value of the 'ActivInstinct' fascia name (see note 13). The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £6,617,000 is best considered as goodwill on acquisition representing employee expertise.

The goodwill calculation is provisional at 1 February 2014 to allow further measurement adjustments to be made if necessary, during the remaining measurement period to reflect any new information obtained about facts and circumstances that existed at the acquisition date that would have affected the measurement of the amounts recognised as of that date. The goodwill arises on consolidation and is therefore not tax deductible.

Included in the 52 week period to 1 February 2014 is revenue of £7,653,000 and a profit before tax of £836,000 in respect of ActivInstinct Limited.

Notes to the Consolidated Financial Statements (Continued)

11. Acquisitions (Continued)

Tiso Group

On 11 November 2013, the Group acquired 60% of the issued share capital of Tiso Group Limited for a cash contribution of £2,000,000 and have also advanced £5,340,000 to allow it to settle an element of its indebtedness.

Tiso is a highly regarded retailer of Outdoor clothing, footwear and equipment and has four fascias (Tiso, Alpine Bikes, Blues ski and George Fisher). On acquisition, the Group was trading from 17 stores (all in Scotland except for the George Fisher store) including five 'Outdoor Experience' stores which are multi-fasciaed in larger retailer units, along with two trading websites.

The provisional goodwill calculation is summarised below:

	Book value £000	Measurement adjustment £000	Provisional fair value at 1 February 2014 £000
Acquiree's net assets at the acquisition date:			
Intangible assets	-	2,700	2,700
Property, plant and equipment	6,327	(1,000)	5,327
Inventories	5,404	-	5,404
Trade and other receivables	673	-	673
Cash and cash equivalents	103	-	103
Interest bearing loans and overdrafts	(3,637)	-	(3,637)
Trade and other payables	(12,161)	-	(12,161)
Deferred tax liabilities	(2)	(540)	(542)
Net identifiable (liabilities)/ assets	(3,293)	1,160	(2,133)
Non-controlling interest (40%)	1,317	(464)	853
Goodwill on acquisition			3,280
Consideration paid - satisfied in cash			2,000

The fair value of trade and other receivables is £673,000 and includes trade receivables with a fair value of £58,000. The gross contractual amount for trade receivables is £65,000, of which £7,000 is expected to be uncollectable.

The intangible asset acquired represents the fair value of the 'Tiso', 'Alpine Bikes' and 'George Fisher' fascia names (see note 13). The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £3,280,000 is best considered as goodwill on acquisition representing employee expertise.

The goodwill calculation is provisional at 1 February 2014 to allow further measurement adjustments to be made if necessary, the acquisition date that would have affected the measurement of the amounts recognised as of that date. The goodwill arises on consolidation and is therefore not tax deductible.

Included in the 52 week period to 1 February 2014 is revenue of £4,809,000 and a profit before tax of £19,000 in respect of Tiso Group.

Full Year Impact of Acquisitions

Had the acquisitions of Cloggs Online Limited, Ark Fashion Limited, Isico U.S.A. Sports Eric Isichei & Soehne oHG, ActivInstinct Limited and Tiso Group been effected at 3 February 2013, the revenue and profit before tax of the Group for the 52 week period to 1 February 2014 would have been £1,369,378,000 and £57,020,000 respectively.

Notes to the Consolidated Financial Statements (Continued)

11. Acquisitions (Continued)

Acquisition Costs

Acquisition-related costs amounting to £430,000 (Cloggs Online Limited: £70,000; Ark Fashion Limited: £30,000; Isico U.S.A. Sports Eric Isichei & Soehne oHG: £65,000; ActivInstinct Limited: £200,000 and Tiso Group: £65,000) have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

Prior Period Acquisitions

Originals

On 14 March 2012, the Group acquired, via its subsidiary R.D. Scott Limited, the trade and assets of seven stores trading as Originals and the head office along with the Originals name and inventory from the Administrators of Retailchic Limited for a total cash consideration of £100,000. On 3 February 2013, the trade and assets of the Originals stores were transferred to Tessuti Limited, another subsidiary of the Group.

The measurement period concluded in the 52 week period to 1 February 2014, with no measurement adjustments being made to the fair values in this period.

Source Lab Limited

On 9 May 2012, the Group acquired 85% of the issued share capital of Source Lab Limited for a cash consideration of £2,550,000. Source Lab Limited, which was established in 2005, design, source and distribute football related apparel under license from some of the biggest clubs in Europe including Manchester United, Chelsea, Arsenal and Barcelona.

The measurement period concluded in the 52 week period to 1 February 2014, with no measurement adjustments being made to the fair values in this period. The final goodwill calculation is summarised below:

	Book value £'000	Measurement adjustment £'000	Fair value at 1 February 2014 £'000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	9	-	9
Inventories	23	229	252
Trade and other receivables	1,370	(68)	1,302
Cash and cash equivalents	162	-	162
Interest-bearing loans and borrowings	(170)	-	(170)
Trade and other payables	(839)	(222)	(1,061)
Deferred tax liabilities	-	(1)	(1)
Net identifiable assets	555	(62)	493
Non-controlling interest (15%)	(83)	9	(74)
Goodwill on acquisition			2,131
Consideration paid - satisfied in cash			2,550

Notes to the Consolidated Financial Statements (Continued)

11. Acquisitions (continued)

Tessuti Group

On 18 May 2012, the Group, via its new 60% owned subsidiary Tessuti Group Limited, acquired the trading businesses that make up the Tessuti group for a total consideration of £4,819,000. On acquisition, the Tessuti group operated four premium fashion retail stores in the North West of England, along with two trading websites.

The measurement period concluded in the 52 week period to 1 February 2014, with no measurement adjustments being made to the fair values in this period. The final goodwill calculation is summarised below:

	Book value £000	Measurement adjustment £000	Fair value at 1 February 2014 £000
Acquiree's net assets at the acquisition date:			
Intangible assets	-	852	852
Property, plant and equipment	1,898	-	1,898
Inventories	660	-	660
Trade and other receivables	303	-	303
Cash and cash equivalents	1,044	-	1,044
Interest-bearing loans and borrowings	(508)	-	(508)
Trade and other payables	(736)	-	(736)
Deferred tax asset/(liabilities)	(100)	(213)	(313)
Net identifiable assets	2,561	639	3,200
Non-controlling interest	783	(256)	527
Goodwill on acquisition			1,092
Consideration paid - satisfied in cash			3,225
Deferred consideration - non-controlling interest loan notes			1,570
Consideration paid - satisfied in shares			24
			4,819

Notes to the Consolidated Financial Statements (Continued)

12. Disposals

Prior Period Disposals

Disposal of 100% of the Issued Ordinary Share Capital of Canterbury Limited (and its Subsidiary Undertakings)

On 13 September 2012 the Group disposed of its 100% shareholding in Canterbury Limited to Pentland Group Plc for a total cash payment of £22,698,521 and acquired the ONETrueSaxon Brand. The total cash payment received comprised £1 for the entire share capital of Canterbury Limited and £22,698,520 which repaid the total intercompany receivable balance owing to the Company from the Canterbury Group at the date of disposal.

The assets and liabilities related to Canterbury Limited (and its subsidiary undertakings) formed a disposal group. However, Canterbury was not treated as a discontinued operation at 2 February 2013, as its teamwear and leisurewear offering did not represent a major line of business.

Financial information related to the disposal is set out below:

	£000
Consideration received	22,699
Less carrying value of net assets disposed of	(19,748)
Plus share of translation reserve recycled	910
Less non-controlling interest disposed of	(2,570)
Less transaction costs	(600)
Profit on disposal	691
Net cashflow on disposal:	
Consideration received	22,699
Less cash and cash equivalents disposed of	(5,888)
Net cash inflow from disposal	16,811

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets

Group	Goodwill £000	Brand licences £000	Brand names £000	Fascia name £000	Software development £000	Total £000
Cost or valuation						
At 28 January 2012	65,382	11,779	16,658	21,150	-	114,969
Acquisitions	3,328	-	5,540	852	-	9,720
Divestment of subsidiaries	-	-	(6,884)	-	-	(6,884)
Exchange differences	(813)	-	-	(192)	-	(1,005)
At 2 February 2013	67,897	11,779	15,314	21,810	-	116,800
Acquisitions	10,879	-	-	7,393	4,609	22,881
At 1 February 2014	78,776	11,779	15,314	29,203	4,609	139,681
Amortisation and impairment						
At 28 January 2012	11,406	2,319	3,116	838	-	17,679
Charge for the period	-	1,112	1,686	-	-	2,798
Impairments	2,315	-	-	-	-	2,315
Divestment of subsidiaries	-	-	(2,016)	-	-	(2,016)
At 2 February 2013	13,721	3,431	2,786	838	-	20,776
Charge for the period	-	1,112	1,485	-	139	2,736
Impairments	11,839	-	-	-	-	11,839
At 1 February 2014	25,560	4,543	4,271	838	139	35,351
Net book value						
At 1 February 2014	53,216	7,236	11,043	28,365	4,470	104,330
At 2 February 2013	54,176	8,348	12,528	20,972	-	96,024
At 28 January 2012	53,976	9,460	13,542	20,312	-	97,290

Impairment

The impairment in the current period relates to an additional impairment of the goodwill on the acquisition of the entire issued share capital of Pink Soda Limited (formerly Bank Stores Holdings Limited), in which the trading subsidiary, Bank Fashion Limited is held. The Bank business is a cash-generating unit and is included in the Fashion segment. The recoverable amount of the cash-generating unit is the value-in-use, which has been calculated using a pre-tax discount of rate of 12.2% (2013: 13.3%). In the prior year, £2,315,000 of the goodwill was impaired, following a difficult trading period where revenues on certain key brands declined. Current year trading in Bank stores has continued to be difficult with reduced revenue across womenswear, which has resulted in the remaining goodwill of £11,839,000 being impaired. The Board believes that the Bank fascia name of £5,481,000 is recoverable after having performed relevant sensitivity analysis.

Divestment of Subsidiaries

The divestment in the prior period of £4,868,000 relates to the carrying value of the Canterbury brand name recognised on acquisition of Canterbury Limited in 2009. The Group disposed its 100% shareholding in Canterbury Limited on 13 September 2012 (see note 12).

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (Continued)

Intangibles Assets with Definite Lives

Brand licences

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

Brand licenses are tested annually for impairment by comparing the recoverable amount to their carrying value. Impairment losses are recognised in the Consolidated Income Statement.

The recoverable amount of brand licences is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the relevant cash-generating unit until the license expiry date and the choice of a suitable discount rate in order to calculate the present value.

