



**JJB SPORTS plc**

Annual Report and Financial Statements

31 January 2001



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# Financial information and strategy



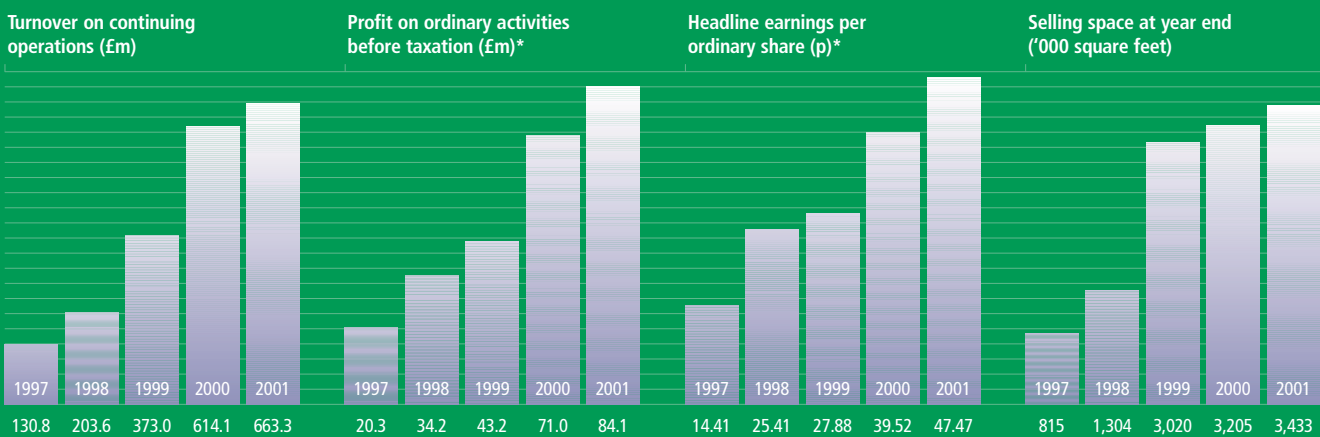
## Financial highlights

	2001	2000	Change
Turnover	£663.3m	£614.1m	+8%
Operating profit*	£91.7m	£79.0m	+16%
Profit before tax*	£84.1m	£71.0m	+18%
Headline earnings per ordinary share*	47.47p	39.52p	+20%
Dividends per ordinary share	11.5p	10.0p	+15%
Net debt	£75.0m	£114.0m	-34%

## Business strategy

- Continuing development of superstore portfolio and growth of core retail business
- Strengthening relationships with key suppliers
- Development and expansion of exclusive product ranges
- Expansion of Leisure Division and in particular Health Clubs
- Consolidate position as UK market leader in active sports retailing

## Key statistics



\* Before goodwill amortisation and exceptional items





## Chairman's statement

I am delighted to report on another very successful year at JJB Sports. Our operating performance has been strong, with improved like-for-like sales accompanied by rising margins, despite continued discounting across the retail sector. Our stores are trading successfully and the new Leisure Division continues to support the roll-out of new superstores. I am very comfortable with JJB's positioning in the active leisure market where the growth outlook remains encouraging.

Our core retail business has continued to grow at a steady rate. Strong demand across our product ranges in the second half of the year enabled us to reduce the level of promotional activity from across the board discounting and to focus on more targeted price campaigns. This has resulted in improved margins in the second half of the year and for the year as a whole when compared to last year's results. These improved margins, combined with increased levels of turnover, have resulted in a higher level of profitability. Looking to the future, we intend to continue with our policy of ongoing price competitiveness on specifically targeted products, which we believe is a more effective method of generating profit growth.

We have continued with our policy of replacing smaller high street stores with both high street and out-of-town superstores and have also invested in growing our Leisure Division which is progressing at a controlled pace. During the year, we opened a health club at Oldham and a Soccerdome (indoor soccer centre) and health club at Pride Park, Derby. I am particularly excited about the design concept used at Oldham, where a first floor superstore with escalator access is situated above the health club. I intend this to be the blueprint for the Group's future health clubs. We currently operate from four health clubs and three Soccerdomes and plan to open up to another four health clubs during the current financial year. The number of members joining our new health clubs is very encouraging and I am confident that our competitive pricing policy will generate strong consumer demand in the relevant catchment areas.

The land adjacent to our existing premises at Martland Park, Wigan has been acquired and construction of a new distribution facility and office space has already begun; I expect the work to be completed by the end of 2001. This facility will form the platform for our continuing retail growth.



## Results and dividends

Group turnover increased by 8 per cent to £663.3 million from £614.1 million during the previous year, as the Group enjoyed strong demand across its product ranges and expanded its portfolio of superstores.

The rate of gross margin earned during the year increased to 47.2 per cent from 46.5 per cent in the previous year, as a result of more targeted promotional activity during the second half of the year. The gross margin earned during the second six months of the year was 48.3 per cent compared to 46.0 per cent earned during the first six months of the year.

In addition to the growth in turnover and gross margin, we have been able to reduce the level of operating expenses, expressed as a percentage of turnover, and this has contributed to the 18 per cent increase in profits before taxation and goodwill amortisation, to £84.1 million from £71.0 million last year. I believe these to be excellent results and confirm that they are in line with our forecasts for the year.

We have continued to generate strong operating cash flows by effectively controlling working capital, and in particular, our stock position. The strong cash flow has also enabled us to significantly reduce our net debt position from £114.0 million at the start of the year to £75.0 million at 31 January 2001. This will result in interest savings and a reduced gearing going forward.

Based on the Group's strong performance during the year, the Board has recommended a final dividend of 8.0p net per ordinary share, payable on 10 July 2001 to shareholders on the register at the close of business on 8 June 2001. Together with the interim dividend paid on 6 December 2000 of 3.5p net per ordinary share, this will give a total dividend of 11.5p, an increase of 15 per cent compared to 10.0p net per ordinary share paid last year.

As I explain below, I have now become Chairman and can concentrate on that role, handing over day-to-day control of the business to our new Chief Executive, Duncan Sharpe; I feel that this is an opportune time to look back at the significant progress and growth achieved by the Group since its flotation in 1994. Just prior to the flotation, the Group



operated from 123 stores, located primarily in the North of England, the Midlands and Scotland, and for the year ended 31 January 1994, generated pre-tax profits of £4.6 million from turnover of £43.8 million. Since then, turnover has grown fifteen fold and profits before taxation and goodwill amortisation have increased eighteen fold. The market capitalisation of the Company when it floated on the London Stock Exchange in November 1994 was £64 million; the market capitalisation at one time on 9 May 2001, for the first time exceeded £1 billion. JJB is now the UK's largest sports retailer with stores in most major UK towns and cities. I am confident that Duncan and the team will continue to bring success to the Group in the years to come.

## Personnel

Our continuing growth and success is testament to the dedication and ability of our team of employees. On behalf of the Board, I would like to take this opportunity to thank all of our employees for their contribution to the Group's success and to reaffirm our ongoing commitment to them as valued members of a winning team.

## Board changes

As JJB announced earlier in the year, Mary Rigby, the former Operations Director, retired through ill health on 13 September 2000. The Board wishes to express its thanks to Mary for the significant contribution she has made to the Group's success during her 19 year career with JJB.

Duncan Sharpe, previously the Group's Managing Director, was appointed Chief Executive with effect from 1 February 2001 and on that day I became Chairman. This change not only sets in place the succession plan for the future leadership of the Group, but also assists JJB in more fully complying with the best practice principles of corporate governance. Duncan outlines his plans for the Group on pages 6 to 9.

The Associate Board of Directors was strengthened during the year just ended by the appointment of Barry Aspinall as Associate Director of the Leisure Division. Since the year end, four further appointments have been made to the Associate Board: Scott Saunders and Steve Preston, whose responsibilities are for Product Design and Development for Footwear and Clothing respectively, Mrs. Lesley Lindley for



Health, Safety and Insurance and Tom Ward for Property Development. All five Associate Directors already have wide experience in their particular disciplines and I believe that these appointments will continue to ensure that strategies for business growth and development are implemented effectively across the organisation.

## Current trading and prospects

We have operated a much less aggressive promotional stance during the early weeks of the current year when compared to the "Let JJB pay your VAT" promotion carried out during February and March 2000. So far this has resulted in our achieving a higher rate of gross margin than in the corresponding period last year, whilst the continuing demand for our products has resulted in a positive like-for-like growth in turnover.

Total turnover for the first ten weeks of the current financial year to 8 April 2001 is 9 per cent higher than for the same period last year which includes a like-for-like increase in turnover from stores which have been open for over 12 months of 5 per cent; the gross margin achieved is similar to

the 48.3 per cent earned during the second half of the last financial year.

Currently only £85 million of the five year, £130 million Revolving Bank Loan facility is drawn down which, together with a strong cash flow, leaves JJB well placed to finance the continued growth of its Retail and Leisure Divisions.

With the increased participation in sports and leisure activities resulting in a strong demand for branded sports products and with the strategies for store openings and the increased involvement in product development firmly laid out, I look forward to another successful year for the Group.

D. Whelan  
Chairman  
1 June 2001





# Chief Executive's review of operations

## Retail

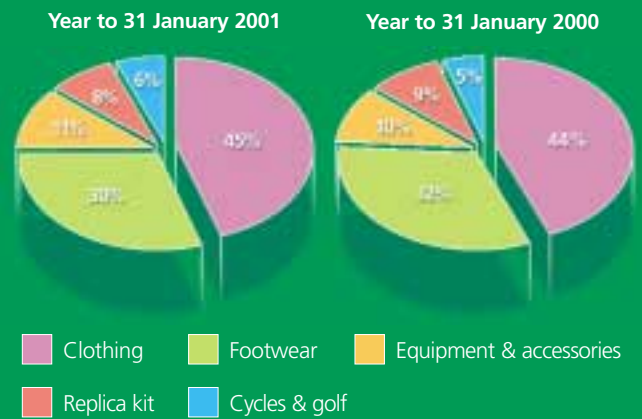
As explained in the Chairman's statement, we have generated solid and continued growth in our core retail business. This enabled us to reduce across the board discounting in the second half of the year ended 31 January 2001, in favour of more targeted promotional activity which has resulted in improved margins and profitability.

Consumer demand for our products has been strong across all categories throughout the year. We have continued our policy of supplying quality, branded products at competitive prices, aimed at the active sports market; we are further strengthening our links with our three principal suppliers, namely Nike, adidas and Reebok, in order to forge closer relationships with these key suppliers. This increased contact with senior executives of these suppliers in their own headquarters will enable us to see product developments first-hand and at a much earlier stage than in the past.

Whilst sales of products from the principal brands have again been dominant, sales of Patrick, Lotto and Head branded products, over which we have exclusive UK rights or of which we carry extensive exclusive product ranges, have also been

very successful. We have recently formed an in-house Product Design and Development department which will be responsible for the entire supply chain of many of these product ranges from the initial design, through the development and sourcing of the products to the eventual receipt of the product within our own stores. This will enable us to offer a wider range of products to our customers at lower price points and to maximise our profitability on these brands.

The following charts show the percentage of turnover by product category:





Sales of clothing were particularly strong showing a total increase of 13 per cent together with a slightly higher gross margin.

Footwear was sold for a number of weeks at a store-wide discount of 20 per cent and therefore, although the quantity of shoes sold increased by 5 per cent compared to the previous year, total turnover from footwear sales only increased by 1 per cent. We are encouraged by the fact that already over 50 per cent of total footwear sales are of products exclusive to JJB, and expect this figure to increase significantly as we strengthen our exclusive product ranges.

We experienced strong demand for the principal Premiership football club replica kits and for our exclusive range of England FA clothing products. Since the year end, the launch of the new England home kit on St George's Day, 23 April 2001, has proved to be extremely successful.

Sales of equipment and accessories showed a total increase of 15 per cent, along with a slight increase in gross margin. The increase in turnover is partly accounted for by increased direct sourcing of product, much of which is sold under our own "Olympus" brand, a trademark acquired as part of the Sports Division acquisition.

Sales of cycles and golf increased by 38 per cent, partly because of the strength of our product ranges but also partly as a result of the rollout of departments selling these products in the original JJB superstores, along with the opening of golf only stores within established driving ranges.

## Logistics

Overhead efficiencies and an improved delivery service have been achieved during the last financial year by the opening of a satellite distribution centre in Northampton which services stores in London and the south-east. The satellite distribution centre acts only as a holding area for stocks which have already been picked and are in transit to the appropriate stores. Further efficiencies will be sought in the current year from a new automatic box sorting system which has been introduced to streamline the movement of boxes within the distribution centre.

When the new distribution facility at Wigan has been opened, we will close a smaller distribution centre, situated a few miles away from Martland Park, and I believe that further operational efficiencies will then be achieved by the



centralisation of all warehousing, distribution and administration duties at one site. The new distribution facility will provide a firm base from which we can expand our portfolio of superstores whilst continuing to maintain the high level of service to existing stores. This will in turn lead to the creation of a number of job opportunities, both at the distribution centre and within new stores.

