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FINANCIAL MANAGEMENT OF JD SPORTS

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Part A). Introduction

A brief history of JD Sports

JD Sports is a British multinational company dealing with retail business that was started in the year 1981. Initially, the company was only concerned with the production of shoes; however, this was soon followed by apparels and accessories (JD Sports Fashion PLC, 2023). They thus offer the explanation that through building a strong brand image and with particular reference to youth culture this company got popular and this is why it is referred to as JD Sports.

It is based on key partnerships with the world's prominent sportswear brands and the ability to provide their products and limited editions. JD Sports, a global sportswear, and fashion retail chain have grown organically and through acquisitions and mergers; the firm has a strategic positioning in the market being a market leader.

Business model

The business understanding of JD Sports is that this company acts as a specialty retailer recognised for sportswear and fashion items. Its business model centres around several key components:

- **Product Range:** It involves selling a diverse range of merchandise; shoes, clothes, and other accessories from top brands and lower-priced parent brands.
- **Store Network:** physical appearance has also been given more emphasis with stores well positioned to hold exploitation over its target consumers (JD Group, 2023).
- **Customer Focus:** Investing in the responsibilities of increasing the capacity of developing the customer experience by identifying the shifts in trends and demographics.

Hence, by incorporating these components, JD Sports has effectively established and marketed its brand relating to sportswear targeting the youths while enhancing consumption through both the physical stores and the e-commerce platform.

Marketplace

JD Sports operates in a strenuous environment with rivals including other clothing retailers as well as online clothing retailers (JD Sports plc, 2024). Some of the causes of success include brand identity, product differentiation and international marketing. In this case, the success of the company would depend on their capacity in responding to new trends in consumer habits, and constant connectedness to the internet.

Major competitors

There are various rivals to JD Sports as a retailer. Main competitors are listed UK business Frasers Group Plc which owns Sports Direct as a brand, online merchants Boohoo and Asos and fashion outlet Next. Other main rivals are Foot Locker and Zalando.

Review of major recent events over the past five years

The structure and development of JD Sports has shifted considerably in recent years because of internal and external factors.

- **Acquisitions and Expansion:** Another key factor, which forms the basis of the JD Sports' development plan, is the actual acquisition and growth approach. The acquisition of Finish Line in the US ensured that the company extended its geographical dissemination and the customers' base (Kumar *et al.*, 2020). It was a strategic form of switching income sources from the domination of one market to the other which was perceived to have risky oversights.
- **Supply Chain Disruptions:** The last couple of years were characterised by many new supply chain disruptions caused by a combination of various factors which include but not limited to COVID-19, Brexit and geopolitical tensions (Katsaliaki *et al.*, 2021).
- **Economic Headwinds:** The global economy in recent years has known the cycles of economic upswings and downswings which took place in the business world (Petrić and Pepur, 2021). These economic conditions affect the consumers' expenditure propensity and, therefore, the retail turnover. Like many other retail outfits, JD Sports has had to grapple with these elements through such means as changing the price policies and also novelties in inventory.

All of these circumstances have collectively defined the JD Sports path in recent years. Still certain of the problems remain; however, the emphasis on e-Commerce, the geographic diversification, and the sound supply chain management may have certain long-term potential for the company's growth.