The Group's brand licenses and the key assumptions used in the value-in-use calculations, is as follows:

Group	Segment	Terms	Basic information			Impairment model assumptions used			Pre-tax discount rate (3) 2014 %	Pre-tax discount rate (3) 2013 %
			Cost £000	Net Book Value 2014 £000	Net Book Value 2013 £000	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate		
Fila	Sport	10 year license from January 2011 for exclusive use of the brand in the UK and Republic of Ireland	7,500	5,188	5,938	2.0%	2.0%	January 15	13.3%	13.9%
Sergio Tacchini	Sport	Sub-liscence to use the brand in the UK until 2019	4,279	2,048	2,410	2.0%	2.0%	January 15	13.3%	13.9%
			11,779	7,236	8,348					

- (1) The short term growth rate is the Board approved compound annual growth rate in sales for the first two year period following the January 2015 financial year currently underway
- (2) The long term growth rate is the rate used thereafter until the end of the license period
- (3) The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (Continued)

Brand Names

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

Brand names are all amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. Brand names are tested annually for impairment by comparing the recoverable amount to their carrying value.

The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. This is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value, when this method is deemed the most appropriate. This method involves calculating a net present value for each brand by discounting the projected future royalties expected over the remaining useful life of each brand. The future royalties are estimated by applying a suitable royalty rate to the sales forecast. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit (see below). Impairment losses are recognised in the Consolidated Income Statement.

The Group's brand names and the key assumptions used in 'royalty relief' method of valuation, is as follows:

Group	Segment	Date of acquisition	Basic information		Impairment model assumptions used				
			Cost £'000	Net book value 2014 £'000	Net book value 2013 £'000	Short term growth rate (1) %	Long term growth rate (2) %	Pre-tax discount rate (3) 2014 %	Pre-tax discount rate (3) 2013 %
Royalty relief model used to test the following brands:									
Peter Werth	Sport	26 May 2011	400	293	333	2.0%	2.0%	13.3%	13.9%
Sonneti	Sport	26 April 2010	1,520	988	1,140	2.0%	2.0%	13.3%	13.9%
Duffer of St George	Sport	24 November 2009	2,042	1,110	1,332	2.0%	2.0%	13.3%	13.9%
Henleys	Sport	4 May 2012	2,632	2,172	2,435	5.0%	2.0%	13.3%	14.5%
One True Saxon	Sport	13 September 2012	50	43	48	2.0%	2.0%	13.3%	14.5%
Fly 53	Sport	2 February 2013	458	369	415	2.0%	2.0%	13.3%	14.5%
Gio Goi (4)	Sport	31 January 2013	2,400	2,160	2,400	100.0%	2.0%	13.3%	14.5%
Brands included within the intangible asset models (as below):									
Fenchurch	Sport	17 March 2011	1,100	779	889				
Peter Storm	Outdoor	9 January 2012	2,250	1,796	2,021				
Eurohike	Outdoor	9 January 2012	750	599	674				
Kukri	Sport	7 February 2011	720	504	576				
Nanny State	Fashion	4 August 2010	350	230	265				
Brands with nil net book value at period end:									
Chilli Pepper	Sport	18 June 2010	190	-	-				
Kooga	Sport	3 July 2009	452	-	-				
			15,314	11,043	12,528				

- (1) The short term growth rate is the Board approved annual growth rate in sales for the first two year period following the January 2015 financial year currently underway
- (2) The long term growth rate is the rate used thereafter until the end of the useful life remaining
- (3) The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use
- (4) On acquisition the brand was in a distressed state, therefore the actual sales achieved in the year ending 1 February 2014 do not reflect the potential of this brand. The investment being made in the brand in the short term supports the aggressive short rate growth rate assumed

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (Continued)

Software Development

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

Software development costs are all amortised over a period of three to four years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

Intangibles Assets with Indefinite Lives

Fascia Name

Separately identifiable fascia names acquired are stated at fair value as at the acquisition date less accumulated impairment losses.

Fascia names are not being amortised as management consider these assets to have indefinite useful economic life. As such all fascia names are subject to an impairment review on an annual basis or more frequently if there is an indicator that the fascia name is impaired.

The recoverable amount of these assets is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Impairment losses are recognised in the Consolidated Income Statement.

Factors considered by the Board in determining that the useful life of the fascia names are indefinite for all fascia names:

- The strength of the respective fascia names in the relevant sector and geographic region where the fascia is located
- The history of the fascia names and that of similar assets in the UK (in relation to Blacks, Millets, Bank, Tessuti, Ark and Tiso), Republic of Ireland (Champion), Spain (Sprinter) and Germany (Isico) retail sectors
- The commitment of the Group to continue to operate these stores separately for the foreseeable future, including the ongoing investment in new stores and refurbishments
- The strength of the respective online fascia names for the online fascia's acquired in the period (Cloggs and ActivInstinct)

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries.

Method 1: For acquisitions on or after 31 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit/loss on disposal.

Method 2: In respect of business acquisitions that occurred from 1 February 2004 to 30 January 2010, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

When the excess was negative (negative goodwill), it was recognised immediately in the Consolidated Income Statement as an exceptional item. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Method 3: In respect of acquisitions prior to 1 February 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 February 2004 has not been reconsidered in preparing the Group's opening adopted IFRS balance sheet at 1 February 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. The cash-generating units used are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation is set out on the following pages.

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (Continued)

Fascia Names and Goodwill (Continued)

Fascia Name	Segment	Basic financial information						Impairment model assumptions used			Pre-tax discount rate (3) 2014 %	Pre-tax discount rate (3) 2013 %
		Goodwill 2014 £000	Fascia name 2014 £000	Total intangible 2014 £000	Goodwill 2013 £000	Fascia name 2013 £000	Total intangible 2013 £000	Short term growth rate (1) %	Long term growth rate (2) %	Margin rate		
Allsports store portfolio	Sport	924	-	924	924	-	924	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	10.2%	10.5%
First Sport store portfolio	Sport	14,976	-	14,976	14,976	-	14,976	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	10.2%	10.5%
Champion store portfolio	Sport	11,202	2,000	13,202	11,202	2,000	13,202	2.0%	2.0%	Gross margins are assumed to improve by 0.9% in the short term to reflect improvements in merchandising from transfer to Group core systems	13.6%	14.4%
Sprinter store portfolio	Sport	6,173	4,139	10,312	6,173	4,139	10,312	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	16.5%	20.7%
Ilico store portfolio	Sport	982	-	982	-	-	-	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	14.1%	n/a
ActivInstinct online	Sport	6,617	3,524	10,141	-	-	-	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	14.1%	n/a
Bank store portfolio (4)	Fashion	-	5,481	5,481	11,839	5,481	17,320	2.5%	2.0%	Gross margins are assumed to improve by 3.7% in the short term to reflect reduction in markdown activity	12.2%	13.3%
Tessuti store portfolio	Fashion	1,092	852	1,944	1,092	852	1,944	3.0%	2.0%	Gross margins are assumed to improve by 6.0% in the short term to reflect focused strategy regarding stock and merchandising and a reduction in clearance activity	13.0%	14.5%
Originals store portfolio	Fashion	105	-	105	105	-	105	2.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	13.4%	14.5%
Clogs online	Fashion	-	700	700	-	-	-	2.0%	2.0%	Gross margins are assumed to improve by 3.7% in the short term to reflect implementation of enhanced group terms and focused strategy regarding stock and merchandising	14.0%	n/a
Ark store portfolio	Fashion	-	469	469	-	-	-	2.0%	2.0%	Gross margins are assumed to improve by 0.5% in the short term to reflect focused strategy regarding stock and merchandising	13.0%	n/a
Blacks/ Millerts store portfolio (5)	Outdoor	2,500	8,500	11,000	2,500	8,500	11,000	3.0%	2.0%	Gross margins are assumed to improve by 6.3% in the short term to reflect increase proportion of own brand sales budget	13.0%	14.3%

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (continued)

Fascia Names and Goodwill (Continued)

Fascia Name	Segment	Basic financial information						Impairment model assumptions used			
		Goodwill 2014 £000	Fascia name 2014	Total 2014	Goodwill 2013 £000	Fascia name 2013	Total 2013	Short term growth rate (1) (%)	Long term growth rate (2) (%)	Margin rate	Pre-tax discount rate (3) 2014 %
Tiso store portfolio	Outdoor	3,280	2,700	5,980	-	-	-	3.0%	2.0%	Gross margins are assumed to improve by 5.0% in the short term to reflect focused strategy regarding stock and merchandising	13.4%
Nicholas Deakins Limited	Fashion	864	-	864	864	-	864	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	12.8% 13.3%
Kukri Sports Limited (6)	Sport	1,653	-	1,653	1,653	-	1,653	1.0%	1.0%	Gross margins are assumed to improve by 0.5% in the short term to reflect focused strategy regarding stock and merchandising	15.4% 16.0%
Source Lab Limited	Sport	2,131	-	2,131	2,131	-	2,131	2.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	12.8% 14.5%
Focus Brands Limited	Sport	700	-	700	700	-	700	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	13.4% 13.3%
Topgrade Sportswear Limited	Sport	17	-	17	17	-	17			Not material for Group	
		53,216	28,365	81,581	54,176	20,972	75,148				

(1) The short term growth rate is the Board approved compound annual growth rate for the four year period following the January 2015 financial year currently underway

(2) The long term growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries

(3) The discount rate applied is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual cash-generating unit. These discount rates are considered to be equivalent to the rates a market participant would use

(4) The impairment model prepared for Bank, in addition to covering the goodwill and fascia names, has also been used to support the net book value of the Nanny State and Fenchurch brand names, which are predominantly sold through the Bank store portfolio

(5) The impairment model prepared for Blacks and Millets, in addition to covering the goodwill and fascia names, has also been used to support the net book value of the Peter Storm and Eurohike brand names, which are exclusively sold through the Blacks and Millets store portfolio

(6) The impairment model prepared for Kukri, in addition to supporting the goodwill, has also been used to support the net book value of the Kukri brand name

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

Notes to the Consolidated Financial Statements (Continued)

13. Intangible Assets (Continued)

Sensitivity Analysis

A sensitivity analysis has been performed on the base case assumptions of sales growth and discounts rates used for assessing the goodwill.

With regards to the assessment of value-in-use of all cash-generating units, with the exceptions of those listed below, the Board believe that there are no reasonably possible changes in any of the key assumptions, which would cause the carrying value of the unit to exceed its recoverable amount.

For the Bank fascia name and Blacks goodwill and fascia name cash-generating units, changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount.

The Board has considered the possibility of each of these businesses achieving less revenue and gross profit % than forecast. Whilst any reduction in revenue would be partially offset by a reduction in revenue related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs.