Since the year end, JJB has placed a contract for a major enhancement to its IT equipment; the hardware comprises a Data General/EMC Server together with an EMC Symmetrix storage system. This represents a continuation of the Group's policy of updating its IT hardware and software to take advantage of developments in technology. The new system will give a more robust and resilient IT solution which will help maintain the Group's competitive advantage in this technological area.

## Leisure Division

The Leisure Division now consists of three Soccerdomes and four health clubs, all of which include superstores. The total number of members at the four health clubs is approximately

12,700. The Oldham health club and the Soccerdome and health club at Derby were opened during the second half of the last financial year. The number of members at these health clubs is already very encouraging, with both clubs being almost fully subscribed. We plan to open up to four more health clubs during the current financial year. During the year ended 31 January 2001, we also acquired a golf driving range and golf store at Warren Park, Romford.

I believe that the Leisure Division will further emphasise the JJB brand as the leader in the active sports market and will differentiate JJB from its main competitors. By incorporating a superstore within these sites, JJB can take advantage of synergies both in turnover and in overheads. Given the increased size of the Leisure Division and its anticipated growth, we have appointed an Associate Director with specific responsibility for its development.

## Internet

Since the year end we have re-launched our internet site, [www.jjb.co.uk](http://www.jjb.co.uk). The site provides corporate and financial information, a store finder and details of certain products



that are available in our stores. It is intended that further categories of products will eventually be displayed on the site. Special offers and promotions are also shown on the site, which are updated frequently to encourage users to re-visit the site.

We are also beginning to develop various electronic commerce initiatives with our key suppliers, in order to streamline our transactional processes with our business partners.

## Future prospects

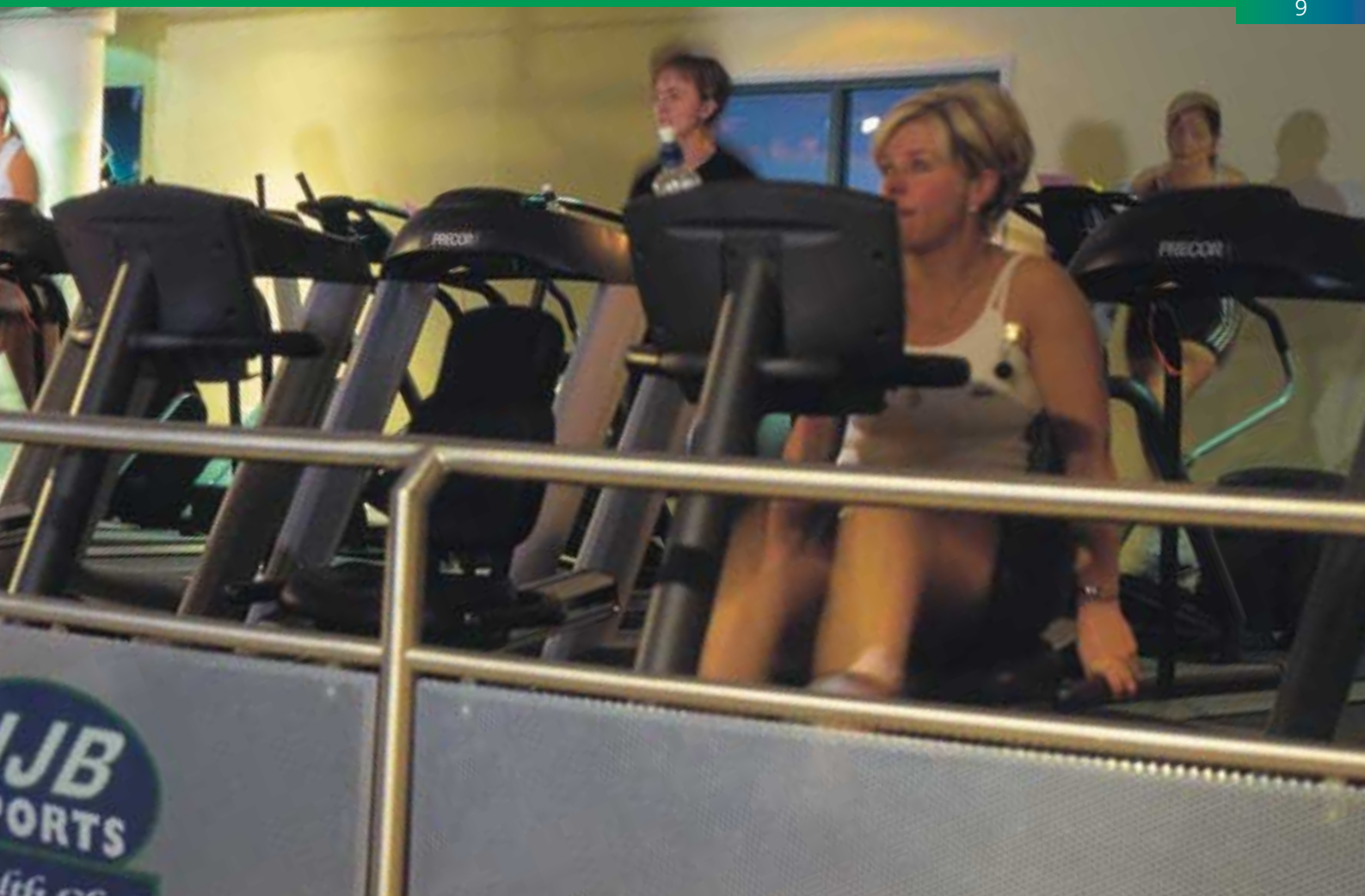
Our principal retail objective continues to be the creation of a portfolio of between 450 and 500 superstores in the UK. At 31 January 2001 we operated out of 433 stores including 224 superstores; the store opening programme will continue at a steady and controlled rate of between 30 and 40 sites per annum with about half that number of smaller stores being closed.

The active sports market in the UK remains a growth market and JJB is well positioned to exploit this growth. There is

already a great interest and participation in sports and leisure activities, and in particular in football and general fitness activities. We recognise the increasing consumer demand for quality, branded products at value-for-money prices and believe that this trend will continue.

We will continue to develop our store portfolio and strengthen the product ranges which we sell, particularly of exclusive and own brand products. We will also continue to invest in growing our Leisure Division, which will support the rollout of superstores as well as enhancing the JJB brand. These strategies, I believe, will ensure that we continue to strengthen the business and further increase our share of the UK market, thus consolidating our position as the market-leading sports retailer in the UK.

D. J. Sharpe  
Chief Executive  
1 June 2001





## Financial review

Trade during the first half of the year ended 31 January 2001 was characterised by the aggressive promotional campaign in February and March of "Let JJB pay your VAT" which boosted turnover but which had an inevitable effect upon the gross margin. This was followed by other store-wide, though less aggressive, promotions which continued our value for money offering and more recently by promotions of specific products; these later campaigns have had a lower impact on the gross margin. Turnover for the year increased by 8 per cent to £663.3 million, compared to £614.1 million in the previous year. This included an increase in like-for-like turnover during the year of 6.5 per cent.

The rate of gross margin for the year ended 31 January 2001 was 47.2 per cent compared to 46.5 per cent earned during the previous year. A rate of 46.0 per cent was earned during the first six months of the financial year and 48.3 per cent in the second half of the year. This increase in margins is a direct result of the reduced promotional activity during the second half of the year.

Operating expenses, before goodwill amortisation expressed as a percentage of turnover, fell to 33.4 per cent from 33.7 per cent achieved during the previous financial year. This effective

control of costs is encouraging given the number of stores opened and closed during the year and the expansion of the Leisure Division.

Operating profits before goodwill amortisation increased by 16 per cent to £91.7 million from £79.0 million. This represents 13.8 per cent of turnover, compared to 12.9 per cent in the previous year, and reflects the increase in gross margin and the effective control of overheads.

Net interest payable fell from £8.0 million for the year ended 31 January 2000 to £7.6 million, mainly reflecting the reduction in net debt of the Group, particularly during the second half of the year. The net interest cover for the year ended 31 January 2001 of 12.1 times operating profits before goodwill amortisation compares to 9.9 times in the previous year.

Profits before taxation and goodwill amortisation increased by 18 per cent to £84.1 million from £71.0 million earned in the previous financial year.

The effective tax rate on profits before goodwill amortisation is 30.3 per cent, compared to 30.9 per cent applied in the previous financial year.



Headline earnings per share, stated before goodwill amortisation, increased by 20 per cent to 47.5p per ordinary share from 39.5p last year.

## Balance sheet

Capital expenditure for the financial year amounted to £30.7 million, being principally the costs of opening new stores and health clubs, and is similar to the £29.9 million incurred during the previous year.

JJB has acquired 100 per cent of the share capital of a limited company which operates a golf driving range and golf store at Warren Park, Romford. The fair value of the assets acquired was £656,000 and goodwill amounted to £287,000.

The value of stock at 31 January 2001 was £115.5 million, representing an increase of 7 per cent from the figure at 31 January 2000 of £107.8 million and is slightly lower than the increase in turnover for the year. We hope to improve stock management and distribution activities even further following the opening of the new distribution facility in Wigan at the end of 2001.

Effective stock management, coupled with the cash flow from profits, has resulted in an increase in cash of £11.8 million to £33.2 million, compared to £21.4 million at the previous year end. This has contributed to a reduction in net debt to £75.0 million from £114.0 million at 31 January 2000. The gearing ratio at 31 January 2001 was 28 per cent compared to 48 per cent at the previous year end.

Total Group shareholders' funds as at 31 January 2001 increased to £269.3 million, from £237.5 million as at 31 January 2000.

## Financial risks and treasury policies

The key financial risks faced by the Group are the security of existing funds, the ongoing availability of new funds and fluctuations in interest and exchange rates.

The following treasury policies, approved by the Board of Directors, are followed in order that these risks are effectively managed.



### *Liquidity management*

The Group manages its cash and funding requirements centrally with the objective of maximising interest income and minimising interest expense. Investments of cash surpluses are made with banks which must satisfy credit rating and investment criteria approved by the Board of Directors.

Short term funding requirements are supported by a committed, five year revolving bank facility of £130 million. The outstanding balance on the revolving credit facility as at 31 January 2001 of £110 million has been reduced since this date to £85 million. This facility was negotiated during the year just ended to replace the bank loan originally obtained in order to fund the acquisition of Sports Division. The Group's objective is to repay the remaining balance of this facility in advance of the expiry date of the agreement. The undrawn facility of £20 million at 31 January 2001 has been retained in order to ensure that the Group has sufficient liquid resources to meet the operating needs of the business.

### *Interest rate management*

The Group finances its operations through a mixture of retained profits and bank borrowings. Interest chargeable on bank borrowings is based on floating rates. A hedging agreement is in place over the Group's debt, in order to control the risk of upwards interest rate movements. This agreement expires in December 2001, at which point the Group will consider a number of options in order that the debt at that time is hedged for the remainder of the expected period of time over which the debt will be needed.

### *Foreign currency risk management*

Transaction exposures resulting from purchases in foreign currencies may be hedged by forward foreign currency transactions, in order to protect against movements in exchange rates. However a significant proportion of the Group's trading activities are receivable and payable in sterling.



## Shareholder value

The share price at the close of business on 31 January 2001 was 510p, representing an equity market capitalisation of £629.8 million. This represents an increase of 6.8 per cent from the price of 477.5p as at the previous year end.

Following the announcement of the preliminary results for the year ended 31 January 2001 on 11 April, the share price climbed to what was then a three year high of 725p, giving a market capitalisation of £895.3 million. On 10 May 2001, the date on which declarable interests have been disclosed in the Director's report, the share price was 794p, and market capitalisation was £980.5 million.

We believe that for a retail company, our private shareholder base is relatively small and therefore the Directors will propose at an Extraordinary General Meeting to be held on 5 July 2001 that the Company makes a bonus issue of one new ordinary share for every existing ordinary share. We believe that by doubling the number of shares in issue and thereby reducing the market price of each share, this will increase the attractiveness of the Company's shares to private shareholders.

J. D. Greenwood  
Finance Director  
1 June 2001





# Property review

At 31 January 2001 we operated from 433 stores comprising 58 high street superstores, 166 out-of-town superstores, 204 smaller high street stores and 5 small golf stores situated within driving ranges. The selling space totalled 3,433,000 square feet. This compares to 436 stores comprising 52 high street superstores, 152 out-of-town superstores and 232 high street stores in operation at 31 January 2000. Total selling space at that date amounted to 3,205,000 square feet.

We have continued with our policy of replacing smaller high street stores with both high street and out-of-town superstores, although the closure programme is now less intense. During the year ended 31 January 2001, we opened 30 new stores and closed 33 stores, being mainly smaller high street stores. Included within the 30 new stores are 5 dedicated golf stores located within golf clubs or driving ranges. In the first half of the year, we closed 27 smaller high street stores, bringing to an end the rationalisation of those types of stores following the integration of Sports Division. Profits during the first half of the financial year suffered from the attendant closure costs. Only 6 stores were closed during the second half of the year

and closures in the future will generally only result from the opening of new superstores near to existing smaller stores.

Our plans for the current financial year are well advanced with 33 superstore sites identified on which contracts have been exchanged or are nearing completion. We also plan to open up to 4 more health clubs during the year, which will also incorporate superstores.