Part B). Financial performance review

Element	RATIO ANALYSIS JD SPORTS					RATIO ANALYSIS ASOS PLC				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Profitability Ratio										
Gross Profit Ratio	47.80%	49.14%	48.02%	47.04%	47.55%	41.10%	43.63%	45.43%	47.42%	48.81%
Gross profit	£ 4,839.70	£ 4,208.00	£ 2,961.60	£ 2,874.80	£ 2,243.30	£ 1,459.00	£ 1,717.50	£ 1,776.40	£ 1,547.40	£ 1,334.30
Revenue	£10,125.00	£ 8,563.00	£ 6,167.30	£ 6,110.80	£ 4,717.80	£ 3,549.50	£ 3,936.50	£ 3,910.50	£ 3,263.50	£ 2,733.50
Operating Profit Ratio	5.04%	8.42%	6.24%	6.98%	7.34%	7.00%	0.25%	4.86%	4.63%	1.28%
Operating profit	£ 509.80	£ 721.20	£ 385.00	£ 426.60	£ 346.20	£ 248.50	£ 9.80	£ 190.10	£ 151.10	£ 35.10
Revenue	£10,125.00	£ 8,563.00	£ 6,167.30	£ 6,110.80	£ 4,717.80	£ 3,549.50	£ 3,936.50	£ 3,910.50	£ 3,263.50	£ 2,733.50
Return on assets	2.83%	6.50%	4.44%	5.77%	11.98%	8.50%	1.03%	4.45%	5.70%	1.98%
Net Profit	£ 226.70	£ 459.60	£ 229.20	£ 250.70	£ 264.20	£ 223.10	£ 30.80	£ 128.40	£ 113.30	£ 24.60
Total assets	£ 8,024.70	£ 7,068.60	£ 5,161.90	£ 4,345.90	£ 2,205.50	£ 2,625.60	£ 2,996.90	£ 2,884.50	£ 1,989.40	£ 1,245.50
ROCE	10.41%	11.32%	5.73%	7.64%	11.15%	7.44%	0.24%	4.90%	5.31%	1.74%
Operating Profit	£ 1,060.30	£ 1,013.70	£ 385.00	£ 426.60	£ 346.20	£ 248.50	£ 9.80	£ 190.10	£ 151.10	£ 35.10
Capital Employed	£10,187.70	£ 8,955.50	£ 6,716.80	£ 5,586.30	£ 3,106.00	£ 3,340.80	£ 4,036.90	£ 3,882.50	£ 2,843.50	£ 2,017.70
Net profit Ratio	2.24%	5.37%	3.72%	4.10%	5.60%	6.29%	0.78%	3.28%	3.47%	0.90%
Net Profit	£ 226.70	£ 459.60	£ 229.20	£ 250.70	£ 264.20	£ 223.10	£ 30.80	£ 128.40	£ 113.30	£ 24.60
Revenue	£10,125.00	£ 8,563.00	£ 6,167.30	£ 6,110.80	£ 4,717.80	£ 3,549.50	£ 3,936.50	£ 3,910.50	£ 3,263.50	£ 2,733.50
Liquidity Ratio										
Current Ratio	1.59	1.42	1.23	1.18	1.32	1.73	1.49	1.83	1.19	0.81
Current assets	£ 3,435.70	£ 2,676.50	£ 1,919.30	£ 1,461.60	£ 1,192.20	£ 1,234.50	£ 1,554.00	£ 1,559.70	£ 1,019.80	£ 623.20
Current liabilities	£ 2,163.00	£ 1,886.90	£ 1,554.90	£ 1,240.40	£ 900.50	£ 715.20	£ 1,040.00	£ 852.50	£ 854.10	£ 772.20
Quick Ratio	0.91	0.89	0.71	0.52	0.48	0.65	0.46	0.88	0.57	0.11
Current assets	£ 3,435.70	£ 2,676.50	£ 1,919.30	£ 1,461.60	£ 1,192.20	£ 1,234.50	£ 1,554.00	£ 1,559.70	£ 1,019.80	£ 623.20
Current liabilities	£ 2,163.00	£ 1,886.90	£ 1,554.90	£ 1,240.40	£ 900.50	£ 715.20	£ 1,040.00	£ 852.50	£ 854.10	£ 772.20
Inventory	£ 1,466.40	£ 989.40	£ 813.70	£ 811.80	£ 763.80	£ 768.00	£ 1,078.40	£ 807.10	£ 532.40	£ 536.80