Bank

Should the pre-tax discount rate increase by 1.0%, the value-in-use would lead to an impairment of the Bank fascia name of £2,660,000. All other assumptions remain unchanged.

The impairment model prepared by management assumes margin growth of 3.7% up to 50.3% in the first five year period. Should the business achieve assumed gross margin rate % growth of 3.0% in the first five year period and be unable to reduce selling and distribution and administrative costs, the reduction in value-in-use would lead to an impairment of the Bank fascia name of £5,480,000. Should the business achieve assumed margin rate % growth of 3.4% in the first five year period and be unable to reduce selling and distribution and administrative costs, the reduction in value-in-use would lead to an impairment of £2,030,000. In both cases all other assumptions remain unchanged.

Blacks

Should the business not achieve the assumed gross margin rate % growth in the first five year period of 6.3% by 1.0% and be unable to reduce selling and distribution and administrative costs, the reduction in value-in-use would lead to an impairment of £6,000,000. All other assumptions remain unchanged.

Company	Goodwill £000	Brand licences £000	Brand names £000	Software development £000	Total £000
Cost or valuation					
At 28 January 2012	19,945	11,779	3,210	-	34,934
Acquisitions	-	-	5,540	-	5,540
At 2 February 2013	19,945	11,779	8,750	-	40,474
Acquisitions	-	-	-	4,609	4,609
At 1 February 2014	19,945	11,779	8,750	4,609	45,083
Amortisation and impairment					
At 28 January 2012	4,045	2,319	384	-	6,748
Charge for the period	-	1,112	706	-	1,818
At 2 February 2013	4,045	3,431	1,090	-	8,566
Charge for the period	-	1,112	855	139	2,106
At 1 February 2014	4,045	4,543	1,945	139	10,672
Net book value					
At 1 February 2014	15,900	7,236	6,805	4,470	34,411
At 2 February 2013	15,900	8,348	7,660	-	31,908
At 28 January 2012	15,900	9,460	2,826	-	28,186

Goodwill in the Company comprises the goodwill on acquisition of First Sport (£14,976,000) and Allsports (£924,000).

Brand names in the Company comprise all brand names included in the Group table on page 86 within the Sport segment, with the exception of the fair value adjustments remaining in relation to brand names acquired on acquisition of Duffer of St George (£1,110,000) and Kukri (£504,000).

Notes to the Consolidated Financial Statements (Continued)

14. Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets (see note 16). These costs are amortised over the life of the lease.

Lease incentives are credited to the Consolidated Income Statement on a straight line basis over the life of the lease.

Rental income from operating leases where the Group is the lessor is recognised on a straight-line basis over the term of the relevant lease.

Depreciation

Depreciation is charged to the Consolidated Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

• Freehold land	not depreciated
• Long leasehold and freehold properties	2% per annum on a straight line basis
• Improvements to short leasehold properties	life of lease on a straight line basis
• Computer equipment	3 - 4 years on a straight line basis
• Fixtures and fittings	5 - 7 years, or length of lease if shorter, on a straight line basis
• Motor vehicles	25% per annum on a reducing balance basis

Group	Freehold land, long leasehold & freehold properties £'000	Improvements to short leasehold properties £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 28 January 2012	3,939	18,567	16,868	161,696	547	18,762	220,379
Additions	677	1,039	9,899	26,444	119	-	38,178
Disposals	-	(979)	(329)	(10,033)	(191)	-	(11,532)
Transfers	-	90	-	18,672	-	(18,762)	-
On acquisition of subsidiaries	973	268	81	575	8	-	1,905
Divestment of subsidiaries	-	(572)	(431)	(402)	(52)	-	(1,457)
Exchange differences	-	(43)	(128)	(2,218)	(4)	-	(2,393)
At 2 February 2013	5,589	18,370	25,960	194,734	427	-	245,080
Additions	2,965	2,314	8,211	26,712	149	-	40,351
Disposals	-	(631)	(999)	(11,263)	(191)	-	(13,084)
Transfers	268	(268)	84	(84)	-	-	-
On acquisition of subsidiaries	3,298	1,087	230	1,449	28	-	6,092
Exchange differences	-	-	(6)	(14)	(17)	-	(37)
At 1 February 2014	12,120	20,872	33,480	211,534	396	-	278,402
Depreciation and impairment							
At 28 January 2012	27	10,260	9,963	81,171	49	-	101,470
Charge for period	33	1,403	3,125	22,294	138	-	26,993
Disposals	-	(883)	(235)	(9,710)	(127)	-	(10,955)
Impairments	-	11	-	703	-	-	714
Divestment of subsidiaries	-	(311)	(232)	(279)	(41)	-	(863)
Exchange differences	-	(18)	(72)	(1,289)	(1)	-	(1,380)
At 2 February 2013	60	10,462	12,549	92,890	18	-	115,979
Charge for the period	133	1,542	4,215	24,728	125	-	30,743
Disposals	-	(515)	(760)	(10,203)	(114)	-	(11,592)
Impairments	-	230	48	1,508	-	-	1,786
Transfer to Deposits	-	-	-	(62)	-	-	(62)
Exchange differences	-	-	(3)	(9)	(14)	-	(26)
At 1 February 2014	193	11,719	16,049	108,852	15	-	136,828
Net book value							
At 1 February 2014	11,927	9,153	17,431	102,682	381	-	141,574
At 2 February 2013	5,529	7,908	13,411	101,844	409	-	129,101
At 28 January 2012	3,912	8,307	6,905	80,525	498	18,762	118,909

Notes to the Consolidated Financial Statements (Continued)

14. Property, Plant and Equipment (Continued)

In the prior period, assets in the course of construction of £18,762,000 relating to the new warehouse development at Kingsway, Rochdale were transferred to fixtures and fittings.

Impairment charges of £1,786,000 (2013: £714,000) relate to all classes of property, plant and equipment in cash-generating units which are loss making and where it is considered that the position cannot be recovered as a result of a continuing deterioration in the performance in the particular store. The cash-generating units represent individual stores, or a collection of stores where the cash flows are not independent, with the loss based on the specific revenue streams and costs attributable to those cash-generating units. Assets in impaired stores are written down to their recoverable amount which is calculated as the greater of the fair value less costs to sell and value-in-use.

Leased Assets

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings.

Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental costs, are charged to the Consolidated Income Statement on a straight line basis over the life of the lease. Contingent rental payments, where payment is conditional on the Group's operating performance derived from the lease item (e.g. turnover levels), are expensed in the period incurred.

The carrying amount of the Group's property, plant and equipment includes an amount of £49,000 (2013: £1,479,000) in respect of assets held under finance leases, comprising fixtures and fittings of £nil (2013: £1,427,000) and motor vehicles of £49,000 (2013: £52,000). The depreciation charge on those assets for the current period was £42,000 (2013: £672,000), comprising fixtures and fittings of £10,000 (2013: £643,000) and motor vehicles of £32,000 (2013: £29,000).

Company	Land £'000	Improvements to short leasehold properties £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 28 January 2012	942	13,580	13,411	105,546	213	18,762	152,454
Additions	-	546	7,726	7,526	25	-	15,823
Disposals	-	(806)	(185)	(6,822)	(33)	-	(7,846)
Transfers	-	-	-	18,762	-	(18,762)	-
At 2 February 2013	942	13,320	20,952	125,012	205	-	160,431
Additions	-	591	5,718	8,201	43	-	14,553
Disposals	-	(440)	(148)	(3,571)	(33)	-	(4,192)
At 1 February 2014	942	13,471	26,522	129,642	215	-	170,792
Depreciation and impairment							
At 28 January 2012	-	8,415	9,012	63,817	107	-	81,351
Charge for period	-	969	1,948	11,808	31	-	14,756
Disposals	-	(715)	(165)	(6,696)	(24)	-	(7,600)
At 2 February 2013	-	8,669	10,795	68,929	114	-	88,507
Charge for period	-	922	2,592	11,785	29	-	15,328
Disposals	-	(371)	(99)	(3,167)	(25)	-	(3,662)
Impairments	-	11	3	73	-	-	87
At 1 February 2014	-	9,231	13,291	77,620	118	-	100,260
Net book value							
At 1 February 2014	942	4,240	13,231	52,022	97	-	70,532
At 2 February 2013	942	4,651	10,157	56,083	91	-	71,924
At 28 January 2012	942	5,165	4,399	41,729	106	18,762	71,103

Notes to the Consolidated Financial Statements (Continued)

15. Investment Property

Investment property, which is property held to earn rentals, is stated at cost less accumulated depreciation and impairment losses. Investment property is depreciated over a period of 50 years on a straight line basis, with the exception of freehold land, which is not depreciated. The Group has elected not to revalue investment property annually but to disclose the fair value in the Consolidated Financial Statements.

The fair value is based on an external valuation prepared by persons having the appropriate professional qualification and experience.

Company	£000
Cost	
At 28 January 2012	4,160
Additions	677
At 2 February 2013 and 1 February 2014	4,837
Depreciation and impairment	
At 28 January 2012	1,190
Charge for period	33
At 2 February 2013	1,223
Charge for period	41
At 1 February 2014	1,264
Net book value	
At 1 February 2014	3,573
At 2 February 2013	3,614
At 28 January 2012	2,970

The investment properties brought forward relates to properties leased to Focus Brands Limited (£4,160,000) and Kukri Sports Limited (£677,000).

Both of these properties are owner-occupied from the perspective of the Group as both Focus Brands Limited and Kukri Sports Limited are subsidiaries of the Group. These properties however remain investment properties from the Company perspective as at 1 February 2014.

Based on an external valuation, the fair value of the investment properties as at 1 February 2014 was £3,477,000 (2013: £3,427,000).

Management do not consider either of the investment properties to be impaired as the future rental income supports the carrying value.

Notes to the Consolidated Financial Statements (Continued)

16. Non-Current Other Assets

Key Money

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

Deposits

Money paid in certain countries as deposits to store landlords as protection against non-payment of rent, is capitalised within non-current assets. A provision for the impairment of these deposits is established when there is objective evidence that the landlord will not repay the deposit in full.

Legal Fees

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets and amortised over the life of the lease.