Having almost completed the re-badging of all the Sports Division stores and the refits of Sports Division superstores, we will continue with our programme of refits of existing stores during 2001 giving priority to stores which can be extended in size and to those which have suffered most wear and tear.

We have now begun the construction of an additional distribution centre of 100,000 square feet, together with further office space of 60,000 square feet, on land adjacent to our existing premises at Martland Park, Wigan. We are now constructing a larger facility than initially anticipated, but this will give us increased capacity to continue our store-opening programme. It will also enable us to close a smaller

### Northern Ireland 25 stores

- Antrim
- Ballymena
- Bangor
- Belfast
- Coleraine
- Craigavon
- Lisburn
- Londonderry
- Newry
- Newtownabbey
- Newtownards
- Portadown

- Glasgow
- Glenrothes
- Greenock
- Hamilton
- Inverness
- Irvine
- Kilmarnock
- Kirkcaldy
- Livingston
- Motherwell
- Paisley
- Perth
- Renfrew
- Stirling
- Wishaw

- Baguley
- Birkenhead
- Blackburn
- Blackpool
- Bolton
- Bootle
- Burnley
- Bury
- Chester
- Chorley
- Crewe
- Ellesmere Port
- Lancaster
- Leigh
- Liverpool
- Macclesfield
- Manchester
- Oldham
- Preston
- Rochdale
- Runcorn
- Salford
- Skelmersdale
- Southport
- St. Helens
- Stockport
- Walkden
- Wallasey
- Warrington
- Widnes
- Wigan
- Workington

- Doncaster
- Grimby
- Halifax
- Harrogate
- Huddersfield
- Hull
- Keighley
- Leeds
- Pudsey
- Rotherham
- Scunthorpe
- Sheffield
- Wakefield
- York

- Boston
- Burton upon Trent
- Chesterfield
- Corby
- Derby
- Grantham
- Leicester
- Lincoln
- Mansfield
- Northampton
- Nottingham
- Peterborough

- Great Yarmouth
- Ipswich
- Kings Lynn
- Norwich

### South West 29 stores

- Barnstable
- Bath
- Bristol
- Cheltenham
- Dorchester
- Exeter
- Gloucester
- Oxford
- Plymouth
- Poole
- Salisbury
- Swindon
- Taunton
- Torquay
- Truro
- Yeovil

- Brent Cross
- Brighton
- Bromley
- Camberley
- Cambridge
- Canterbury
- Chatham
- Chelmsford
- Colchester
- Colliers Wood
- Crawley
- Croydon
- Dover
- Ealing
- Eastbourne
- Edgware
- Eltham
- Enfield
- Epsom
- Farnborough
- Friern Barnet
- Gillingham
- Gravesend
- Guildford
- Hammersmith
- Harlow
- Hastings
- Hayes
- Hemel Hempstead
- Ilford
- Kingston
- Leatherhead
- London (Central)
- Luton
- Maidstone
- Milton Keynes
- Newbury
- Orpington
- Portsmouth
- Reading
- Richmond

### Republic of Ireland 3 stores

- Blanchardstown
- Dublin Liffey Valley
- Tallaght

### Cumbria/N. East 21 stores

- Barrow In Furness
- Carlisle
- Darlington
- Durham
- Gateshead
- Hartlepool
- Kendal
- Middlesbrough
- Newcastle
- North Shields
- South Shields
- Stockton
- Sunderland

### Scotland 63 stores

- Aberdeen
- Airdrie
- Ayr
- Clydebank
- Coatbridge
- Cumbernauld
- Dundee
- Dunfermline
- East Kilbride
- Easterhouse
- Edinburgh
- Elgin
- Falkirk

### North West 70 stores

- Accrington
- Altrincham
- Ashton-under-Lyne

### Yorkshire 40 stores

- Barnsley
- Bradford
- Dewsbury

### West Midlands 34 stores

- Banbury
- Birmingham
- Coventry
- Dudley
- Hanley
- Hereford
- Leamington Spa
- Oldbury
- Redditch
- Rugby
- Shrewsbury
- Solihull
- Stafford
- Stetchford
- Stratford upon Avon
- Sutton Coldfield
- Tamworth
- Telford
- Walsall
- West Bromwich
- Wolverhampton
- Worcester

### Wales 21 stores

- Bangor
- Bridgend
- Caerphilly
- Cardiff
- Carmarthen
- Cwmbran
- Haverfordwest
- Llandudno
- Llanelli
- Llantrisant
- Newport
- Rhyl
- Swansea
- Wrexham

### East Anglia 8 stores

- Bury St Edmunds
- Felixstowe



distribution centre and office space, situated a few miles away from Martland Park, and thereby to centralise all distribution, management and administration activities. The facility is expected to be operational before the end of 2001 and the capital cost, including building and ancillary fixtures, is expected to be approximately £7 million.

B. J. K. Dunn  
Property Director  
1 June 2001



- Romford
- Slough
- Southampton
- Southend
- Staines
- Stevenage
- Surrey Quays
- Twickenham
- Uxbridge
- Walthamstow
- Watford
- Welwyn Garden City
- West Thurrock
- Wimbledon
- Winchester
- Woking
- Wood Green
- Worthing

# Directors

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**David Whelan Chairman**

David Whelan, aged 64, was formerly a professional footballer, principally with Blackburn Rovers. On his retirement from professional football, he acquired a single grocery store and built up a chain of six supermarkets called Whelans Discount Stores which he sold to Wm Morrison Supermarkets plc in 1978. He had earlier formed JJB Sports in 1971 to acquire the business of a single sports store in Wigan, which had been trading since the early 1900's. From 1978 until 31st January 2001, David Whelan was Executive Chairman during which time he was involved in a wide range of Group operations and has been a major influence in the success of the Company. On 1 February 2001, he became Chairman responsible both for ensuring that the Board functions effectively and also for general strategic principles as opposed to day to day executive matters. In addition, David Whelan holds a controlling interest in the parent company which controls Wigan Athletic Football Club and Wigan Warriors Rugby League Club.



**Duncan Sharpe Chief Executive**

Duncan Sharpe, aged 41, was a golf professional for seven years before joining JJB Sports in 1983 as an area manager. He was appointed Purchasing Director in 1987 and following promotion to Managing Director in 1990, has been involved in all aspects of the Group's activities with specific responsibility for footwear, equipment and replica kit buying and for the Group's advertising and promotions. On 1 February 2001, Duncan was promoted to Chief Executive and in addition to the above responsibilities he now has day to day control of all executive matters.



**Andrew Thomas FCA Non-executive Director**

Andrew Thomas is the senior independent Non-executive Director. He is aged 58, and was appointed as a Non-executive Director in October 1994 and is Chairman of the Audit Committee and a member of the Remuneration Committee and of the Nominations Committee. He was Executive Chairman of The Greenalls Group plc until his retirement in February 2000, and is Chairman of Homeform Group Ltd, a Non-executive Director of City Centre Restaurants plc and a number of non-quoted companies. He is also a Partner in Moors, Andrew Thomas & Company, Chartered Accountants.



**Roger Lane-Smith Non-executive Director**

Roger Lane-Smith, aged 55, was appointed as a Non-executive Director in November 1998, and is Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominations Committee. He is Senior Partner of solicitors DLA and is a Non-executive Director of MS International plc and Creightons plc and a number of other non-quoted companies.



### David Greenwood FCA Finance Director and Company Secretary

David Greenwood, aged 57, spent five years with PricewaterhouseCoopers before spending a further five years as a financial controller in industry. He joined Whelans Discount Stores as Financial Controller in 1976 and, after the sale of that company in 1978, he was appointed Finance Director of JJB Sports. David Greenwood has overall responsibility for all accounting, administrative and company secretarial functions.



### Barry Dunn MRICS Property Director

Barry Dunn, aged 44, joined JJB Sports in 1986 as Estates Manager after ten years in commercial and residential agency. In 1992 he left to take up the position of Estates and Development Controller with Matalan plc, where he gained valuable experience in the development of out-of-town retailing. Returning to JJB Sports in 1995, Barry Dunn has full responsibility for the Group's existing properties and for identifying and negotiating the acquisition of new sites.



### David Beever Non-executive Director

David Beever, aged 60, was appointed as a Non-executive Director on 7 March 2000 and is a member of the Audit Committee, Remuneration Committee and of the Nominations Committee. He is currently Chairman of KPMG Corporate Finance. He was previously a Vice Chairman of SG Warburg & Co Ltd where he held a number of positions from 1980 to 1996. He is a Non-executive Director of London & Continental Railways Ltd and has been a Non-executive Director of several private and listed companies.

### Associate Directors

Left to right:

BACK ROW: Scott Saunders (Product Design & Development - Footwear), Colin Russell (Buying - Replica), Mark Heaton (Merchandising), Duncan Waller (Property Services), Barry Aspinall (Leisure Division), David Hill (Buying - Equipment & Accessories), Martin Wild (Buying - Golf & Cycles), Mark Macaulay (IT), Winston Higham (Marketing), Arwel Evans (Accounts)

FRONT ROW: Steve Preston (Product Design & Development - Clothing), Phil Ardron (Retail), Anthony Riley (Finance), Lesley Lindley (Health & Safety and Insurance), Janis Hardacre (Buying - Clothing), Tom Ward (Property Development), Andy Parkin (Buying - Footwear), Keith Lowey (Distribution)



# Directors and advisers

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## Directors

D. Whelan (Chairman)  
D.J. Sharpe (Chief Executive)  
J.D. Greenwood (Finance Director)  
B.J.K. Dunn (Property Director)  
A.G. Thomas (Non-executive Director)  
R. Lane-Smith (Non-executive Director)  
D.M.M. Beaver (Non-executive Director)

## Registered office

Martland Park,  
Challenge Way,  
Wigan,  
Lancashire, WN5 0LD

## Company number

Registered in England and Wales,  
Number 1024895

## Company secretary

J.D. Greenwood

## Financial advisers and stockbrokers

UBS Warburg  
2 Finsbury Avenue,  
London, EC2M 2PP

## Auditors

Arthur Andersen  
Bank House,  
9 Charlotte Street,  
Manchester, M1 4EU

## Bankers

Barclays Bank PLC  
51 Mosley Street,  
Manchester, M60 3DQ

## Solicitors

DLA  
101 Barbirolli Square,  
Manchester, M2 3DL

Platt and Fishwick  
The Old Bank,  
King Street,  
Wigan,  
Lancashire, WN1 1DB

## Registrars

Capita IRG plc  
Bourne House,  
34 Beckenham Road,  
Beckenham,  
Kent, BR3 4TU

## Financial public relations

The Maitland Consultancy Limited,  
Orion House,  
5 Upper St. Martins Lane,  
London, WC2H 9EA



# Directors' report

For the year ended 31 January 2001



The Directors present their Annual report on the affairs of the Group, together with the Financial statements and Auditors' report, for the year ended 31 January 2001.

## Principal activities and business review

The principal activity of the Group continues to be the retailing of sportswear and sports equipment. As noted within the Chairman's statement, the Group has also formed a separate Leisure Division, which operates health clubs and Soccerdomes (indoor soccer centres). However, for the year in question, the activities of the Leisure Division were not material to the overall results of the Group. A review of operations for the year is set out in the Chairman's statement, the Chief Executive's review of operations and the Financial review on pages 2 to 13.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 12 to the Financial statements on page 40.

## Results and dividends

The Group profit for the year is £45,866,000 before provision for dividends, paid and proposed, of £14,201,000. Retained profits for the year of £31,665,000 have been transferred to reserves.

The Directors recommend a final dividend of 8.0p net per ordinary share (2000 – 6.8p) which when added to the interim dividend of 3.5p (2000 – 3.2p) gives a total dividend of 11.5p net per ordinary share (2000 – 10.0p). If approved at the Annual General Meeting, this will be paid on 10 July 2001 to shareholders on the register at the close of business on 8 June 2001.

## Directors

The current members of the Board of Directors are listed on page 18. As explained in the Chairman's statement, Mary Rigby, the former Operations Director, retired as a result of ill health on 13 September 2000. David Beaver was appointed a Non-executive Director on 7 March 2000.

The Articles of Association require one third of Directors to retire by rotation at every Annual General Meeting (in addition to the re-confirmation of Directors appointed since the last Annual General Meeting). Duncan Sharpe, David Greenwood and Andrew Thomas are the three Directors due to retire by rotation at this year's Meeting. Resolutions will be proposed at the forthcoming Annual General Meeting for their re-election.

Full details of the cost of the service contracts, remuneration and incentive packages provided for the Directors and their interests in the share capital of the Company are given in the separate Remuneration report in these Financial statements on pages 25 to 27.

## Declarable interests

The following interests appeared on the Register of Members or had been notified to the Company on 10 May 2001:

	Percentage of share capital
Fidelity Investment Management Limited	8.2
Mr. T.B. Hunter	6.7
The Capital Group Companies, Inc.	4.7
Schroder Investment Management Limited	3.6

The total interests of the Directors, their immediate families and family trusts, as detailed in the Remuneration report on page 27 amounted to 37.7 per cent of the Company's issued share capital as at 10 May 2001.