Efficiency ratio										
Receivables Days	41	42	44	33	27	44	45	68	54	38
Revenue	£10,125.00	£ 8,563.00	£ 6,167.30	£ 6,110.80	£ 4,717.80	£ 3,549.50	£ 3,936.50	£ 3,910.50	£ 3,263.50	£ 2,733.50
Trade Receivables	£ 248.60	£ 202.90	£ 141.20	£ 183.90	£ 177.20	£ 81.40	£ 88.20	£ 57.70	£ 60.30	£ 72.80
Trade Payable Days	7	7	6	7	6	5	4	4	4	4
Revenue	£10,125.00	£ 8,563.00	£ 6,167.30	£ 6,110.80	£ 4,717.80	£ 3,549.50	£ 3,936.50	£ 3,910.50	£ 3,263.50	£ 2,733.50
Trade Payable	£ 1,471.20	£ 1,279.50	£ 1,102.00	£ 900.70	£ 808.10	£ 680.40	£ 993.30	£ 956.10	£ 806.10	£ 669.00
Inventory Turnover Days	0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.4	0.3	0.4
Inventory	£ 1,466.40	£ 989.40	£ 813.70	£ 811.80	£ 763.80	£ 768.00	£ 1,078.40	£ 807.10	£ 532.40	£ 536.80
Cost of Sales	£ 5,285.30	£ 4,355.00	£ 3,205.70	£ 3,236.00	£ 2,474.50	£ 2,090.50	£ 2,219.00	£ 2,134.10	£ 1,716.10	£ 1,399.20
Gearing Ratio										
Gearing Ratio	2.54	3.60	5.79	8.21	0.78	2.01	1.83	1.21	1.96	-0.13
Non-Current Liability	£ 3,228.30	£ 2,842.10	£ 2,110.60	£ 1,816.30	£ 228.20	£ 1,043.70	£ 942.00	£ 852.50	£ 325.00	£ 19.70
Total Capital	£ 1,272.70	£ 789.60	£ 364.40	£ 221.20	£ 291.70	£ 519.30	£ 514.00	£ 707.20	£ 165.70	£ (149.00)
Interest Cover Ratio (Times)	5.70	9.64	5.18	4.37	4.49	5.6	1.4	13.4	15.0	16.6
Profit Before Tax and Interest	£ 440.90	£ 654.70	£ 324.00	£ 348.50	£ 339.90	£ 296.70	£ 31.90	£ 177.10	£ 142.10	£ 33.10
Interest Expenses	£ 77.30	£ 67.90	£ 62.50	£ 79.80	£ 75.70	£ 53.20	£ 23.00	£ 13.20	£ 9.50	£ 2.00

Ratio analysis is an analytical approach that deals with the quantitative analysis of information concerning financial affairs of an organisation and the calculation of a relationship between items of the balance sheet and income statement. Profitability, liquidity and efficiency ratios will be used in this analysis to review the financial performance of two leading retail brands, JD Sports as well as ASOS PLC.

Profitability Ratios

Gross Profit Ratio

Gross profit ratio shows the level of productivity of a company's primary business by relating gross profit to sales. A higher ratio reveals that a greater portion of the total revenue is kept after eliminating the cost of the goods sold (Nariswari and Nugraha, 2020).

- **JD Sports:** The gross profit ratio has remained comparatively steady primarily because it has not fluctuated more than five percent in the last five years; its low is 47.04% in 2020 to 49.14% in 2022. This means that JD Sports has been able to have steady control over its cost of goods sold as recommended but failed to show good performance in 2023 which decreased to 47.80%.
- **ASOS PLC:** The analysis of gross profit ratio shows that ASOS PLC exhibits a decreasing trend for the years from 48.81% in 2019. However, it is observed that the ratio gradually decreased to 41.10% in 2023.