	Group			Company	
	Key Money £000	Deposits £000	Legal Fees £000	Total £000	Legal Fees £000
Cost					
At 28 January 2012	10,243	2,030	9,054	21,327	6,831
Additions	3,273	667	1,410	5,350	1,372
Disposals	(252)	(213)	(146)	(611)	(123)
Exchange differences	(539)	(90)	(12)	(641)	-
At 2 February 2013	12,725	2,394	10,306	25,425	8,080
Additions	1,444	592	1,188	3,224	1,070
Disposals	(83)	(61)	(232)	(376)	(189)
On acquisition	-	-	1,280	1,280	-
At 1 February 2014	14,086	2,925	12,542	29,553	8,961
Depreciation and impairment					
At 28 January 2012	726	-	3,626	4,352	3,273
Charge for period	-	-	537	537	518
Disposals	-	-	(123)	(123)	(110)
Impairments	191	-	-	191	-
Exchange differences	(95)	-	(5)	(100)	-
At 2 February 2013	822	-	4,035	4,857	3,681
Charge for period	-	-	874	874	589
Disposals	-	-	(198)	(198)	(154)
Impairments	146	-	10	156	10
Transfer from Property, Plant and Equipment	-	62	-	62	-
At 1 February 2014	968	62	4,721	5,751	4,126
Net book value					
At 1 February 2014	13,118	2,863	7,821	23,802	4,835
At 2 February 2013	11,903	2,394	6,271	20,568	4,399
At 28 January 2012	9,517	2,030	5,428	16,975	3,558

Notes to the Consolidated Financial Statements (Continued)

17. Investments

In the Company's accounts all investments in subsidiary undertakings and joint ventures are stated at cost less provisions for impairment losses.

Basis of Consolidation

I. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

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

II. Joint Ventures

Joint ventures are entities over which the Group has joint control based on a contractual arrangement. The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures are carried in the Consolidated Statement of Financial Position at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest in it are not recognised.

III. Transactions Eliminated on Consolidation

Intragroup balances, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Changes in Ownership Interest Without a Loss of Control

In accordance with IAS 27 'Consolidated and Separate Financial Statements' (2008), upon a change in ownership interest in a subsidiary without a loss of control, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Acquisitions or disposals of non-controlling interests are therefore accounted for as transactions with owners in their capacity as owners and no goodwill is recognised as a result of such transactions. Associated transaction costs are accounted for within equity.

Company	£000
Cost	
At 28 January 2012	47,945
Additions	3,477
At 2 February 2013	51,422
Additions	9,275
At 1 February 2014	60,697
Impairment	
At 28 January 2012 and 2 February 2013	5,470
Impairments	-
At 1 February 2014	5,470
Net book value	
At 1 February 2014	55,227
At 2 February 2013	45,952
At 28 January 2012	42,475

Notes to the Consolidated Financial Statements (Continued)

17. Investments (Continued)

The additions to investments in the current year comprise the following. Unless otherwise stated the investment is 100% owned.

Company	2014 £000
Cloggs Online Limited (88% owned)	1
Ark Fashion Limited (70% owned)	-
JD Germany GmbH (85% owned)	921
JD Sports Fashion Holdings Coöperatief WA	1,280
ActivInstinct Holdings Limited (81.2% owned)	2,179
Tiso Group Limited (60% owned)	2,000
JD Sports Fashion France SAS	2,800
Additional investment in Source Lab	94
Total additions	9,275

On 31 December 2013 JD Sports Fashion Plc exercised a call option over the share held by the non-controlling interest in Kukri Sports Limited. 4.2% of the shares were transferred to JD Sports Fashion Plc from the non-controlling interest for consideration of £1.

A list of principal subsidiaries is shown in note 35.

18. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, mark downs and shrinkage.

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Finished goods and goods for resale	186,116	146,569	73,525	56,125

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 1 February 2014 was £685,448,000 (2013: £645,404,000).

The Group has £19,556,000 (2013: £20,590,000) of stock provisions at the end of the period. The Company has £6,813,000 (2013: £7,574,000) of stock provisions at the end of the period.

Notes to the Consolidated Financial Statements (Continued)

19. Trade and Other Receivables

Trade receivables are recognised at amortised cost less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The movement in the provision is recognised in the Consolidated Income Statement.

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current assets				
Trade receivables	15,849	12,386	1,443	2,097
Other receivables	5,751	6,413	1,052	2,645
Prepayments and accrued income	45,366	37,962	23,172	22,150
Amounts owed by other Group companies	-	-	196,493	129,213
	66,966	56,761	222,160	156,105

The ageing of trade receivables is detailed below:

Group	2014			2013		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
Not past due	6,145	(74)	6,071	7,620	(262)	7,358
Past due 0 - 30 days	4,125	(87)	4,038	1,508	-	1,508
Past due 30 - 60 days	2,356	-	2,356	904	(2)	902
Past 60 days	3,873	(489)	3,384	2,991	(373)	2,618
	16,499	(650)	15,849	13,023	(637)	12,386

Company	2014			2013		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
Not past due	432	-	432	907	-	907
Past due 0 - 30 days	119	-	119	356	-	356
Past due 30 - 60 days	388	-	388	430	-	430
Past 60 days	604	(100)	504	504	(100)	404
	1,543	(100)	1,443	2,197	(100)	2,097

Notes to the Consolidated Financial Statements (Continued)

19. Trade and Other Receivables (Continued)

Analysis of gross trade receivables is shown below:

	Group	Company	
	2014 £000	2013 £000	2014 £000
Not past due or impaired	6,061	7,256	424
Past due but not impaired	9,465	4,208	689
Impaired	973	1,559	430
	16,499	13,023	1,543
			2,197

The aging of the impaired trade receivables is detailed below:

	Group	Company	
	2014 £000	2013 £000	2014 £000
Not past due	84	364	8
Past due 0 - 30 days	132	-	45
Past due 30 - 60 days	31	345	31
Past 60 days	726	850	346
	973	1,559	430
			721

The Board consider that the carrying amount of trade and other receivables approximate their fair value. Concentrations of credit risk with respect to trade receivables are limited due to the majority of the Group's customer base being wide and unrelated. Therefore, no further credit risk provision is required in excess of the normal provision for impairment losses, which has been calculated following individual assessments of credit quality based on historic default rates and knowledge of debtor insolvency or other credit risk.

Movement on this provision is shown below:

	Group £000	Company £000
At 28 January 2012	1,020	100
Created	435	-
Released	(29)	-
Utilised	(139)	-
Divestments	(639)	-
Exchange differences	(11)	-
At 2 February 2013	637	100
Created	171	-
Released	(10)	-
Utilised	(142)	-
Exchange differences	(6)	-
At 1 February 2014	650	100

The other classes within trade and other receivables do not contain impaired assets.

Notes to the Consolidated Financial Statements (Continued)

20. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows, as these are used as an integral part of the Group's cash management.

	Group	Company	
	2014 £000	2013 £000	2014 £000
Bank balances and cash floats	76,797	53,484	32,433
			20,046

21. Interest-Bearing Loans and Borrowings

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

	Group	Company	
	2014 £000	2013 £000	2014 £000
Current liabilities			
Finance lease liabilities	37	49	-
Bank loans and overdrafts	4,869	7,036	-
Syndicated bank facility	26,000	-	26,000
Other loans	64	72	-
	30,970	7,157	26,000
Non-current liabilities			
Finance lease liabilities	35	7	-
Bank loans	173	288	-
Other loans	343	396	-
	551	691	-

The following provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate risk, see note 22.

Bank Facilities

On 10 July 2013, the Group amended and extended its syndicated committed £75,000,000 bank facility which previously expired on 11 October 2015. The facility has been amended by increasing the syndicated committed facility by £80,000,000 to £155,000,000. The amended facility now expires on 11 October 2017.

Under the amended facility, a maximum of 10 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 1.50% (2013: 1.40%). The arrangement fee payable on the amended facility is 0.6% on the additional £80,000,000 commitment and 0.3% on the existing £75,000,000 commitment. The commitment fee on the undrawn element of the facility is 45% of the applicable margin rate.

This facility encompasses cross guarantees between the Company, Bank Fashion Limited, RD Scott Limited, Topgrade Sportswear Limited, Nicholas Deakins Limited, Blacks Outdoor Retail Limited, Millets Limited and Focus International Limited.

At 1 February 2014, £26,000,000 was drawn down on this facility (2013: no amounts were drawn down on this facility).

Notes to the Consolidated Financial Statements (Continued)

21. Interest-Bearing Loans and Borrowings (Continued)

Bank Loans and Overdrafts

The following Group companies have overdraft facilities which are repayable on demand:

- Spodis SA €5,000,000 (2013: €5,000,000)
- Sprinter Megacentros Del Deporte SLU €4,500,000 (2013: €4,500,000)
- Champion Sports Ireland €3,000,000 (2013: €3,000,000)
- Kukri Sports Limited and Kukri GB Limited £170,000 (2013: £170,000)
- Source Lab Limited £350,000 (2013: £350,000)
- Tiso Group £4,030,000 (2013: £nil)
- ActivInstinct Limited £300,000 (2013: £nil)

As at 1 February 2014, these facilities were drawn down by £3,692,000 (2013: £7,256,000). Further information on guarantees provided by the Company is disclosed in note 32.

Included within bank loans and overdrafts in the prior year were term loans of £68,000 within Spodis SA which have been taken out to fund the refurbishment of specific stores. The interest rates ranged from 5.10% to 6.50% and were secured on the fixtures in those particular stores.

The maturity of the bank loans and overdrafts is as follows:

	Group	Company	
	2014 £000	2013 £000	2014 £000
Within one year	4,869	7,036	-
Between one and five years	173	288	-
	5,042	7,324	-

Other Loans

The acquisition of Tessuti Group Limited included a freehold property with a mortgage balance remaining of £508,000 at the time of acquisition. The loan is repayable over 10 years and attracts interest at 2.99% over base. At 1 February 2014, 70 months is remaining.

The maturity of the other loans is as follows:

	Group	Company	
	2014 £000	2013 £000	2014 £000
Within one year	64	72	-
Between one and five years	343	396	-
	407	468	-

Notes to the Consolidated Financial Statements (Continued)

21. Interest-Bearing Loans and Borrowings (Continued)

Finance Leases

As at 1 February 2014, the Group's liabilities under finance leases are analysed as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts payable under finance leases:				
Within one year	43	51	37	49
Later than one year and not later than five years	39	8	35	7
After five years	-	-	-	-
	82	59	72	56

Assets held under finance leases consist primarily of motor vehicles. The fair value of the Group's lease obligations approximate to their present value. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

22. Financial Instruments

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

Financial Assets

The Group's financial assets are all categorised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the Consolidated Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major United Kingdom and European clearing banks earning floating rates of interest based upon bank base rates or rates linked to LIBOR and EURIBOR. The currency profile of cash and cash equivalents is shown below:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank balances and cash floats	76,797	53,484	32,433	20,046
Sterling	14,356	18,552	11,577	4,608
Euros	59,132	31,481	19,692	12,525
US Dollars	1,981	2,316	618	2,211
Australian Dollars	416	162	41	49
New Zealand Dollars	79	87	-	-
Other	833	886	505	653
	76,797	53,484	32,433	20,046

Notes to the Consolidated Financial Statements (Continued)

22. Financial Instruments (Continued)

Financial Liabilities

The Group's financial liabilities are all categorised as other financial liabilities. Other financial liabilities are measured at amortised cost. The Group's other financial liabilities comprise 'Interest-bearing loans and borrowings' and 'Trade and other payables'.