## Close company status

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

## Charitable and political contributions

Charitable donations of £15,000 (2000 – £6,560) were made by the Group during the year.

The Group participated in the Macmillan Cancer Relief football badge campaign during the year. We are pleased to report that, for the 12 months ended 31 January 2001, total donations of approximately £40,000 were raised from purchases of badges by our customers and our staff. This brings the total raised through the Group's stores since the beginning of this campaign in January 1999 to approximately £130,000.

No contributions were made to political parties.

## Employment policies

The Group is committed to and supports the principle of equal opportunities in employment. The Group opposes all forms of unlawful or unfair direct or indirect discrimination on the grounds of sex, race, nationality, ethnic or national origins, marital status, sexual orientation, disability or religious beliefs. To this end, an Equal opportunities policy has been developed and distributed across the Group. Compliance with the principles set out in this policy is reviewed on an ongoing basis. Procedures are in place to identify and resolve employee grievances regarding discrimination and harassment.

Employment policies adopted by the Group are designed to ensure that entry into and progression within the Group are based solely on personal ability and competency for the work in question. Employment policies are fully communicated to employees, principally through an employee handbook.

## Directors' report (Continued)

For the year ended 31 January 2001

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical with that of other employees.

### Employee training

Approximately 600 retail employees are currently undertaking National Vocational Qualifications (NVQs) in customer service through the Group's principal training providers, Performance Through People. A further 102 retail employees completed their qualifications during the year. It is anticipated that during 2001, the numbers of retail staff receiving NVQ training will increase to approximately 800. The Group is also in the process of creating product training videos with suppliers, for use by retail employees. It is hoped that these initiatives, along with other in-house training programmes, will ensure that customer service levels continue to improve.

Driver training is also provided to lorry and fork lift truck drivers, in order to improve safety in the workplace and on the roads. In-house training videos on health and safety are also in the process of being developed, in order that the Group may continue to ensure safe working environments for all staff and customers.

The Group financially supports those employees wishing to obtain relevant professional qualifications during their employment with the Group. Professional staff are also encouraged to attend training courses and seminars as and when necessary, in order that they keep up to date with developments relevant to their work and areas of expertise.

### Health and safety

The Group is committed to ensuring the ongoing provision of a safe and healthy working environment for its employees, customers and other business partners. To further improve the Group's health and safety performance, an Associate Director with specific responsibility for all areas of health and safety has joined the Company since the year end.

Although detailed health and safety policies have been in place for some time covering JJB's retail premises, the Group is extending these to cover all areas of the business. Subsequent training and re-training will then be provided to employees to ensure full and ongoing compliance with the provisions contained within these policies and the relevant legislation.

### Employee consultation

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the

performance of the Group. This has traditionally been achieved through regular meetings involving Directors, managers and supervisory staff to convey information about the business. However, the Group is hoping to implement a corporate intranet and to extend the use of electronic communication systems in order to further improve information flows across the business.

### Supplier payment policy

The Group's policy is to agree terms of payment with suppliers at the time that orders are placed. Payment is then made in accordance with the agreed terms. Trade creditor days of the Company at 31 January 2001 were 42 days. This represents the ratio, expressed in days, between the amounts invoiced to the Company in the year by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

### Corporate social responsibility

As a business and public limited company, the Group's primary objective and responsibility to its shareholders is to increase long-term shareholder value. This will be achieved primarily by the maximisation of future cash flows and therefore the principal drivers of shareholder value are the maximisation of profits and of earnings per share.

However, the Group acknowledges that other issues such as strategic planning processes, brand management and effective risk management and corporate governance, can also have both a direct and indirect impact on shareholder value.

Furthermore, the Group understands that its responsibilities extend past its shareholders and the maximisation of earnings, to all of its other stakeholders and to other aspects of how the business is managed.

The Group prides itself on being a value for money, family sports store, offering quality branded products and first class customer service. A key risk that has been identified as part of the Group's risk management process has been the reputational damage that could be suffered if the Group, or its business partners, fail to conduct their business in a socially responsible manner. To this end, the Group has developed the following policy documents:

- A Code of business ethics - its purpose being to define certain standards of business conduct to ensure that Group employees perform their business duties in a lawful, professional and ethical manner.
- A Supplier code of practice on socially responsible trading – based on various model codes of conduct in use across the retail sector and sporting goods industry. The JJB Code of practice clearly sets out what the Group expects from its suppliers in terms of labour conditions and child labour, human rights, environmental management, health and safety and fair-trading.

The Code of business ethics has been distributed across the Group, so that all employees are familiar with its principles. Responsibility for ensuring employee compliance with the Code of business ethics rests with department heads and business managers. Compliance will be tested during internal audit reviews to be performed across all business functions.

The Supplier code of practice on socially responsible trading has been given to the Associate Directors with responsibility for buying who distribute it to the Group's suppliers.

The vast majority of the Group's purchases for resale are however made from UK companies and UK agents of overseas suppliers, who themselves source stock from abroad; JJB therefore has little direct relationship with, or rights over, the source producers of the goods which are sold through its stores. One of the Group's key responsibilities is therefore to ensure that its direct suppliers have their own Codes of conduct, which are in line with JJB's own Supplier code of practice, and that its suppliers undertake regular, independent inspections over their source producers, to ensure that the principles contained within their Codes of conduct are upheld by local management.

In order to obtain this information, the Group has commenced a programme of key supplier visits in order to gain assurance that suppliers' policies and procedures are sufficient to prevent abuses of human rights and of working conditions within source producer factories. The Group believes that by working closely with its suppliers in this way, it can directly contribute towards improving labour conditions across the global sports and leisure industry supply chains.

During the year, JJB was invited to present its approach to corporate social responsibility and ethics in the supply chain to the Annual Conference of the Local Authority Pension Fund Forum, which the Group gladly accepted. Furthermore, the Group has begun collaboration with institutional investors and has sought advice on corporate social responsibility matters from organisations such as the International Business Leaders Forum. In order to ensure that the approach adopted is also consistent with best practice within the retail sector, the Company has discussed these issues directly with other retailers.

#### **Environmental issues**

The Group has developed and implemented a specific environmental policy, contained within its Code of business ethics. This policy outlines the Group's determination to minimise environmental impacts and to continuously improve its environmental performance, as well as ensuring that all relevant environmental legislation is complied with.

The Group has already undertaken various initiatives in order not only to reduce its environmental impacts, but also to reduce costs. For example, the Group operates an energy recovery system at its distribution centre, it has introduced

energy saving initiatives within its stores and operates fully within the 'Producer Responsibility Obligations (Packaging Waste) Regulations 1997'. The Group also use its own fleet of vehicles for distribution, all of which meet emissions standards for reduced road tax costs.

As a retailer, the Group considers its key environmental impacts to be energy and fuel consumption, water usage, use of raw materials and natural resources and waste generation. In line with its environmental policy, the Group will implement comprehensive measurement systems over these impact areas, and set itself targets for improved performance in the future. The Group will also continue to investigate cost-effective ways of further improving its environmental performance, in relation to these and other areas. The Group will also compare its environmental policies, activities and performance to those of other UK retailers.

#### **Auditors**

The Directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

#### **Annual General Meeting**

The Annual General Meeting (AGM) of shareholders will be held at 12 noon on Thursday 5 July 2001 at the JJB Stadium, Loire Drive, Wigan, Lancashire, WN5 0UH. The Notice of the meeting can be found at the back of this Annual report and a white proxy card for use at the AGM is enclosed with this document.

At the AGM, resolutions will be proposed to receive and approve the Directors' report and Financial statements for the year ended 31 January 2001, to propose the final dividend for the year ended 31 January 2001 of 8.0p, to re-appoint the Group's auditors and to re-appoint those Directors retiring by rotation.

#### **Extraordinary General Meeting**

An Extraordinary General Meeting (EGM) will be held immediately following the AGM, the principal purpose of the meeting being to propose a resolution required to implement a bonus issue of shares to existing shareholders. Further resolutions are also proposed which renew the general authority of Directors to allot relevant securities of the Company and grant a limited disapplication of the statutory pre-emption rights. A circular to shareholders (including Notice of the EGM) is enclosed with these Financial statements.

By order of the Board

J.D. Greenwood  
Company Secretary

Martland Park  
Challenge Way  
Wigan  
Lancashire WN5 0LD  
1 June 2001

# Statement of Directors' responsibilities

Company law requires the Directors to prepare Financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit of the Group for that period. In preparing those Financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial statements; and
- Prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the Financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Corporate governance report

For the year ended 31 January 2001



## Introduction

The Board of JJB Sports plc recognises the importance of and is fully committed to high standards of corporate governance. The principles of corporate governance adopted by the Group have been applied as set out in this report.

## The Board of Directors

The Board of Directors currently comprises the Chairman, the Chief Executive, two other Executive Directors and three independent Non-executive Directors. The offices of Chairman and Chief Executive have been split with effect from 1 February 2001, in line with the best practice principles of corporate governance. In the opinion of the Board, the Non-executive Directors are independent of management and of the Company's major shareholders. Andrew Thomas is acknowledged as the senior independent Non-executive Director.

All Directors are subject to retirement by rotation and re-election by the Company's shareholders in accordance with the Articles of Association, whereby one third of the Directors retire by rotation each year. All Directors are subject to re-election by the shareholders at the first Annual General Meeting following their appointment.

The service contracts of the Executive Directors have no fixed term, but are terminable on three months notice by either party. Ongoing service and performance is regularly reviewed by the Remuneration Committee, which is comprised wholly of independent Non-executive Directors.

The Non-executive Directors have three year service contracts with the Company, which are also terminable on three months notice by either party.

The Board has responsibility for the formulation of corporate strategy, long-term business plans and financial budgets, for investment and divestment decisions, and for treasury policy. The key objective of the Board is to optimise the performance of the business, and therefore to grow shareholder value. Board meetings are held about eight times every year. Comprehensive information packs are produced in advance of such meetings which include up to date management accounts with comparisons to forecasts, financial forecasts, store developments, capital expenditure, City analyst reports, matters of strategic relevance and risk and internal control reports.

The Finance Director also acts as the Company Secretary and as such is responsible for ensuring that Board procedures are followed and that independent advice is sought by the Board as necessary.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These Committees are described below.

## Audit Committee

The Audit Committee is chaired by Andrew Thomas and also comprises the other two Non-executive Directors. Audit Committee meetings are also attended by the Finance Director and the Risk Control/Internal Audit Manager and by representatives of the Group's external

auditors. The Committee meets twice every year to review the half year and annual accounts and also to review recent risk and internal control reports. The Committee is therefore able to effectively assess the adequacy of the Group's internal control system and risk management process. The Audit Committee is also responsible for reviewing the independence and objectivity of the external auditors and for making recommendations on their appointment and remuneration.

The Risk Control/Internal Audit Manager has direct access to the Committee Chairman and to the individual members of this Committee.

## Remuneration Committee

The Remuneration Committee is chaired by Roger Lane-Smith and is comprised solely of Non-executive Directors. The Committee is responsible for advising on and recommending Board and Senior Management remuneration, based on their performance during the year. The report of the Committee can be found on pages 25 to 27.

## Nominations Committee

In line with best practice corporate governance, the Nominations Committee will from 6 April 2001 be chaired by Roger Lane-Smith and will also comprise the other Non-executive Directors. The Committee is responsible for making recommendations to the Board on the appointment of new Directors. Previously, the Committee was chaired by the Chairman, David Whelan.

## Associate Board of Directors

Control of operational matters is delegated to the individual Executive Directors. In order to effect day to day control of the Group, a second tier of the Board was created in 1998 known as the Associate Board which is comprised of the Chairman and Executive Directors, together with currently 18 Associate Directors who are senior executives of the Group, responsible for all key disciplines within the business.

While the members of the Associate Director Board have not been appointed to the office of Companies Act director, their experience and knowledge ensure a strong link between strategy and implementation across the business.

## Communication and shareholder relations

JJB maintains an active dialogue with its shareholders with the intention of giving investors and potential investors as clear and complete a picture of the Group's performance and position as possible. This is achieved partly through regular meetings between Executive Directors and institutional investors, fund managers and analysts, during which current published results and longer term strategic issues are discussed. Such meetings often incorporate site visits to the Group's head office and distribution centre and to local stores and leisure facilities. Given the increasing importance of ethical and social responsibility issues, presentations have also been given to ethical fund managers during the year.

## Corporate governance report (Continued)

For the year ended 31 January 2001

The other key element of the Group's dialogue with its shareholders is the opportunity offered by the Annual General Meeting to gather the views of, and answer questions from, both private and institutional investors on all issues relevant to the Group.

The Group's revised website, [www.jjb.co.uk](http://www.jjb.co.uk), now includes an area dedicated to corporate information, including financial information, press releases, share price histories, company news and relevant policy documents. It is hoped that this will make information about the Group more accessible to all its shareholders and other interested parties.