The currency profile of interest-bearing loans and borrowings is shown below:

	Group	Company		
	2014 £000	2013 £000	2014 £000	2013 £000
Interest-bearing loans and borrowings	31,521	7,848	26,000	-
Sterling	30,141	469	26,000	-
Euros	1,351	7,344	-	-
US Dollars	25	25	-	-
New Zealand Dollars	-	-	-	-
Canadian Dollars	4	10	-	-
	31,521	7,848	26,000	-

Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, interest rates, credit risk and its liquidity position. The Group manages these risks through the use of derivative instruments, which are reviewed on a regular basis. Derivative instruments are not entered into for speculative purposes. There are no concentrations of risk in the period to 1 February 2014.

Interest Rate Risk

The Group finances its operations by a mixture of retained profits and bank borrowings. The Group's borrowings are at floating rates, partially hedged by floating rate interest on deposits, reflecting the seasonality of its cash flow. Interest rate risk therefore arises from bank borrowings. Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential volatility in base rates, but at present do not consider a long term interest rate hedge to be necessary given the inherent short term nature of both the revolving credit facility and working capital facility. This position is reviewed regularly, along with the level of facility required.

The Group has potential bank floating rate financial liabilities on the £155,000,000 committed bank facility, together with overdraft facilities in subsidiary companies (see note 21). At 1 February 2014 £26,000,000 was drawdown from the committed bank facility (2013: £nil). When drawdowns are made, the Group is exposed to cash flow interest risk with interest paid at a rate of LIBOR plus a margin of 1.50% (2013: 1.40%).

As at 1 February 2014 the Group has liabilities of £72,000 (2013: £56,000), in respect of finance lease or similar hire purchase contracts.

A change of 1.0% in the average interest rates during the year, applied to the Group's floating interest rate loans and borrowings as at the reporting date, would change profit before tax by £517,000 (2013: £60,000) and would change equity by £517,000 (2013: £60,000). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. This includes the Group's committed bank facility, Tiso Group Limited's overdraft and Sprinter Megacentros Del Deporte SLU bank loans and borrowings. Calculations are performed on the same basis as the prior year and assume that all other variables remain unchanged.

Notes to the Consolidated Financial Statements (Continued)

22. Financial Instruments (continued)

Foreign Currency Risk

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the reporting date. Exchange differences in monetary items are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at the rate of exchange at the reporting date. Income and expenses are translated at the average exchange rate for the accounting period. Foreign currency differences are recognised in Other Comprehensive Income and are presented in the foreign currency translation reserve.

Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and remeasured at each period end. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Interest rate swaps are recognised at fair value in the Consolidated Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement for the period. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the respective risk profiles of the swap counterparties.

Hedging of Monetary Assets and Liabilities

Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Consolidated Income Statement.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pound sterling. The currencies giving rise to this risk are the Euro and US Dollar with sales made in Euros and purchases made in both Euros and US Dollars (principal exposure). To protect its foreign currency position, the Group sets a buying rate in each country for the purchase of goods in US Dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency/US Dollar contracts whereby the minimum exchange rate on the purchase of dollars is guaranteed.

As at 1 February 2014, options have been entered into to protect approximately 91% of the US Dollar requirement for the period to January 2015. The balance of the US Dollar requirement for the period will be satisfied at spot rates.

As at 1 February 2014, the fair value of these instruments was a liability of £5,813,000 (2013: asset of £441,000) which has been included within current liabilities (2013: current assets). A loss of £6,254,000 (2013: gain of £411,000) has been recognised in the Consolidated Income Statement for the change in fair value of these instruments.

We have considered the credit risk of the Group's and counterparty's credit risk and this is not expected to have a material effect on the valuation of these options.

Notes to the Consolidated Financial Statements (Continued)

22. Financial Instruments (Continued)

Foreign Currency Risk (Continued)

A 10.0% strengthening of sterling relative to the following currencies as at the reporting date would have reduced profit before tax and equity as follows:

	Profit before tax		Equity	
	2014 £000	2013 £000	2014 £000	2013 £000
Euros	1,871	1,770	5,990	3,363
US Dollars	(172)	61	(174)	(2)
Australian Dollars	31	11	47	(10)
New Zealand Dollars	-	6	11	4
Other	80	15	13	(75)
	1,810	1,863	5,887	3,280

A 10.0% weakening of sterling relative to the following currencies as at the reporting date would have increased profit before tax and equity as follows:

	Profit before tax		Equity	
	2014 £000	2013 £000	2014 £000	2013 £000
Euros	2,288	2,163	8,533	5,464
US Dollars	(210)	74	(212)	(2)
Australian Dollars	38	13	58	(7)
New Zealand Dollars	-	7	5	8
Other	42	19	(39)	(88)
	2,158	2,276	8,345	5,375

Calculations are performed on the same basis as the prior year and the method assumes that all other variables remain unchanged.

Credit Risk

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major United Kingdom and European clearing banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for impairment where amounts are not thought to be recoverable (see note 19). At the reporting date there were no significant concentrations of credit risk and receivables which are not impaired are believed to be recoverable.

The Group considers its maximum exposure to credit risk to be equivalent to total trade and other receivables of £66,966,000 (2013: £56,761,000) and cash and cash equivalents of £76,949,000 (2013: £53,484,000).

The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA, Sprinter Megacentros Del Deporte SLU and Champion Sports Ireland of €5,000,000, €8,750,000 and up to maximum of €3,000,000 respectively. As at 1 February 2014, these facilities were drawn down by £587,000 (2013: £7,256,000). The Company had also provided a guarantee on the finance lease facility in relation to the acquisition of Champion Sports Ireland up to a maximum of €2,500,000, however this is now fully repaid as at 1 February 2014. In addition, the syndicated committed £155,000,000 bank facility, which was in place as at 1 February 2014, encompassed cross guarantees between the Company, RD Scott Limited, Bank Fashion Limited, Topgrade Sportswear Limited, Nicholas Deakins Limited, Blacks Outdoor Retail Limited, Millets Limited and Focus International Limited to the extent to which any of these companies were overdrawn. As at 1 February 2014, these facilities were drawn down by £26,000,000 (2013: £nil).

Notes to the Consolidated Financial Statements (Continued)

22. Financial Instruments (Continued)

Liquidity Risk

The Group manages its cash and borrowing requirement to minimise net interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business. The forecast cash and borrowing profile of the Group is monitored on an ongoing basis, to ensure that adequate headroom remains under committed borrowing facilities. The Board review 13 week and annual cash flow forecasts each month.

Information about the maturity of the Group's financial liabilities is disclosed in note 21.

As at 1 February 2014, there are committed facilities with a maturity profile as follows:

	2014 £'000	2013 £'000
Expiring in more than two years but no more than three years	-	75,000
Expiring in more than three years but no more than four years	155,000	-
	155,000	75,000

The commitment fee on these facilities is 0.45% (2013: 0.45%).

Fair Values

The fair values together with the carrying amounts shown in the Consolidated Statement of Financial Position as at 1 February 2014 are as follows:

	Notes	Group		Company	
		Carrying amount 2014 £'000	Fair value 2014 £'000	Carrying amount 2014 £'000	Fair value 2014 £'000
Trade and other receivables	19	66,966	66,966	222,160	222,160
Cash and cash equivalents	20	76,797	76,797	32,433	32,433
Interest-bearing loans and borrowings - current	21	(30,970)	(30,970)	(26,000)	(26,000)
Interest-bearing loans and borrowings - non-current	21	(551)	(339)	-	-
Trade and other payables - current	23	(240,544)	(240,544)	(122,250)	(122,250)
Trade and other payables - non-current	23	(34,487)	(21,220)	(28,017)	(17,239)
		(162,789)	(149,310)	78,326	89,104
Unrecognised gains			13,479		10,778

The comparatives at 2 February 2013 are as follows:

	Note	Group		Company	
		Carrying amount 2013 £'000	Fair value 2013 £'000	Carrying amount 2013 £'000	Fair value 2013 £'000
Trade and other receivables	19	56,761	56,761	156,105	156,105
Cash and cash equivalents	20	53,484	53,484	20,046	20,046
Interest-bearing loans and borrowings - current	21	(7,157)	(7,157)	-	-
Interest-bearing loans and borrowings - non-current	21	(691)	(429)	-	-
Trade and other payables - current	23	(194,061)	(194,061)	(97,913)	(97,913)
Trade and other payables - non-current	23	(30,085)	(18,680)	(26,608)	(16,521)
		(121,749)	(110,082)	51,630	61,717
Unrecognised gains			11,667		10,087

Notes to the Consolidated Financial Statements (Continued)

22. Financial Instruments (Continued)

Fair Values (Continued)

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 1 February 2014 and 2 February 2013 are not considered to be materially different to that of the book value. On this basis, the carrying amounts have not been adjusted for the fair values. In respect of the Group's non-current financial assets and liabilities as at 1 February 2014 and 2 February 2013, the fair value has been calculated using a pre-tax discount rate of 12.8% (2013: 13.3%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

Estimation of fair values

For trade and other receivables/payables (as adjusted for the fair value of foreign exchange contracts), the notional amount is deemed to reflect the fair value.

Fair value hierarchy

As at 1 February 2014, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

- Foreign exchange forward contracts - non-hedged

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	Carrying amount £000	Level 1 £000	Level 2 £000	Level 3 £000
At 1 February 2014				
Loans and receivables				
Deposits	2,863	-	-	2,863
Trade and other receivables	66,966	-	-	66,966
Cash and cash equivalents	76,797	-	-	76,797
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(5,813)	-	(5,813)	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	(30,970)	-	-	(30,970)
Interest-bearing loans and borrowings - non-current	(551)	-	-	(551)
Trade and other payables - current	(234,731)	-	-	(234,731)
Trade and other payables - non-current	(31,414)	-	-	(31,414)
Put options held by non-controlling interests	(3,073)	-	-	(3,073)
At 2 February 2013				
Loans and receivables				
Deposits	2,394	-	-	2,394
Trade and other receivables	56,320	-	-	56,320
Cash and cash equivalents	53,484	-	-	53,484
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	441	-	441	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	(7,157)	-	-	(7,157)
Interest-bearing loans and borrowings - non-current	(691)	-	-	(691)
Trade and other payables - current	(194,061)	-	-	(194,061)
Trade and other payables - non-current	(29,508)	-	-	(29,508)
Put options held by non-controlling interests	(577)	-	-	(577)

Where the Company has corresponding balances, these are categorised as the same level as above. In addition, Investment property held in the Company of £3,573,000 (2013: £3,614,000) is categorised as Level 3 within the fair value hierarchy.

Notes to the Consolidated Financial Statements (Continued)

23. Trade and Other Payables

Trade and other payables are non-interest-bearing and are stated at their cost.

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current liabilities				
Trade payables	128,510	97,084	64,750	47,447
Other payables and accrued expenses	88,414	70,101	54,418	45,692
Other tax and social security costs	23,620	26,876	3,052	4,774
Amounts payable to other Group companies	-	-	30	-
	240,544	194,061	122,250	97,913
Non-current liabilities				
Other payables and accrued expenses	34,487	30,085	21,435	20,026
Amounts payable to other Group companies	-	-	6,582	6,582
	34,487	30,085	28,017	26,608

Put Options Held by Non-Controlling Interests

The Group recognises put options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. Upon initial recognition, and for subsequent changes on remeasurement of the liability, a corresponding entry is made to other equity.

The Group has a number of options to buy the remaining shares in partly-owned subsidiaries from the non-controlling interest. The present value of these options has been estimated as at 1 February 2014 and is included within non-current other payables and accrued expenses.

The present value of the estimated exercise price is calculated using the option price formula agreed on acquisition. All existing option price formulas are based on a profit measure, which is estimated by applying an approved growth assumption to the current budget profit for the January 2015 financial year, if appropriate for the individual business the put option directly relates to. A discount rate is also applied to the option price which is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use.

	Source Lab Limited £'000	Tessuti Group Limited £'000	ActivInstinct Holdings Limited £'000	JD Germany GmbH £'000	Total £'000
Put options held by non-controlling interests					
At 2 February 2013	216	361	-	-	577
Increase in the present value of the existing option liability	94	-	-	-	94
Fair value recognised on acquisition	-	-	2,178	224	2,402
At 1 February 2014	310	361	2,178	224	3,073

Notes to the Consolidated Financial Statements (Continued)

23. Trade and Other Payables (Continued)

Put Options Held by Non-Controlling Interests (Continued)

Company	Options in existence	Exercise periods	Methodology	Recognised as a liability and in other equity		
				At 1 February 2014 £000	At 2 February 2013 £000	
Source Lab Limited	Put and call option, whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 15% of the issued share capital of Source Lab Limited.	Exercisable by either party after the third anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Source Lab Limited for the relevant financial year have been approved by the board of directors.	The option price is calculated based on a multiple of the audited profit before distributions, interest, amortisation and exceptional items but after taxation for the relevant financial year prior to the exercise date.	The option price shall not exceed £12,450,000.	310	216
Tessuti Group Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 40% of the issued share capital of Tessuti Group Limited.	Exercisable by either party after the fifth anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Tessuti Group Limited for the relevant financial year have been approved by the board of directors (exercise period).	The option price is calculated based on a multiple of the audited consolidated profit before distributions, interest, amortisation and exceptional items but after taxation for Tessuti Group Limited (which includes its subsidiary undertakings) for the relevant financial year prior to the exercise date.	The option price shall not exceed £12,000,000.	361	361
Cloggs Online Limited	Put and call options, whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 12% (split equally by each non-controlling interest) of the issued share capital of Cloggs Online Limited.	The put option is exercisable between the period starting on the date on which the statutory accounts for the financial year ending in 2016 have been approved by the board of directors of the Company until one month after the date on which the statutory accounts of the Company for the financial period ending in 2018 have been approved by the board of directors of the Company. Two months after the put options cease to be exercisable the call options become exercisable.	The option price is calculated based on a multiple of the average audited profit before distributions, amortisation and exceptional items but after taxation for the relevant two financial years prior to the exercise date.	The put option price shall not exceed £3,000,000 and the call option shall not exceed £5,000,000.	-	n/a
Ark Fashion Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 30% of the issued share capital of Ark Fashion Limited.	The call option is exercisable at any point from completion date if the contract of employment of non-controlling interest with the Company is terminated. The put option is exercisable each year after the fifth anniversary of the initial transaction during the 30 day period commencing on the date on which the accounts of Ark Fashion Limited for the relevant year have been approved by the board of directors.	The option price is calculated based on a multiple of the average profit before tax for the relevant two financial years prior to the exercise date.	The option price shall not exceed £5,000,000.	-	n/a
JD Germany GmbH	Put option whereby JD Sports Fashion Plc may be required to acquire all or some of the remaining 15% of the issued share capital of JD Germany GmbH, including earn out shares.	The put option is exercisable after a period of 5 years from the completion date during the 30 days following approval of the shareholders meeting of the audited annual accounts of the Company for the relevant financial year.	The option price is calculated based on a multiple of the average earnings before tax for the relevant two financial years prior to the exercise date.	The put option price shall not exceed €20,000,000.	224	n/a
Tiso Group Limited	First put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 20% of the issued share capital of Tiso Group Limited. Second put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 40% (or the remaining 20%) of the issued share capital of Tiso Group Limited.	First call option is exercisable 90 days beginning 30 days after the consolidated accounts of the Company for the financial period ending 28 January 2017 are signed. The first put option is exercisable 60 days following the end of the first call option. The second call option is exercisable 90 days beginning 30 days after the consolidated accounts of the Company for the financial period ending 3 February 2018 are signed. The first put option is exercisable 60 days following the end of the second call option.	The option price is calculated based on a multiple of the average operating profit for the financial year ending 28 January 2017 and the prior year for the first put and call option and year ending 3 February 2018 and the prior year for the second put and call option.	The option price shall not exceed £8,000,000 or 25p per share.	-	n/a
ActivInstinct Holdings Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 18.8% remaining issued share capital of ActivInstinct Holdings Limited.	Within 40 business days of the financial period ending 31 August 2016 the Company must deliver the relevant option accounts for the 12 month period to 31 August 2016. Either party has then 30 days to exercise the options once both parties have agreed to accounts.	The option price is calculated based on a multiple of the relevant EBITDA for the 12 months to August 2016.	The option price shall not exceed £10,211,000	2,178	n/a

Notes to the Consolidated Financial Statements (Continued)

24. Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

Within the onerous lease provision, management have provided against the minimum contractual lease cost less potential sublease income for vacant stores. For loss making trading stores, provision is made to the extent that the lease is deemed to be onerous.

The provisions are discounted where the effect is material. The pre-tax discount rate used is 12.8% (2013: 13.3%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

Group	Onerous property leases £000
Balance at 2 February 2013	6,087
Provisions created during the period	2,452
Provisions released during the period	(1,365)
Provisions utilised during the period	(2,860)
Balance at 1 February 2014	4,314

Provisions have been analysed between current and non-current as follows:

Group	2014 £000	2013 £000
Current	2,541	2,714
Non-current	1,773	3,373
	4,314	6,087

Company	Onerous property leases £000
Balance at 2 February 2013	3,735
Provisions created during the period	808
Provisions released during the period	(175)
Provisions utilised during the period	(1,483)
Balance at 1 February 2014	2,885

Provisions have been analysed between current and non-current as follows:

Company	2014 £000	2013 £000
Current	1,547	2,040
Non-current	1,338	1,695
	2,885	3,735

Notes to the Consolidated Financial Statements (Continued)

25. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2014 £000	Assets 2013 £000	Liabilities 2014 £000	Liabilities 2013 £000	Net 2014 £000	Net 2013 £000
Property, plant and equipment	(126)	-	-	1,095	(126)	1,095
Chargeable gains held over/rolled over	-	-	237	273	237	273
Other	-	-	4,556	3,398	4,556	3,398
Tax losses	(384)	(914)	-	-	(384)	(914)
Tax (assets)/liabilities	(510)	(914)	4,793	4,766	4,283	3,852

Deferred tax assets on losses of £4,319,000 (2013: £4,500,000) within Kooga Rugby Limited; £810,000 (2013: £5,210,000) within Champion Sports Ireland; £3,487,000 (2013: £nil) within Champion Retail Limited and £567,000 (2013: £2,621,000) within Kukri Sports Limited (and its subsidiaries) have not been recognised as there is uncertainty over the utilisation of these losses.

Movement in Deferred Tax During the Period

Group	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	Other £000	Tax losses £000	Total £000
Balance at 28 January 2012	547	297	4,856	(4,977)	723
Recognised in income	(28)	(24)	(2,376)	2,829	401
Recognised on acquisition	390	-	213	-	603
Recognised on disposal	186	-	705	1,234	2,125
Balance at 2 February 2013	1,095	273	3,398	(914)	3,852
Recognised in income	(1,201)	(36)	(90)	530	(797)
Recognised on acquisition	(20)	-	1,248	-	1,228
Balance at 1 February 2014	(126)	237	4,556	(384)	4,283

Notes to the Consolidated Financial Statements (Continued)

25. Deferred Tax Assets and Liabilities (Continued)

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Company	Assets 2014 £000	Assets 2013 £000	Liabilities 2014 £000	Liabilities 2013 £000	Net 2014 £000	Net 2013 £000
Property, plant and equipment	-	-	340	388	340	388
Chargeable gains held over/rolled over	-	-	237	273	237	273
Other	(584)	(1,180)	-	-	(584)	(1,180)
Tax (assets)/liabilities	(584)	(1,180)	577	661	(7)	(519)

Movement in Deferred Tax During the Period

Company	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	Other £000	Total £000
Balance at 28 January 2012	355	297	(959)	(307)
Recognised in income	33	(24)	(221)	(212)
Balance at 2 February 2013	388	273	(1,180)	(519)
Recognised in income	(48)	(36)	596	512
Balance at 1 February 2014	340	237	(584)	(7)

At 1 February 2014, the Group has no recognised deferred income tax liability (2013: £nil) in respect of taxes that would be payable on the unremitted earnings of certain subsidiaries. As at 1 February 2014, the unrecognised gross temporary differences in respect of reserves of overseas subsidiaries is £17,893,000 (2013: £12,983,000). No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double tax relief and the ability to control the remittance of earnings.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholders.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 1 February 2014 has been calculated based on the substantively enacted rates at the balance sheet date.

Notes to the Consolidated Financial Statements (Continued)

26. Capital

Issued Ordinary Share Capital

Group and Company	Numbers of ordinary shares thousands	Ordinary share capital £000
At 2 February 2013 and 1 February 2014	48,662	2,433

The total number of authorised ordinary shares was 62,150,000 (2013: 62,150,000) with a par value of 5p per share (2013: 5p per share). All issued shares are fully paid.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium and retained earnings.