### Internal Control and Risk Management

The Directors are ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to effectively manage, rather than eliminate, the risks that are significant to the fulfilment of the Group's business objectives of long-term growth of shareholder value via the maximisation of future earnings, and the safeguarding of the Group's assets. Any system of internal control can only provide reasonable and not absolute assurance that all significant business risks will be mitigated. However, by ensuring that the system of internal control reflects the risk environment in which the Group operates, the system should provide adequate assurance that the key risks facing the Group are properly managed.

The Board sets the overall strategy and policy of the Group and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to. Furthermore, a Code of business ethics has been established which, along with other existing policy and procedure documents, is designed to promote a strong ethical climate across the Group.

Detailed operational procedures are adopted and followed by all of the Group's principal functional activities and are designed to incorporate key controls. These key controls are subject to ongoing internal audit reviews, as described below, to ensure that they are being operated effectively and that they are suitable to manage any significant business risks faced by the Group.

During the year ended 31 January 2001, the Group appointed a Risk Control/Internal Audit Manager, responsible for ensuring that the Group complies with the best practice principles of corporate governance, as laid out in the Combined Code and the Turnbull Report (Internal Control: Guidance for Directors on the Combined Code). These responsibilities include assessing the effectiveness of internal control procedures followed by the Group and making recommendations as to how internal controls can be improved, and also for overseeing the Group's enterprise-wide risk management process, including the identification, assessment and subsequent management of significant risks. The Board of Directors receives regular reports on internal control and risk management matters.

During the year, individual Executive and Associate Directors were required to identify significant business risks and assess their likelihood and potential impact on the business. Subsequent action plans have been devised in order that significant risks are managed and minimised effectively. Responsibility for management of risks lies with individual Executive and Associate Directors and business managers.

In accordance with the guidance set out in the Turnbull Report, the Board has conducted a specific review of the effectiveness of the Group's system of internal controls for the financial year and up to the date of this report. The review considered all significant aspects of internal control, including financial, operational and compliance controls, as well as the risk management process adopted by the Group. The review was based on the reports made to the Board by the Risk Control/Internal Audit Manager, as well as other ad hoc reports from Management. The Board has also taken into consideration any matters raised by the Audit Committee as to the effectiveness of internal controls and the risk management process adopted by the Group.

### Compliance with the Combined Code

In compliance with Paragraph D.2.1 of the Combined Code, the Board is satisfied that there is an ongoing and effective process for identifying, evaluating and managing the Group's significant risks.

In relation to Section 1 of the Combined Code, the Board considers that the Company has complied with its provisions, other than as indicated below.

- During the year ended 31 January 2001, David Whelan held the position of Executive Chairman, incorporating the roles of Chairman and Chief Executive. In line with the requirements of the Combined Code, these roles have been split with effect from 1 February 2001; David Whelan has become Chairman while Duncan Sharpe, formerly Managing Director, has become Chief Executive.
- The Non-executive Directors perform an essential role in safeguarding shareholders' interests by monitoring the Group's performance and its Executive management. The Board has for a number of years operated an Audit Committee comprising the Non-executive Directors. The Combined Code advocates that an Audit Committee should comprise at least three Non-executive Directors, however, between the date of the death of Roy Waudby on 13 October 1999 and the appointment of David Beever on 7 March 2000, the Audit Committee comprised only two Non-executive Directors.

### Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's accounts.

# Remuneration report

*For the year ended 31 January 2001*



This report sets out the remuneration policies for the Executive and Non-executive Directors and outlines the various elements of their remuneration. The report includes tables recording Directors' detailed emoluments, share options and their interests in the shares of the Company.

The report has been prepared in accordance with the Combined Code for Corporate Governance and the Remuneration Committee has given full consideration to Schedule A of the best practice provisions contained in the Combined Code.

## **Constitution of the Committee**

The Remuneration Committee was chaired by Andrew Thomas until October 1999 and thereafter by Roger Lane-Smith. The Committee consists of all the Non-executive Directors with the Chairman, David Whelan attending as appropriate, to give advice.

## **Remuneration of Non-executive Directors**

The remuneration of the Non-executive Directors is determined by the Chairman after consultation with the other Executive Directors and after taking into account evidence of the levels of remuneration paid by comparable organisations.

The Non-executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any bonus, incentive or share option schemes.

Non-executive Directors have three year service contracts with the Company, terminable on three months notice by either party.

## **Remuneration of Executive Directors**

The remuneration of Executive Directors is determined by the Remuneration Committee.

The remuneration policy aims to ensure that Executive Directors are fairly rewarded for their individual contributions to the Company's performance and that remuneration packages are competitive with regards to those of comparable public companies. The elements of remuneration are a basic salary, certain benefits in kind, share options and contributions made into Directors' personal pension schemes.

## **Salaries and benefits**

Salaries and benefits of Executive Directors are set by the Remuneration Committee who take into consideration the levels of salaries and benefits of Directors in similar sized PLCs within the FTSE 250 index which are then tailored to individual experience, ability and performance. The salaries of the Executive Directors were reviewed at 1 August 2000. The previous review was carried out on 1 August 1998.

## **1999 Share Option Schemes**

Grants of share options to Executive Directors are at the discretion of the Remuneration Committee. Grants are intended to promote a longer term involvement in the well-being of the Company and to give capital growth benefits for the option holders. Options are not routinely granted but made on an individual basis to reflect performance, increased responsibility and promotion.

The maximum value of options to be granted to any employee under the 1999 Inland Revenue Approved Share Option Scheme is restricted to £30,000. In addition, options can be granted under the 1999 Unapproved Share Option Scheme, the maximum number being calculated by a formula which restricts the aggregate option exercise price to four times the basic salary of the employee less the value of any options granted under the 1999 Inland Revenue Approved Share Option Scheme.

The exercise of existing share options granted under these schemes is subject to performance conditions requiring various specified growths in earnings per ordinary share in excess of the Retail Price Index over a three year period.

Grants of share options made to Executive Directors are set out in the table on the following page.

## **Contracts of Service**

The service contracts of all the Executive Directors have no fixed term and are terminable on three months notice by either party.

## Remuneration report (Continued)

For the year ended 31 January 2001

### Directors' detailed emoluments

Details of individual Directors' emoluments for the year were as follows:

	Fees as Directors	Basic salary	Termination payment as a result of ill health	Taxable benefits	Pension contributions	2001 Total	2000 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive:</b>							
D. Whelan	–	312	–	14	–	326	314
D.J. Sharpe	–	247	–	12	–	259	229
J.D. Greenwood	–	175	–	15	2	192	177
Mrs. M. Rigby	–	98	240	19	1	358	180
B.J.K. Dunn	–	145	–	9	5	159	142
<b>Non-executive:</b>							
A.G. Thomas	20	–	–	–	–	20	18
R. Waudby	–	–	–	–	–	–	13
R. Lane-Smith	20	–	–	–	–	20	18
D.M.M. Beever	19	–	–	–	–	19	–
<b>Total</b>	<b>59</b>	<b>977</b>	<b>240</b>	<b>69</b>	<b>8</b>	<b>1,353</b>	<b>1,091</b>
Prior year total	49	970	–	64	8		

Included in the above is £3,000 (2000 - £18,000) paid to a third party in respect of the services of Mr. A.G. Thomas, and £20,500 (2000 - £18,000) paid to a third party in respect of the services of Mr. R. Lane-Smith.

Mr. R. Waudby died on 13 October 1999.

Mrs. M. Rigby retired through ill health on 13 September 2000.

An amount of £89,000 (2000 - £56,000) has been paid to DLA for legal work incurred in the ordinary course of business. Mr. R. Lane-Smith is Senior Partner in DLA.

### Share options

The movements in the Directors' share options were as follows:

	Scheme	Number of 5p ordinary shares			Option price (pence)	Date from which exercisable	Expiry date
		Share options at beginning of year	Options exercised	Share options at end of year			
D. Whelan	1999 Unapproved	324,600	–	324,600	369.67	17.02.02	16.02.09
D.J. Sharpe	1999 Unapproved	238,000	–	238,000	369.67	17.02.02	16.02.09
J.D. Greenwood	1999 Approved	7,900	–	7,900	379.67	18.05.02	17.05.09
	1999 Unapproved	165,000	–	165,000	369.67	17.02.02	16.02.09
		172,900	–	172,900			
Mrs. M. Rigby	1999 Approved	7,900	–	7,900	379.67	18.05.02	17.05.09
	1999 Unapproved	165,000	–	165,000	369.67	17.02.02	16.02.09
		172,900	–	172,900			
B.J.K. Dunn	1994 Approved	45,000	20,000	25,000	143.33	04.11.98	03.11.05
	1999 Unapproved	105,750	–	105,750	369.67	17.02.02	16.02.09
		150,750	20,000	130,750			

On 17 July 2000 Mr. B.J.K. Dunn exercised options over 20,000 ordinary shares at the exercise price of 143.33p per share making a gain on exercise of £79,914.

On 17 April 2001 Mr. B.J.K. Dunn exercised options over 10,000 ordinary shares at the exercise price of 143.33p per share making a gain on exercise of £60,867.

The exercise of options under all three schemes is subject to performance conditions that require various specified growths in earnings per ordinary share in excess of the Retail Price Index over a three year period.

The market price of the ordinary shares at 31 January 2001 was 510.0p and at 17 July 2000 was 545.0p. The range during the year was 390.0p to 622.5p.

#### Directors' interests

The interests of the Directors in the shares of the Company at the beginning and end of the financial year were:

	31 January 2001		31 January 2000	
	Number of 5p ordinary shares		Number of 5p ordinary shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
D. Whelan	16,016,653	(i) (ii) 14,536,520	20,021,430	(i) (ii) 14,620,442
D.J. Sharpe	(i) 26,247,400	(ii) 4,000,000	(i) 26,658,701	(ii) 4,083,922
J.D. Greenwood	264,639	–	264,639	–
Mrs. M. Rigby (iii)	–	–	562,170	110,265
B.J.K. Dunn	–	–	–	–
A.G. Thomas	11,231	–	11,231	–
R. Lane-Smith	22,050	–	22,050	–
D.M.M. Beever (iv)	–	–	–	–

(i) At 31 January 2001, 10,536,520 (2000 – 10,536,520) of the ordinary shares forming part of the non-beneficial interests of Mr. D. Whelan were duplicated within the beneficial interests of Mr. D.J. Sharpe.

(ii) At 31 January 2001, the Trustees of the Paul Whelan Voluntary Settlement dated 1 July 1989 held 4,000,000 (2000 – 4,083,922) ordinary shares in the Company. Mr. D. Whelan and Mr. D.J. Sharpe, together with Mr. A. Ledwith, were Trustees of the Settlement throughout the year.

(iii) Mrs. M. Rigby retired on 13 September 2000.

(iv) Mr. D.M.M. Beever was appointed to the Board on 7 March 2000.

The only changes in the Directors' interests between 1 February 2001 and 10 May 2001 were that the beneficial interests of Mr. D.M.M. Beever increased by 15,000 ordinary shares and the beneficial interests of Mr. R. Lane-Smith increased by 450 ordinary shares.

# Auditors' report to the shareholders of JJB Sports plc

*For the year ended 31 January 2001*

We have audited the Financial statements on pages 29 to 49 which have been prepared under the historical cost convention and the accounting policies set out on pages 33 and 34.

## **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual report including, as described on page 22, preparing the Financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the Financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the Financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company and the Group is not disclosed.

We review whether the statement on page 24 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual report, including the Corporate governance report and consider whether it is consistent with the audited Financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial statements.

## **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial statements.

## **Opinion**

In our opinion, the Financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 January 2001 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen  
Chartered Accountants and Registered Auditors

Bank House,  
9 Charlotte Street,  
Manchester M1 4EU

1 June 2001

# Consolidated profit and loss account

For the year ended 31 January 2001



	Notes	2001 £'000	2000 £'000
<b>Turnover</b>	1	663,272	614,061
Cost of sales		(350,078)	(328,264)
<b>Gross profit</b>		313,194	285,797
Other operating expenses before goodwill amortisation	2	(221,462)	(206,767)
<b>Operating profit before goodwill amortisation</b>		91,732	79,030
Goodwill amortisation	10	(12,744)	(12,739)
<b>Operating profit</b>		78,988	66,291
Interest receivable	3	11,215	10,041
Interest payable and similar charges	4	(18,806)	(18,038)
<b>Profit on ordinary activities before taxation</b>		84,141	71,033
- before goodwill amortisation		(12,744)	(12,739)
- goodwill amortisation			
<b>Profit on ordinary activities before taxation but after goodwill amortisation</b>	5	71,397	58,294
Taxation on profit on ordinary activities	7	(25,531)	(21,965)
<b>Profit on ordinary activities after taxation</b>		45,866	36,329
Dividends paid and proposed	8	(14,201)	(12,345)
<b>Retained profit for the year</b>	20	31,665	23,984
<b>Headline earnings per ordinary share</b>	9	47.47p	39.52p
<b>Earnings per ordinary share</b>	9	37.15p	29.26p
<b>Diluted earnings per ordinary share</b>	9	37.14p	29.24p

The accompanying notes are an integral part of this Consolidated profit and loss account.

A statement of movements on reserves is given in note 20 to the Financial statements on page 45.