It is the Board's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The processes for managing the Group's capital levels are that the Board regularly monitors the net cash/debt in the business, the working capital requirements and forecasts cash flows. Based on this analysis, the Board determines the appropriate return to equity holders while ensuring sufficient capital is retained in the business to meet its strategic objectives.

The Board consider the capital of the Group as the net cash/debt at the year end (see note 30) and the Board review the gearing position of the Group which as at 1 February 2014 was less than zero (2013: less than zero). There were no changes to the Group's approach to capital management during the period.

Full disclosure on the rights attached to shares is provided in the Directors' Report on page 37.

27. Dividends

After the reporting date the following dividends were proposed by the Directors. The dividends were not provided for at the reporting date.

	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
22.65p per ordinary share (2013: 22.00p)	11,022	10,706

Dividends on Issued Ordinary Share Capital

Group and Company	52 weeks to 1 February 2014 £000	53 weeks to 2 February 2013 £000
Final dividend of 22.00p (2013: 21.20p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	10,706	10,316
Interim dividend of 4.45p (2013: 4.30p) per qualifying ordinary share paid in respect of current period	2,165	2,092
	12,871	12,408

Notes to the Consolidated Financial Statements (Continued)

28. Commitments

Group

(i) Capital Commitments

As at 1 February 2014, the Group had entered into contracts to purchase property, plant and equipment as follows:

Group	2014 £000	2013 £000
Contracted	6,534	7,966

(ii) Operating Lease Commitments

The Group leases various retail outlets, offices, warehouses, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

Group	Land and buildings 2014 £000	Plant and equipment 2014 £000	Land and buildings 2013 £000	Plant and equipment 2013 £000
Within one year	102,439	1,524	96,120	1,109
Later than one year and not later than five years	302,674	1,905	288,973	1,257
After five years	244,072	17	248,055	104
	649,185	3,446	633,148	2,470

The future minimum rentals payable on land and buildings represent the base rents that are due on each property. Certain properties have rents which are partly dependent on turnover levels in the individual store concerned.

(iii) Sublease Receipts

The Group subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 1 February 2014 are as follows:

Group	2014 £000	2013 £000
Within one year	674	594
Later than one year and not later than five years	2,134	1,749
After five years	1,577	1,618
	4,385	3,961

Notes to the Consolidated Financial Statements (Continued)

28. Commitments (Continued)

Company

(i) Capital Commitments

As at 1 February 2014, the Company had entered into contracts to purchase property, plant and equipment as follows:

Company	2014 £000	2013 £000
Contracted	3,707	2,378

(ii) Operating Lease Commitments

The Company leases various retail outlets, offices, warehouses, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

Company	Land and buildings 2014 £000	Plant and equipment 2014 £000	Land and buildings 2013 £000	Plant and equipment 2013 £000
Within one year	55,736	739	59,122	695
Later than one year and not later than five years	160,035	959	181,558	774
After five years	129,561	17	164,288	104
	345,332	1,715	404,968	1,573

(iii) Sublease Receipts

The Company subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 1 February 2014 are as follows:

Company	2014 £000	2013 £000
Within one year	504	482
Later than one year and not later than five years	1,678	1,322
After five years	1,442	1,343
	3,624	3,147

Notes to the Consolidated Financial Statements (Continued)

29. Pension Schemes

The Group operates defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds. Obligations for contributions to the defined contribution schemes are recognised as an expense in the Consolidated Income Statement when incurred.

The pension charge for the period represents contributions payable by the Group of £1,934,000 (2013: £1,216,000) in respect of employees, and £54,000 (2013: £53,000) in respect of Directors. The amount owed to the schemes at the period end was £378,000 (2013: £239,000).

30. Analysis of Net Cash

Net cash consists of cash and cash equivalents together with other borrowings from bank loans and overdrafts, other loans, loan notes, finance leases and similar hire purchase contracts.

Group	At 2 February 2013 £000	On acquisitions of subsidiaries £000	Cash flow £000	Non-cash movements £000	At 1 February 2014 £000
Cash at bank and in hand	53,484	1,313	22,010	(10)	76,797
Overdrafts	(7,256)	(3,637)	5,851	288	(4,754)
Cash and cash equivalents	46,228	(2,324)	27,861	278	72,043
Interest-bearing loans and borrowings:					
Bank loans	(68)	-	68	(288)	(288)
Syndicated bank facility	-	-	(26,000)	-	(26,000)
Finance lease liabilities	(56)	(18)	60	(58)	(72)
Other loans	(468)	-	61	-	(407)
	45,636	(2,342)	2,050	(68)	45,276

Company	At 2 February 2013 £000	Cash flow £000	Non-cash movements £000	At 1 February 2014 £000
Cash at bank and in hand	20,046	12,416	(29)	32,433
Cash and cash equivalents	20,046	12,416	(29)	32,433
Interest-bearing loans and borrowings:				
Syndicated bank facility	-	(26,000)	-	(26,000)
	20,046	(13,584)	(29)	6,433

Notes to the Consolidated Financial Statements (Continued)

31. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arms length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

Transactions with Related Parties Who Are Not Members of the Group

Pentland Group Plc

Pentland Group Plc owns 57.5% (2013: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group and Company made purchases of inventory from Pentland Group Plc in the period and the Group also sold inventory to Pentland Group Plc. In the prior period, the Company disposed its 100% shareholding in Canterbury Limited to Pentland Group Plc for £22,699,000 (see note 12). The other income represents marketing contributions received, whilst the Group also paid royalty costs to Pentland Group Plc for the use of a brand.

During the period, the Group entered into the following transactions with Pentland Group Plc:

Group	Income from related parties	Expenditure from related parties	Income from related parties	Expenditure from related parties
	2014	2014	2013	2013
	£000	£000	£000	£000
Sale of inventory	102	-	478	-
Purchase of inventory	-	(19,374)	-	(25,610)
Royalty costs	-	(130)	-	(190)
Proceeds from disposal of Canterbury Limited	-	-	22,699	-
Other income	-	-	369	-

At the end of the period, the following balances were outstanding with Pentland Group Plc:

Group	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
	2014	2014	2013	2013
	£000	£000	£000	£000
Trade receivables/(payables)	383	(1,811)	321	(1,790)

During the period, the Company entered into the following transactions with Pentland Group Plc:

Company	Income from related parties	Expenditure from related parties	Income from related parties	Expenditure from related parties
	2014	2014	2013	2013
	£000	£000	£000	£000
Sale of inventory	82	-	-	-
Purchase of inventory	-	(9,969)	-	(14,126)
Receipt of Canterbury intercompany debt	-	-	22,699	-
Other income	-	-	369	-

At the end of the period, the Company had the following balances outstanding with Pentland Group Plc:

Company	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
	2014	2014	2013	2013
	£000	£000	£000	£000
Trade receivables/(payables)	328	(1,174)	380	(1,175)

Notes to the Consolidated Financial Statements (Continued)

31. Related Party Transactions and Balances (Continued)

Transactions with Related Parties Who Are Members of the Group

Subsidiaries

The Company transacts and has outstanding balances with its subsidiaries. The Company enters into loans with its subsidiaries as follows:

Long term loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. These loans do not attract interest when the subsidiaries are wholly owned, with the exception of loans to Spodis SA and JD Sports Fashion (France) SAS, where interest is charged at the official French government interest rate. This interest rate is variable and is reviewed quarterly. For subsidiaries with a non-controlling interest, these long term loans attract interest at the UK base rate plus an applicable margin. All long term loans are repayable on demand.

Debenture loans represent formal loan agreements put in place between the Company and its subsidiaries Bank Fashion Limited, RD Scott Limited and Premium Fashion Limited in the prior period. These loans attract interest at the UK base rate plus a margin of 2.0% and are repayable on demand.

The secured loan from the Company is secured upon the intellectual property in Duffer of St George Limited. This loan accrues interest at the UK base rate plus a margin of 4.0%. This loan is repayable on demand.

Other intercompany balances and trade receivables/ payables relates to

- The sale and purchase of stock between the Company and its subsidiaries on arms length terms
- Recharges for administrative overhead and distribution costs.

Other intercompany balances are settled a month in arrears. These balances do not accrue interest. In certain circumstances where the subsidiaries have not repaid these balances, they have been reclassified to long term loans, and therefore accrue interest as applicable.

During the period, the Company entered into the following transactions with subsidiaries:

Company	Income from related parties	Expenditure from related parties	Income from related parties	Expenditure from related parties
	2014 £000	2014 £000	2013 £000	2013 £000
Sale/purchase of inventory	46,659	(5,484)	26,180	(4,602)
Interest receivable	1,200	-	554	-
Dividend income received	255	-	-	-
Rental income	446	-	351	-
Royalty income	846	-	486	-
Concession fee payable	-	(155)	-	(155)
Management charge receivable	3,174	-	1,173	-

At the end of the period, the Company had the following balances outstanding with subsidiaries:

Company	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
	2014 £000	2014 £000	2013 £000	2013 £000
Long term loan receivable	125,401	-	69,311	-
Long term loan receivable (interest bearing)	26,476	-	3,523	-
Long term loan payable	-	(6,582)	-	(6,582)
Debenture loan receivable (interest bearing)	15,252	-	15,000	-
Secured loan receivable	613	-	690	-
Trade receivables/(payables)	4,737	(573)	3,337	(1,040)
Other intercompany balances	37,569	(501)	47,006	(724)
Income tax group relief	262	(12,774)	-	(7,892)

Remuneration of Key Management Personnel

Other than the remuneration of Directors as shown in note 5 and in the Directors' Remuneration Report on page 53 there have been no other transactions with Directors in the year (2013: nil)

Notes to the Consolidated Financial Statements (Continued)

32. Contingent Liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

The Company has provided the following guarantees:

- Guarantee on the working capital facilities and bonds and guarantees in Spodis SA of €6,100,000 (2013: €6,100,000)
- Guarantee on the working capital and other banking facilities in relation to the Sprinter Megacentros Del Deporte SLU of €8,750,000 (2013: €8,750,000)
- Guarantee on the working capital facilities in Champion Sports Ireland up to a maximum of €3,000,000 (2013: €3,000,000)
- Guarantee to Commonwealth Games England regarding performance of Kukri GB Limited up to a maximum of £1,200,000

In the period ending 2 February 2013, the Company had provided the following guarantees, which have expired in the 52 week period ending 1 February 2014:

- Guarantee to Pentland Group Plc on the outstanding legal settlement and associated legal costs that Canterbury International (Australia) Pty Limited had with the Australian Rugby Union at the point of disposal of Canterbury in excess of AUD\$175,000
- Guarantee on the finance lease facility in relation to the acquisition of Champion Sports Ireland, up to a maximum of €2,500,000. At 1 February 2014, the liability had been fully repaid (2013: liability remaining of €27,000)

33. Subsequent events

Mainline Menswear Limited

On 21 March 2014, the Group acquired 80% of the issued share capital of Mainline Menswear Holdings Limited for a cash consideration of £8,168,000 with a further £500,000 payable after 30 November 2014 if certain performance criteria are achieved.

The provisional goodwill calculation is summarised below:

	Book value £000	Measurement adjustment £000	Provisional fair value £000
Acquiree's net assets at acquisition date:			
Intangible Assets	-	843	843
Property, plant and equipment	53	-	53
Inventories	1,512	-	1,512
Cash	193	-	193
Trade and other receivables	60	-	60
Trade and other payables	(705)	-	(705)
Income tax liabilities	(62)	-	(62)
Deferred tax liabilities	(10)	(169)	(179)
Net identifiable assets	1,041	674	1,715
Non-controlling interest (20%)		(208)	(343)
Goodwill on acquisition			7,296
Consideration paid - satisfied in cash			8,168
Deferred consideration			500
Total consideration			8,668

34. Ultimate parent company

The Company is a subsidiary undertaking of Pentland Group Plc which is also the ultimate parent company. Pentland Group Plc is incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Pentland Group Plc. The results of Pentland Group Plc may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes. The total recognised income and expense for the parent included in these consolidated financial statements is £64,783,000 (2013: £47,874,000). The Consolidated Financial Statements of JD Sports Fashion Plc are available to the public and may be obtained from The Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or online at www.jdplc.com.

Notes to the Consolidated Financial Statements (Continued)

35. Principal Subsidiary Undertakings

The following companies were the principal subsidiary undertakings of JD Sports Fashion Plc at 1 February 2014. These undertakings shown principally affect these results of the Group.

Name of subsidiary	Place of registration	Nature of business and operation	Ownership interest	Voting rights interest
John David Sports Fashion (Ireland) Limited	Ireland	Retailer of sports inspired footwear and apparel	100%	100%
Athleisure Limited	UK	Intermediate holding company	100%	100%
R.D. Scott Limited	UK	Retailer of fashion clothing and footwear	100%	100%
Pink Soda Limited	UK	Intermediate holding company	100%	100%
Varsity Kit Limited*	UK	Intermediate holding company	100%	100%
Bank Fashion Limited*	UK	Retailer of fashion clothing and footwear	100%	100%
Topgrade Sportswear Holdings Limited	UK	Intermediate holding company	80%	80%
Topgrade Sportswear Limited*	UK	Distributor and multichannel retailer of sports and fashion clothing and footwear	80%	80%
Nicholas Deakins Limited	UK	Distributor of fashion footwear	100%	100%
JD Sports Fashion (France) SAS	France	Intermediate holding company	100%	100%
Spodis SA*	France	Retailer of sports footwear and accessories	100%	100%
Kooga Rugby Limited	UK	Distributor of rugby clothing and accessories	100%	100%
Duffer of St George Limited	UK	Licensor of a fashion brand	100%	100%
Focus Brands Limited	UK	Intermediate holding company	80%	80%
Focus International Limited*	UK	Distributor of sports clothing and footwear	80%	80%
Kukri Sports Limited	UK	Intermediate holding company	84.2%	84.2%
Kukri GB Limited*	UK	Distributor and retailer of sports clothing and accessories	84.2%	84.2%
Kukri (Asia) Limited*	Hong Kong	Distributor of sports clothing and accessories	84.2%	84.2%
Kukri NZ Limited*	New Zealand	Distributor of sports clothing and accessories	63.2%	63.2%
Kukri Sports Ireland Limited*	Ireland	Distributor of sports clothing and accessories	84.2%	84.2%
Kukri Australia Pty Limited*	Australia	Distributor of sports clothing and accessories	69.9%	69.9%
Kukri Sports Canada Inc*	Canada	Distributor of sports clothing and accessories	63.2%	63.2%
Kukri Sports Middle East JLT*	Middle East	Distributor of sports clothing and accessories	84.2%	84.2%
Kukri Pte Limited*	Singapore	Distributor of sports clothing and accessories	84.2%	84.2%
Champion Sports Group Limited*	Ireland	Intermediate holding company	100%	100%
PCPONE*	Ireland	Intermediate holding company	100%	100%
Champion Retail Limited*	Ireland	Retailer of sports and leisure goods	100%	100%
Champion Sports Ireland*	Ireland	Retailer of sports and leisure goods	100%	100%
JD Sprinter Holdings 2010 SL	Spain	Intermediate holding company	50.1%	50.1%
JD Spain Sport Fashion 2010 SL*	Spain	Retailer of sports and leisure goods	65.1%	65.1%
Sprinter Megacentros Del Deporte SLU*	Spain	Retailer of sports and leisure goods	50.1%	50.1%
Blacks Outdoor Retail Limited	UK	Retailer of outdoor footwear, apparel and equipment	100%	100%
Source Lab Limited	UK	Design and distributor of sportswear	85%	85%
Tessuti Group Limited	UK	Intermediate holding company	60%	60%
Tessuti Limited*	UK	Retailer of fashion clothing and footwear	60%	60%
Cloggs Online Limited	UK	Multichannel retailer of fashion footwear	88%	88%
Ark Fashion Limited	UK	Retailer of fashion clothing and footwear	70%	70%
Tiso Group Limited	UK	Retailer of outdoor footwear, apparel and equipment	60%	60%
Graham Tiso Limited*	UK	Retailer of outdoor footwear, apparel and equipment	60%	60%
Alpine Bikes Limited*	UK	Retailer of outdoor footwear, apparel and equipment	60%	60%
George Fisher Limited*	UK	Retailer of outdoor footwear, apparel and equipment	60%	60%
JD Sports Fashion Germany GmbH	Germany	Retailer of sports inspired footwear and apparel	85%	85%
JD Sports Fashion Holdings Coöperatief WA	Netherlands	Intermediate holding company	100%	100%
JD Sports Fashion BV*	Netherlands	Retailer of sports inspired footwear and apparel	100%	100%
ActivInstinct Holdings Limited	UK	Intermediate holding company	81.2%	81.2%
ActivInstinct Limited*	UK	Multichannel retailer of sports inspired footwear and apparel	81.2%	81.2%

*Indirect holding of the Company

A full list of subsidiary undertakings of JD Sports Fashion Plc can be obtained from Companies House.

Five Year Record

Consolidated Income Statement

Group	52 weeks to 30 January 2010 £000	52 weeks to 29 January 2011 £000	52 weeks to 28 January 2012 £000	53 weeks to 2 February 2013 £000	52 weeks to 1 February 2014 £000
Revenue	769,785	883,669	1,059,523	1,258,892	1,330,578
Cost of sales	(390,248)	(446,657)	(538,676)	(645,404)	(685,448)
Gross profit	379,537	437,012	520,847	613,488	645,130
Selling and distribution expenses - normal	(288,462)	(326,296)	(403,923)	(494,619)	(512,092)
Selling and distribution expenses - exceptional	(6,458)	(3,277)	(10,532)	(3,724)	(7,310)
Selling and distribution expenses	(294,920)	(329,573)	(414,455)	(498,343)	(519,402)
Administrative expenses - normal	(26,051)	(32,966)	(43,193)	(59,973)	(56,430)
Administrative expenses - exceptional	1,472	(1,007)	847	(1,624)	(11,839)
Administrative expenses	(24,579)	(33,973)	(42,346)	(61,597)	(68,269)
Other operating income	2,270	2,177	2,730	2,427	1,593
Operating profit	62,308	75,643	66,776	55,975	59,052
Before exceptional items	67,294	79,927	76,461	61,323	78,201
Exceptional items	(4,986)	(4,284)	(9,685)	(5,348)	(19,149)
Operating profit before financing and share of result of joint venture	62,308	75,643	66,776	55,975	59,052
Share of results of joint venture before exceptional items (net of income tax)	539	1,475	(102)	-	-
Share of exceptional items (net of income tax)	(1,012)	1,348	1,170	-	-
Share of results of joint venture	(473)	2,823	1,068	-	-
Financial income	385	618	646	645	582
Financial expenses	(827)	(455)	(1,048)	(1,503)	(1,784)
Profit before tax	61,393	78,629	67,442	55,117	57,850
Income tax expense	(18,647)	(22,762)	(18,093)	(13,875)	(16,364)
Profit for the period	42,746	55,867	49,349	41,242	41,486
Attributable to equity holders of the parent	42,900	55,884	46,847	38,786	40,158
Attributable to non-controlling interest	(154)	(17)	2,502	2,456	1,328
Basic earnings per ordinary share	88.16p	114.84p	96.27p	79.71p	82.52p
Adjusted basic earnings per ordinary share (i)	93.64p	116.86p	105.89p	88.51p	117.12p
Dividends per ordinary share (ii)	18.00p	23.00p	25.30p	26.30p	27.10p

(i) Adjusted basic earnings per ordinary share is based on earnings excluding the post-tax effect of certain exceptional items (see note 10).
(ii) Represents dividends declared for the year. Under IFRS dividends are only accrued when approved.

Financial Calendar

Final Results Announced	15 April 2014
Final Dividend Record Date	9 May 2014
Financial Statements Published	May 2014
Annual General Meeting	26 June 2014
Final Dividend Payable	4 August 2014
Interim Results Announced	September 2014
Period End (52 Weeks)	31 January 2015
Final Results Announced	April 2015

Shareholder Information

Registered office JD Sports Fashion Plc Hollinsbrook Way Pilsworth Bury Lancashire BL9 8RR	Financial advisers and stockbrokers Investec 2 Gresham Street London EC2V 7QP	Principal bankers Barclays Bank Plc 43 High Street Sutton Surrey SM1 1DR	Solicitors DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB
Company number Registered in England and Wales, Number 1888425	Financial public relations MHP Communications 60 Great Portland Street London W1W 7RT	Registrars Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	Auditor KPMG LLP St James' Square Manchester M2 6DS

The Board wishes to express its thanks to the marketing and finance departments for the in-house production of this Annual Report and Accounts.

Trading Website

www.jdsports.co.uk
www.size.co.uk
www.scottsonline.co.uk
www.bankfashion.co.uk
www.chausport.com
www.getthelabel.com
www.champion.ie
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www.cloggs.co.uk
www.sprinter.es
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www.footpatrol.co.uk
www.tiso.com
www.alpinebikes.com
www.georgefisher.co.uk
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www.mainlinemenswear.co.uk

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Non Trading Websites

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