# Statements of total recognised gains and losses

For the year ended 31 January 2001

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Profit on ordinary activities after taxation	<b>45,866</b>	36,329	<b>39,875</b>	29,572
Exchange rate movement	<b>30</b>	(130)	-	-
<b>Total recognised gains relating to the year</b>	<b>45,896</b>	36,199	<b>39,875</b>	29,572

# Reconciliations of movements in shareholders' funds

For the year ended 31 January 2001

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	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Retained profit for the year	<b>31,665</b>	23,984	<b>25,674</b>	17,227
Exchange rate movement	<b>30</b>	(130)	-	-
	<b>31,695</b>	23,854	<b>25,674</b>	17,227
Proceeds of share issues	<b>45</b>	181	<b>45</b>	181
Consideration paid on purchase of own shares	-	(5,539)	-	(5,539)
Shareholders' funds at 31 January 2000	<b>237,542</b>	219,046	<b>227,445</b>	215,576
<b>Shareholders' funds at 31 January 2001</b>	<b>269,282</b>	237,542	<b>253,164</b>	227,445

# Balance sheets

As at 31 January 2001



	Notes	Group		Company	
		2001	2000	2001	2000
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	10	224,606	237,063	247	260
Tangible assets	11	121,460	108,916	87,801	73,959
Investments	12	-	-	290,092	289,149
		<u>346,066</u>	<u>345,979</u>	<u>378,140</u>	<u>363,368</u>
<b>Current assets</b>					
Stocks	13	115,455	107,788	84,841	77,711
Debtors	14	12,436	10,706	10,531	11,469
Loan note deposit	15	170,478	170,478	170,478	170,478
Cash at bank and in hand		33,171	21,394	30,089	20,216
		<u>331,540</u>	<u>310,366</u>	<u>295,939</u>	<u>279,874</u>
<b>Creditors</b>					
Amounts falling due within one year					
Borrowings	15	(170,478)	(192,468)	(170,478)	(192,468)
Others	15	(108,806)	(93,098)	(127,608)	(96,804)
		<u>(279,284)</u>	<u>(285,566)</u>	<u>(298,086)</u>	<u>(289,272)</u>
<b>Net current assets (liabilities)</b>		<b>52,256</b>	<b>24,800</b>	<b>(2,147)</b>	<b>(9,398)</b>
<b>Total assets less current liabilities</b>		<b>398,322</b>	<b>370,779</b>	<b>375,993</b>	<b>353,970</b>
<b>Creditors</b>					
Amounts falling due after more than one year					
Borrowings	16	(108,126)	(113,383)	(108,126)	(113,383)
Others	16	(8,410)	(10,565)	(5,503)	(5,542)
		<u>(116,536)</u>	<u>(123,948)</u>	<u>(113,629)</u>	<u>(118,925)</u>
<b>Provision for liabilities and charges</b>	18	<b>(12,504)</b>	<b>(9,289)</b>	<b>(9,200)</b>	<b>(7,600)</b>
<b>Net assets</b>		<b>269,282</b>	<b>237,542</b>	<b>253,164</b>	<b>227,445</b>
<b>Capital and reserves</b>					
Called-up share capital	19	6,175	6,173	6,175	6,173
Share premium account	20	157,294	157,251	157,294	157,251
Capital redemption reserve	20	87	87	87	87
Profit and loss account	20	105,726	74,031	89,608	63,934
<b>Shareholders' funds</b>		<b>269,282</b>	<b>237,542</b>	<b>253,164</b>	<b>227,445</b>

Signed on behalf of the Board

D. Whelan  
Chairman

1 June 2001

The accompanying notes are an integral part of these Balance sheets.

# Consolidated cash flow statement

For the year ended 31 January 2001

	Notes	2001		2000	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	21		<b>104,220</b>		81,464
<b>Returns on investments and servicing of finance</b>					
Interest received		11,215		10,041	
Interest paid		(18,223)		(17,528)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(7,008)</b>		(7,487)
<b>Taxation paid</b>			<b>(15,332)</b>		(23,594)
<b>Capital expenditure</b>					
Purchase of tangible fixed assets		(30,713)		(29,911)	
Sale of tangible fixed assets		2,015		2,752	
<b>Net cash outflow from capital expenditure</b>			<b>(28,698)</b>		(27,159)
<b>Acquisitions</b>					
Purchase of subsidiary undertaking			(902)		-
<b>Equity dividends paid</b>			<b>(12,718)</b>		(10,952)
<b>Cash inflow before management of liquid resources and financing</b>			<b>39,562</b>		12,272
<b>Financing</b>					
Issues of ordinary share capital		45		181	
Decrease in loans	23	(27,830)		(12,800)	
Purchase of own shares		-		(5,539)	
<b>Net cash outflow from financing</b>			<b>(27,785)</b>		(18,158)
<b>Increase (decrease) in cash in the year</b>	23		<b>11,777</b>		(5,886)

The accompanying notes are an integral part of this Consolidated cash flow statement.

# Statement of accounting policies

31 January 2001



The principal Group accounting policies are set out below. The policies have all been applied consistently throughout the current year and the preceding year.

## Basis of accounting

The Financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

## Basis of consolidation

The Group Financial statements consolidate the Financial statements of JJB Sports plc and its subsidiary undertakings for the year ended 31 January 2001, except for the Financial statements of the Spanish subsidiary undertaking, JJB Sports Limited S.L., which are made up to 31 December 2000.

The acquisition method of accounting has been adopted under which the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the Company's Financial statements, investments in subsidiary undertakings are stated at cost less an amount representing goodwill written off to reserves in 1988. Provisions for temporary fluctuations in value are not made. Only dividends received and receivable are credited to the Company's profit and loss account.

No profit and loss account is presented for JJB Sports plc, as permitted by Section 230 of the Companies Act 1985.

## Goodwill

Goodwill consists of:

- Goodwill purchased on the acquisition of unincorporated businesses and is stated at cost. Amortisation has been provided to write off the cost of this goodwill over its estimated useful life in equal annual installments based upon the unexpired period of the property lease which relates to the business acquired.
- Goodwill arising on the acquisition of subsidiary undertakings (representing the excess of the fair value of the consideration given over the fair value of the separately identifiable net assets acquired, together with associated costs). Goodwill arising on acquisitions during and since the year ended 31 January 1999 is being amortised over twenty years. Goodwill arising on acquisitions in earlier years was written off against reserves on acquisition.

## Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation. Depreciation is provided using the straight-line method at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Freehold property	40 years
Short leasehold property	Period of lease
Plant, fixtures and fittings	5-20 years

Profits or losses on the disposal of tangible fixed assets are included in the calculation of operating profit.

## Investments

Fixed assets investments are shown at cost less provision for impairment.

## Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or damaged items where appropriate.

## Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the Financial statements and by the tax authorities) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred taxation is not provided on timing differences which, in the opinion of the Directors, will probably not reverse.

## Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

For the purpose of consolidation, the closing rate method is used, under which translation gains or losses are shown as a movement on reserves. The profit and loss accounts of the foreign subsidiary undertakings are translated at the average exchange rate for the year.

## Statement of accounting policies (Continued)

31 January 2001

### **Operating leases**

The Group's principal leased assets are properties acquired under operating leases which are generally subject to periodic rent reviews. The cost of property leases is charged to operating profit in the period to which it relates.

Any contributions receivable on acquiring short leasehold properties are credited to the balance sheet and released to profit and loss account over the term of the lease. Rent free periods are treated as deferred income and are released to profit over the period up to the first rent review.

The cost of other operating leases in respect of plant, fixtures and fittings is charged to operating profit on a straight line basis over the period of the lease.

### **Debt and related costs**

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. Issue costs are amortised in the profit and loss account over the term of the loan at a constant rate on the carrying amount. Interest on the debt is charged to the profit and loss account in the period in which it is incurred.

### **Financial instruments**

The Group uses an interest rate hedge to manage the interest rate arising on the bank loan which was obtained to facilitate the acquisition of a subsidiary in 1998.

### **Turnover**

Turnover represents sales of sportswear and sports equipment and income generated from the provision of sports and leisure facilities, excluding VAT, in the normal course of business.

# Notes to financial statements

31 January 2001



## 1 Segment information

### Geographical origin

	United Kingdom		Europe (excluding UK)		Total	
	2001	2000	2001	2000	2001	2000
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	<b>659,169</b>	609,923	<b>4,103</b>	4,138	<b>663,272</b>	614,061
Profit before taxation*	<b>83,627</b>	70,782	<b>514</b>	251	<b>84,141</b>	71,033
Net assets	<b>268,026</b>	236,787	<b>1,256</b>	755	<b>269,282</b>	237,542

\*Profit before taxation is stated before goodwill amortisation.

All turnover arises from the continuing activities of the sales of sportswear and sports equipment and the provision of sports and leisure facilities.

## 2 Other operating expenses

An analysis of other operating expenses is as follows:

	2001	2000
	£'000	£'000
Selling and distribution costs	<b>204,335</b>	191,364
Administrative expenses	<b>19,802</b>	18,440
Other operating income	<b>(2,675)</b>	(3,037)
Operating expenses before goodwill amortisation	<b>221,462</b>	206,767
Goodwill amortisation	<b>12,744</b>	12,739
Total operating expenses	<b>234,206</b>	219,506

## 3 Interest receivable

	2001	2000
	£'000	£'000
Interest on bank deposits	<b>977</b>	928
Interest on loan note deposit	<b>10,238</b>	9,113
	<b>11,215</b>	10,041

## 4 Interest payable and similar charges

	2001	2000
	£'000	£'000
Interest on bank loan and overdrafts	<b>9,006</b>	9,419
Interest on loan notes	<b>9,217</b>	8,109
Amortisation of bank loan costs	<b>583</b>	510
	<b>18,806</b>	18,038

## Notes to financial statements (Continued)

31 January 2001

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	2001	2000
	£'000	£'000
Depreciation and amortisation		
- goodwill	12,744	12,739
- owned tangible fixed assets	14,871	13,125
Loss (profit) on sale of tangible fixed assets	461	(202)
Hire of plant, fixtures and fittings under operating leases	946	818
Other operating lease rentals	62,424	57,224
Auditors' remuneration		
- audit	65	65
- non-audit	7	12
Directors' remuneration	1,353	1,091

### 6 Staff costs

Details of employees (including Executive Directors) are as shown below:

	2001	2000
	£'000	£'000
<b>a) Employee costs during the year amounted to:</b>		
Wages and salaries	78,649	74,876
Social security costs	4,666	4,956
Pension costs	22	24
	<b>83,337</b>	<b>79,856</b>

	2001	2000
	Number	Number
<b>b) The average number of persons employed by the Group during the year, on a full-time equivalent basis, was as follows:</b>		
Sales and distribution	7,937	7,883
Administration	329	295
	<b>8,266</b>	<b>8,178</b>



**7 Taxation on profit on ordinary activities**

	<u>2001</u>	<u>2000</u>
	£'000	£'000
Corporation tax	22,316	18,370
Deferred taxation	3,215	3,595
	<u>25,531</u>	<u>21,965</u>

**8 Dividends paid and proposed**

	Pence per ordinary share	Number of ordinary shares on which paid	<u>2001</u>	<u>2000</u>
			£'000	£'000
Interim dividend paid 8 December 1999	3.20	123,412,338	-	3,949
Final dividend paid 10 July 2000	6.80	123,460,338	-	8,396
Interim dividend paid 6 December 2000	3.50	123,485,838	4,322	-
Final dividend proposed payable 10 July 2001	8.00	123,491,338	9,879	-
			<u>14,201</u>	<u>12,345</u>
Total dividends per ordinary share			<u>11.50p</u>	<u>10.00p</u>

## Notes to financial statements (Continued)

31 January 2001

### 9 Earnings per ordinary share

	2001	2000
	£'000	£'000
Headline earnings:		
Profit on ordinary activities after taxation but before goodwill amortisation	58,610	49,068
Goodwill amortisation	(12,744)	(12,739)
Profit on ordinary activities after taxation and goodwill amortisation	<u>45,866</u>	<u>36,329</u>
Weighted average number of ordinary shares in issue (thousands)	<u>123,475</u>	<u>124,169</u>
Headline earnings per ordinary share	<u>47.47p</u>	<u>39.52p</u>
Earnings per ordinary share	<u>37.15p</u>	<u>29.26p</u>
Diluted number of ordinary shares in issue (thousands)	<u>123,507</u>	<u>124,242</u>
Diluted earnings per ordinary share	<u>37.14p</u>	<u>29.24p</u>

Headline earnings per ordinary share have been calculated on the basis of profit on ordinary activities after taxation but before goodwill amortisation. The Directors consider that this gives a better understanding of the Group's earnings.

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### 10 Goodwill

	Group	Company
	£'000	£'000
<b>Cost</b>		
Beginning of year	254,856	341
Additions	287	-
<b>End of year</b>	<u>255,143</u>	<u>341</u>
<b>Amortisation</b>		
Beginning of year	17,793	81
Charge	12,744	13
<b>End of year</b>	<u>30,537</u>	<u>94</u>
<b>Net book value</b>		
Beginning of year	237,063	260
<b>End of year</b>	<u>224,606</u>	<u>247</u>

## 11 Tangible fixed assets

### a) Group

	Freehold property	Short leasehold property	Plant, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Beginning of year	14,784	8,535	126,891	150,210
Additions	195	2,055	28,463	30,713
Acquisition of subsidiary undertaking	-	692	254	946
Disposals	(35)	(171)	(5,956)	(6,162)
Exchange rate movement	-	1	11	12
<b>End of year</b>	<b>14,944</b>	<b>11,112</b>	<b>149,663</b>	<b>175,719</b>
<b>Depreciation</b>				
Beginning of year	1,455	1,120	38,719	41,294
Charge	368	383	14,120	14,871
Acquisition of subsidiary undertaking	-	234	133	367
Disposals	(3)	(40)	(2,233)	(2,276)
Exchange rate movement	-	-	3	3
<b>End of year</b>	<b>1,820</b>	<b>1,697</b>	<b>50,742</b>	<b>54,259</b>
<b>Net book value</b>				
Beginning of year	13,329	7,415	88,172	108,916
<b>End of year</b>	<b>13,124</b>	<b>9,415</b>	<b>98,921</b>	<b>121,460</b>

### b) Company

	Freehold property	Short leasehold property	Plant, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Beginning of year	14,038	5,225	76,660	95,923
Additions	195	2,053	22,302	24,550
Transfers from group companies	-	-	110	110
Disposals	-	-	(1,770)	(1,770)
<b>End of year</b>	<b>14,233</b>	<b>7,278</b>	<b>97,302</b>	<b>118,813</b>
<b>Depreciation</b>				
Beginning of year	1,243	602	20,119	21,964
Charge	352	245	9,101	9,698
Transfers from group companies	-	-	29	29
Disposals	-	-	(679)	(679)
<b>End of year</b>	<b>1,595</b>	<b>847</b>	<b>28,570</b>	<b>31,012</b>
<b>Net book value</b>				
Beginning of year	12,795	4,623	56,541	73,959
<b>End of year</b>	<b>12,638</b>	<b>6,431</b>	<b>68,732</b>	<b>87,801</b>

## Notes to financial statements (Continued)

31 January 2001

### 12 Investments

#### a) Subsidiary undertakings

	Company	
	2001	2000
	£'000	£'000
Cost at beginning of year	289,386	289,386
Additions	943	-
Cost at end of year	290,329	289,386
Amounts written off against reserves	(237)	(237)
<b>Net book value</b>	<b>290,092</b>	<b>289,149</b>

Goodwill of £237,000 which arose on the acquisition of a subsidiary in 1988 was written off against reserves in that year.

Details of investments in subsidiary undertakings are as follows:

	Place of incorporation	Issued share capital held	Activity
Blane Leisure Limited	Scotland	100%	Retailer of sportswear and sports equipment
DWF Sports Limited	England	100%	Golf driving range operator and retailer of sportswear and sports equipment
JJB Sports Distribution Limited	England	100%	Provider of distribution services
Sports Division (Eireann) Limited	Republic of Ireland	100%	Retailer of sportswear and sports equipment
Astral Sports & Leisure (Retail) Limited	England	100%	Dormant
Jack Sharp Limited	England	100%	Dormant
JJB Sports Limited S.L.	Spain	100%	Dormant
JJB Funding Limited	Jersey	100%	Dormant
Mayfind Limited	England	100%	Dormant
Sports Division Limited	Scotland	100%	Dormant
SSL Retail Limited	Northern Ireland	100%	Dormant
SSL Sports & Leisurewear plc	England	100%	Dormant

#### b) Acquisition of subsidiary undertaking

On 11 September 2000, the Company acquired the whole of the issued share capital of DWF Sports Limited which trades as Warren Park Golf Range, Romford. The fair value of assets and liabilities acquired are not disclosed as they are not material to the Group as a whole.

**13 Stocks**

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Goods for resale	<b>115,455</b>	107,788	<b>84,841</b>	77,711

The net replacement value of stock is not considered to be materially different from that stated in the balance sheet.

**14 Debtors**

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Trade debtors	<b>822</b>	1,616	<b>740</b>	1,017
Other debtors and prepayments	<b>11,614</b>	9,090	<b>7,007</b>	7,827
Amounts owed by subsidiary undertakings	-	-	<b>2,784</b>	2,625
	<b>12,436</b>	10,706	<b>10,531</b>	11,469

**15 Creditors: Amounts falling due within one year**

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
<b>Borrowings</b>				
Bank loan	-	21,990	-	21,990
Loan notes	<b>170,478</b>	170,478	<b>170,478</b>	170,478
	<b>170,478</b>	192,468	<b>170,478</b>	192,468
<b>Others</b>				
Trade creditors and accruals	<b>67,895</b>	58,771	<b>58,918</b>	47,847
UK corporation tax	<b>18,022</b>	11,034	<b>12,778</b>	7,133
Value added tax	<b>7,396</b>	7,829	<b>2,100</b>	7,928
Other taxes and social security costs	<b>1,332</b>	2,675	<b>814</b>	1,438
Amounts owed to subsidiary undertakings	-	-	<b>41,379</b>	22,229
Proposed dividend	<b>9,879</b>	8,396	<b>9,879</b>	8,396
Deferred lease incentives	<b>4,282</b>	4,393	<b>1,740</b>	1,833
	<b>108,806</b>	93,098	<b>127,608</b>	96,804

Loan notes were issued to the vendors of Blane Leisure Limited (Sports Division) in September 1998 for the acquisition of that company and its subsidiaries under an instrument which provided that the notes were redeemable on quarterly interest payment dates after 11 June 1999. By a Deed of Variation dated 26 February 2001, the maturity date up to which the loan notes can be redeemed was extended to 28 April 2006.

Interest is payable on the loan notes at a quarterly rate linked to LIBOR and the loan notes are secured by an identical amount held in a bank account and shown under current assets as "Loan note deposit".

## Notes to financial statements (Continued)

31 January 2001

### 16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
<b>Borrowings</b>				
Bank loan (note 17)	<b>108,126</b>	113,383	<b>108,126</b>	113,383
<b>Others</b>				
Deferred lease incentives	<b>8,410</b>	10,565	<b>5,503</b>	5,542

### 17 Bank loan

	Group and Company		
	Bank loan	Amortisation of loan costs	Total
	£'000	£'000	£'000
The bank loan is repayable as follows:			
The bank loan is part of a revolving credit facility available for up to between four and five years	110,000	(1,874)	108,126
Amount falling due after more than one year (note 16)	<b>110,000</b>	<b>(1,874)</b>	<b>108,126</b>

During the year ended 31 January 2001, the Company replaced its £150 million bank loan facility, which was repayable by instalments over five years, with a £130 million revolving loan facility which is repayable at the Company's option in part or in full at any time up to 23 June 2005. As a result of this change, at 31 January 2001, there was no part of the loan shown as falling due within one year.

At 31 January 2001, there was an undrawn facility available to the Company of £20 million.

## 18 Provision for liabilities and charges

Movement in the provision during the year was as follows:

	<u>Group</u>	<u>Company</u>
	<u>£'000</u>	<u>£'000</u>
Deferred taxation:		
Beginning of year	9,289	7,600
Charge to profit and loss account	3,215	1,600
<b>End of year</b>	<b><u>12,504</u></b>	<b><u>9,200</u></b>

Deferred taxation provided and deferred taxation not provided are as follows:

	<b>Group</b>			
	Amount provided		Amount unprovided	
	<b>2001</b>	2000	<b>2001</b>	2000
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	<b>12,504</b>	9,289	-	-
Gains deferred by rollover relief	-	-	<b>251</b>	251
	<b><u>12,504</u></b>	<u>9,289</u>	<b><u>251</u></b>	<u>251</u>

	<b>Company</b>			
	Amount provided		Amount unprovided	
	<b>2001</b>	2000	<b>2001</b>	2000
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	<b>9,200</b>	7,600	-	-
Gains deferred by rollover relief	-	-	<b>251</b>	251
	<b><u>9,200</u></b>	<u>7,600</u>	<b><u>251</u></b>	<u>251</u>

## Notes to financial statements (Continued)

31 January 2001

### 19 Called-up share capital

#### a) Authorised and issued share capital

	Authorised		Ordinary shares of 5p Allotted, called-up and fully paid	
	£'000	Number	£'000	Number
Beginning of year	8,350	167,000,000	6,173	123,460,338
Issued on exercise of options	-	-	2	31,000
<b>End of year</b>	<b>8,350</b>	<b>167,000,000</b>	<b>6,175</b>	<b>123,491,338</b>

#### b) Share option schemes

The Company has outstanding options under the following schemes:

	Date of grant	Number of ordinary shares of 5p each at 31 January 2001	Exercise price per share
(i) 1994 Inland Revenue Approved Executive Scheme	4 November 1995	26,000	143.33p
	19 May 1997	13,360	449.00p
(ii) 1999 Unapproved Scheme	17 February 1999	1,889,005	369.67p
	13 November 2000	30,000	410.33p
	30 January 2001	60,000	520.50p
(iii) 1999 Inland Revenue Approved Scheme	18 May 1999	395,000	379.67p

Options granted to Directors as set out in the Remuneration report on page 26 are included in the above figures.

The exercise of options under all three schemes is subject to performance conditions that require various specified growths in earnings per ordinary share in excess of the Retail Price Index over a three year period.

The market price of the ordinary shares at 31 January 2001 was 510.0p and the range during the year was 390.0p to 622.5p.

## 20 Reserves

Of the total reserves shown in the balance sheet, the following amounts are regarded as non-distributable or otherwise:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Non-distributable				
- share premium account	157,294	157,251	157,294	157,251
- capital redemption reserve	87	87	87	87
Distributable				
- profit and loss account	105,726	74,031	89,608	63,934
	<b>263,107</b>	<b>231,369</b>	<b>246,989</b>	<b>221,272</b>

The movement in the year was as follows:

	Share premium account	Capital redemption reserve	Profit and loss account	Total
Group	£'000	£'000	£'000	£'000
Beginning of year	157,251	87	74,031	231,369
Retained profit for the year	-	-	31,665	31,665
Premium on issues of shares	43	-	-	43
Exchange rate movement	-	-	30	30
<b>End of year</b>	<b>157,294</b>	<b>87</b>	<b>105,726</b>	<b>263,107</b>

	Share premium account	Capital redemption reserve	Profit and loss account	Total
Company	£'000	£'000	£'000	£'000
Beginning of year	157,251	87	63,934	221,272
Retained profit for the year	-	-	25,674	25,674
Premium on issues of shares	43	-	-	43
<b>End of year</b>	<b>157,294</b>	<b>87</b>	<b>89,608</b>	<b>246,989</b>

## 21 Reconciliation of operating profit to net cash inflow from operating activities:

	2001	2000
	£'000	£'000
Operating profit after amortisation	78,988	66,291
Depreciation and amortisation		
- goodwill	12,744	12,739
- tangible fixed assets	14,871	13,125
Loss (profit) on sale of tangible fixed assets	461	(202)
Decrease in properties held for resale	-	2,800
Increase in stock	(7,583)	(27,389)
(Increase) decrease in debtors	(1,724)	253
Increase in creditors	6,463	13,847
<b>Net cash inflow from operating activities</b>	<b>104,220</b>	<b>81,464</b>

## Notes to financial statements (Continued)

31 January 2001

### 22 Reconciliation of net cash flow to movement in net debt

	2001	2000
	£'000	£'000
Increase (decrease) in cash in the year	11,777	(5,886)
Cash outflow from change in debt	27,830	12,800
Change in net funds resulting from cash flows	39,607	6,914
Amortisation of bank loan costs	(583)	(510)
Movement in net debt in the year	39,024	6,404
Net debt at beginning of year	(113,979)	(120,383)
<b>Net debt at end of year</b>	<b>(74,955)</b>	<b>(113,979)</b>

### 23 Analysis of net debt

	At 1 February 2000	Cash flow	Other non- cash items	At 31 January 2001
	£'000	£'000	£'000	£'000
Loan note deposit	170,478	-	-	170,478
Cash at bank and in hand	21,394	11,777	-	33,171
Borrowings	(305,851)	27,830	(583)	(278,604)
	(113,979)	39,607	(583)	(74,955)

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### 24 Financial commitments

	Group and Company 2001	2000
	£'000	£'000
<b>a) Capital commitments</b>		
Contracted but not provided for in the Financial statements	4,168	1,235

#### b) Pension arrangements

The Company contributes to the personal pension schemes of certain Directors and employees. The pension contributions for the year were £22,000 (2000 - £24,000).

## 24 Financial commitments (continued)

### c) Lease commitments

The Group and the Company lease certain land and buildings. The annual rental charged to the Group on these leases was £62,424,000 (2000 - £57,224,000) and for the Company was £33,678,000 (2000 - £28,658,000). In addition all insurance, maintenance and repairs are paid on these properties.

The Group and the Company have entered into non-cancellable operating leases in respect of plant, fixtures and fittings. The total annual rental charged to the Group for the year was £946,000 (2000 - £818,000) and for the Company was £243,000 (2000 - £244,000).

The minimum annualised rentals under the foregoing leases are as follows:

	Property 2001	Property 2000	Plant, fixtures and fittings 2001	Plant, fixtures and fittings 2000
	£'000	£'000	£'000	£'000
<b>Group</b>				
Operating leases which expire:				
- within 1 year	1,564	307	60	70
- between 2 and 5 years	2,412	3,330	630	640
- after 5 years	60,596	57,245	-	-
	<u>64,572</u>	<u>60,882</u>	<u>690</u>	<u>710</u>
	Property 2001	Property 2000	Plant, fixtures and fittings 2001	Plant, fixtures and fittings 2000
	£'000	£'000	£'000	£'000
<b>Company</b>				
Operating leases which expire:				
- within 1 year	400	145	50	60
- between 2 and 5 years	1,428	1,845	10	60
- after 5 years	35,526	29,819	-	-
	<u>37,354</u>	<u>31,809</u>	<u>60</u>	<u>120</u>

## 25 Financial instruments

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in the current Financial Reporting Standard (FRS13). Certain financial assets such as investments in subsidiary companies and short-term debtors and creditors (other than those required for currency exposures) are also excluded from the scope of these disclosures.

### (a) Financial risks and policies

Set out below is a summary of the main financial risks faced by the Group during the year and the policies employed to address these risks. These policies have been applied consistently throughout the year and are explained in more detail in the Financial review on pages 11 and 12.

#### Foreign currency risk

The Group has little exposure to movements in foreign currency exchange rates due to the majority of its trading activities being with United Kingdom customers and suppliers, the transactions with which are receivable and payable in sterling.

#### Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows at floating rates of interest and then uses an interest rate hedging agreement to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

## Notes to financial statements (Continued)

31 January 2001

### 25 Financial instruments (continued)

#### Liquidity risk

As regards liquidity, the Group's policy has throughout the year been to use a revolving credit or overdraft facility to achieve continuity of funding and short-term flexibility.

#### (b) Financial assets

	2001	Group 2000
	£'000	£'000
Loan note deposit	170,478	170,478
Cash at bank and in hand	33,171	21,394
	<u>203,649</u>	<u>191,872</u>

The currency profile of financial assets was:

	2001	Group 2000
	£'000	£'000
Sterling	203,379	190,694
Europe (excluding UK)	270	1,178
	<u>203,649</u>	<u>191,872</u>

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Financial assets comprise short-term cash deposits with major United Kingdom and European clearing banks and earn floating rates of interest based upon bank base rates or at rates linked to LIBOR.

#### (c) Financial liabilities

	2001	Group 2000
	£'000	£'000
Repayable within one year	170,478	192,978
Repayable between one and two years	-	37,500
Repayable between two and five years	-	77,200
Available up to between four and five years	110,000	-
	<u>280,478</u>	<u>307,678</u>

All financial liabilities bear floating rates of interest with the interest rate linked to LIBOR and are repayable in sterling.

#### (d) Facilities

The Group has a revolving credit facility, in respect of which all conditions precedent had been met, of £130 million of which £20 million was undrawn at 31 January 2001. The revolving credit is available for up to between four and five years.

#### (e) Fair values

There is no material difference between the book value and the fair value of the Group's financial assets, liabilities and related interest rate hedge.

## 26 Transactions with related parties

- (a) On 25 March 1992 the Company sold its freehold property at 63 North Road, Lancaster to the Trustees of the David Whelan Accumulation and Maintenance Settlement for a cash consideration of £500,000. This property was then leased back to the Company by the trustees under a 20 year lease dated 25 March 1992 at an annual rental of £70,000. The trustees sold the freehold property to a third party on 12 April 2000 and from that date, rent was payable to the third party.
- (b) Whelco Holdings Limited (Whelco) is a company owned by members of the Whelan family which operates itself or through its subsidiaries, a number of businesses including that of Wigan Athletic Football Club (WAFC), Wigan Warriors Rugby League Club and the stadium in which both teams play, which is known as the "JJB Stadium". During the year ended 31 January 2001, the Company acted as sponsors of both clubs and the amount of sponsorship paid was £40,000 (2000 - £30,000) and £240,000 (2000 - Nil) respectively. Also during the year ended 31 January 2001, the Company paid £150,000 (2000 - £30,000) for the naming rights for the stadium. Advice was taken from independent third parties as to comparative levels of the costs of sponsorship and naming rights at other clubs and stadia prior to the above amounts being paid. In addition, the Company provided certain motor vehicles to WAFC in their capacity as sponsors, the running costs of which for the year ended 31 January 2001 were £9,200 (2000 - £8,000).
- (c) During the previous year ended 31 January 2000, the Company purchased a Bell helicopter from Whelco at a cost of £802,000 which was equivalent to the net book value of the helicopter in the accounts of Whelco. Whelco had acted as agent of the Company in the purchase of the helicopter in June 1997. As Whelco never had any use of the helicopter, all depreciation and any operating costs incurred by them in relation to the helicopter since that date had been recharged to the Company.
- (d) On 3 February 2000, the freehold interest in 6/7 Drapery, Northampton which the Company had leased from a third party for a number of years and at which it had operated a retail store until October 1998, was acquired by the Trustees of the David Whelan Accumulation and Maintenance Settlement from the third party. The third party had lodged a claim against the Company for dilapidation costs and this was settled as part of the transaction for the acquisition of the freehold by the trustees, with the Company paying £200,000 to the trustees, being a lower sum than that claimed by the third party. The Company has continued to pay rent at the existing annual cost of £80,000 whilst the trustees develop the site to create a new retail superstore.

# Five year summary

## Consolidated profit and loss accounts

For the year ended 31 January

	2001	2000	1999	1998	1997
	£'000	£'000	£'000	£'000	£'000
<b>Turnover</b>					
Continuing operations - existing	663,272	614,061	254,252	203,598	130,829
- acquisitions	-	-	118,724	-	-
Group turnover	663,272	614,061	372,976	203,598	130,829
Cost of sales	(350,078)	(328,264)	(197,254)	(103,943)	(66,958)
<b>Gross profit</b>	313,194	285,797	175,722	99,655	63,871
Other operating expenses (before goodwill amortisation and exceptional items)	(221,462)	(206,767)	(129,044)	(66,002)	(44,088)
<b>Operating profit before goodwill amortisation and exceptional items</b>	91,732	79,030	46,678	33,653	19,783
Goodwill amortisation	(12,744)	(12,739)	(4,986)	-	-
Exceptional items	-	-	(2,132)	-	-
<b>Operating profit</b>	78,988	66,291	39,560	33,653	19,783
Continuing operations - existing	78,988	66,291	36,077	33,653	19,783
- acquisitions	-	-	3,483	-	-
Interest receivable	11,215	10,041	5,853	547	556
Interest payable and similar charges	(18,806)	(18,038)	(9,297)	(4)	(5)
<b>Profit on ordinary activities before taxation</b>					
- before goodwill amortisation and exceptional items	84,141	71,033	43,234	34,196	20,334
- goodwill amortisation	(12,744)	(12,739)	(4,986)	-	-
- exceptional items	-	-	(2,132)	-	-
<b>Profit on ordinary activities before taxation, after goodwill amortisation and exceptional items</b>	71,397	58,294	36,116	34,196	20,334
Taxation on profit on ordinary activities	(25,531)	(21,965)	(13,132)	(11,213)	(7,326)
<b>Profit on ordinary activities after taxation</b>	45,866	36,329	22,984	22,983	13,008
Dividends paid and proposed	(14,201)	(12,345)	(10,504)	(6,112)	(4,050)
<b>Retained profit for the year</b>	31,665	23,984	12,480	16,871	8,958
<b>Headline earnings per ordinary share</b>	47.47p	39.52p	27.88p	25.41p	14.41p
<b>Earnings per ordinary share</b>	37.15p	29.26p	21.91p	25.41p	14.41p
<b>Dividends per ordinary share</b>	37.14p	10.00p	8.40p	6.73p	4.49p

In calculating earnings per ordinary share and dividends per ordinary share, the prior year figures have been restated to take account of the ordinary shares issued pursuant to the rights issue in September 1998, and the bonus issue of ordinary shares in June 1996.



## Consolidated balance sheets

As at 31 January

	2001	2000	1999	1998	1997
	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	224,606	237,063	249,802	286	299
Tangible assets	121,460	108,916	97,284	45,281	34,499
	<b>346,066</b>	<b>345,979</b>	<b>347,086</b>	<b>45,567</b>	<b>34,798</b>
<b>Current assets</b>					
Properties held for resale	-	-	2,800	-	-
Stocks	115,455	107,788	80,399	35,806	25,960
Debtors	12,436	10,706	10,959	1,689	1,875
Loan note deposit	170,478	170,478	170,478	-	-
Cash at bank and in hand	33,171	21,394	27,387	15,989	8,276
	<b>331,540</b>	<b>310,366</b>	<b>292,023</b>	<b>53,484</b>	<b>36,111</b>
<b>Creditors</b>					
Amounts falling due within one year					
Borrowings	(170,478)	(192,468)	(190,075)	-	-
Others	(108,806)	(93,098)	(88,605)	(36,970)	(28,927)
	<b>(279,284)</b>	<b>(285,566)</b>	<b>(278,680)</b>	<b>(36,970)</b>	<b>(28,927)</b>
<b>Net current assets</b>	<b>52,256</b>	<b>24,800</b>	<b>13,343</b>	<b>16,514</b>	<b>7,184</b>
<b>Total assets less current liabilities</b>	<b>398,322</b>	<b>370,779</b>	<b>360,429</b>	<b>62,081</b>	<b>41,982</b>
<b>Creditors</b>					
Amounts falling due after more than one year					
Borrowings	(108,126)	(113,383)	(128,173)	-	-
Others	(8,410)	(10,565)	(7,516)	(4,497)	(2,978)
	<b>(116,536)</b>	<b>(123,948)</b>	<b>(135,689)</b>	<b>(4,497)</b>	<b>(2,978)</b>
<b>Provision for liabilities and charges</b>	<b>(12,504)</b>	<b>(9,289)</b>	<b>(5,694)</b>	<b>(3,889)</b>	<b>(2,716)</b>
<b>Net assets</b>	<b>269,282</b>	<b>237,542</b>	<b>219,046</b>	<b>53,695</b>	<b>36,288</b>
<b>Capital and reserves</b>					
Called-up share capital	6,175	6,173	6,253	4,542	4,500
Share premium account	157,294	157,251	157,075	5,932	5,335
Capital redemption reserve	87	87	2	2	2
Profit and loss account	105,726	74,031	55,716	43,219	26,451
<b>Shareholders' funds</b>	<b>269,282</b>	<b>237,542</b>	<b>219,046</b>	<b>53,695</b>	<b>36,288</b>

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the JJB Stadium, Loire Drive, Wigan, Lancashire WN5 0UH on Thursday 5 July 2001 at 12 noon for the following purposes:

## Ordinary Business

1. To receive and consider the Directors' report and the audited Financial statements for the year ended 31 January 2001 and the Auditors' report thereon.
2. To declare a final dividend in respect of the year ended 31 January 2001 which the Directors propose should be 8.0p net per ordinary share, payable on 10 July 2001 to shareholders on the register at the close of business on 8 June 2001.
3. To re-appoint Arthur Andersen of Bank House, 9 Charlotte Street, Manchester M1 4EU as auditors for the ensuing year and to authorise the Directors to determine their remuneration.
4. To re-elect as a Director, Mr. Duncan Sharpe who retires by rotation.
5. To re-elect as a Director, Mr. David Greenwood who retires by rotation.
6. To re-elect as a Director, Mr. Andrew Thomas who retires by rotation.

## Notes:

- (1) A member entitled to attend and vote at the above-mentioned Annual General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting at the Meeting in person.
- (2) A white form of proxy is enclosed with this Notice. To be valid, the form of proxy (together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) must be deposited at the offices of the Company's registrars, Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 12 noon on 3 July 2001.
- (3) Pursuant to Regulation 34 of The Uncertificated Securities Regulations 1995, only those shareholders registered in the register of members of the Company as at 12 noon on 3 July 2001 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members of the Company after 12 noon on 3 July 2001 will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
- (4) The following documents will be available for inspection at the Registered Office during usual business hours on Mondays to Fridays (except public holidays) from the date of this notice until the date of the Meeting and will be available for inspection at the place of the Meeting for fifteen minutes prior to the Meeting and at the Meeting:
  - (a) The register of Directors' interests in the shares of the Company kept in accordance with section 325 of the Companies Act 1985; and
  - (b) Copies of the service contracts between the Company and its Directors.
- (5) Dividend warrants in respect of the proposed final dividend, if approved, will be posted on 10 July 2001.

By order of the Board

J. D. Greenwood  
Company Secretary  
1 June 2001

# Financial calendar



Final results announced	11 April 2001
Financial statements published	1 June 2001
Final dividend record date	8 June 2001
Annual General Meeting	5 July 2001
Final dividend payable	10 July 2001
Interim results announced	October 2001
Year end	31 January 2002
Final results announced	April 2002





IMPORTANT  
SAFETY NOTICE

JJB  
SAVERS

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