In this matter, it seems that JD Sports has better gross profit margin as compared to ASOS plc

Operating profit ratio

- **JD Sports:** JD Sports' operating profit ratio has varied over time, reaching a high of 8.42% in 2022 before experiencing a sharp fall to 5.04% in 2023. The consistent ratios from 2019 to 2021 show a solid performance, but the decline in 2023 points to possible issues with profitability or cost control.
- **ASOS PLC:** The operating profit ratio of ASOS plc exhibits notable fluctuations. It increased to 7.00% in 2023 from a low of 1.28% in 2019 and then sharply dropped to 0.25% in 2022. The slow increase from 2019 to 2021, accompanied by a fall and recovery, is a reflection of shifting market conditions and difficulties with operational efficiency.

Return on assets

- **JD Sports:** Return on assets (ROA) for JD Sports decreased from 11.98% in 2019 to 2.83% in 2023. From an upward trend in 2019, the ROA declined, showing signs of possible inadequacies in use of assets or profitability issues. There was a minor rebound in 2022 (6.50%) before a substantial decline in 2023.
- **ASOS PLC:** The return on assets (ROA) of ASOS plc has fluctuated significantly. It dropped to 1.98% in 2019 and then increased to 5.70% in 2020 before declining once

more to 1.03% in 2022. But 2023 saw a significant rebound to 8.50%, pointing to increased profitability and higher asset utilization in that year.

Return on Capital Employed (ROCE)

ROCE analyses the capacity of a company to produce profit out of employed capital. Higher figure of ROCE is more appropriate since it shows better management of invested capital (Casielles, 2019).

- **JD Sports:** The ROCE for JD Sports has varied and touched the maximum of 11.32% in 2022 but reduced to 10.41% in 2023. This implies differences in the capital utilisation.
- **ASOS PLC:** The following is a summary ROCE that ASOS PLC has posted: The ROCE of ASOS PLC has been increasing from 1.74% in 2019 to 7.44% in 2023. This suggests increasing differences in realising a profit from the capital invested.

In this case, ASOS plc has performed better as compared to JD Sports. However, JD Sports has higher value as compared to its competitor.

Net Profit Ratio

The net profit ratio gives an indication of the proportion of net profit gotten from the total revenues. A figure above one is an indication of healthy profitability in relation to the stock (Bustani *et al.*, 2021).

- **JD Sports:** The trend of net profit ratio has fluctuated and its arithmetical figure varies to 2.24% in 2023 from 5.60% in 2019. This can be interpreted in terms of decreasing rate of differences in total profitability and certain essential expenses.
- **ASOS PLC:** The net profit ratio for ASOS PLC has also fluctuated and recorded an increasing rate of percentage in 2023 with 6.29% from 0.90% in 2019. This points to a great improvement in achieving the net operating profit.

The net profit ratio of ASOS plc has performed better as compared to JD Sports. So, it is recommended that JD sports need to look through its capital efficiency properly.

Liquidity Ratios

Current Ratio

The current ratio indicates a company's solvency in regards to its current liabilities. A ratio more than 1 suggests adequate liquidity of the business in the accumulated assets (Purba *et al.*, 2020).

- **JD Sports:** The current ratio of JD Sports in general looked relatively higher than 1 which showed a moderate aptitude of the company to pay off short term liabilities. The current ratio of JD Sports seems to be observed that there is an increasing rate within the time period. However, the value from 1.32 in 2019 to 1.59 in 2023 has been increased which means that the company has worked a lot to improve the efficiency of the business operations for which they have a great value in the current ratio justifying the ideal ratio.
- **ASOS PLC:** The current ratio of ASOS PLC has been more volatile and recorded 0.81 in 2019 which increased to 1.73 in 2023. However, there was a higher rate of quick ratio in 2021 with 1.83 which gradually decreased in 2022 and again it increased to 2023. This shows that the company has improved their performance.

It seems that JD Sports have performed better in terms of current ratio as compared to ASOS Plc.

Quick Ratio

The quick ratio assesses the capability of a company to pay its short-term debts to the vendors by excluding inventory. A higher quick ratio means that the firm possesses a better liquid position (Rosi and Hasanuh, 2020).

- **JD Sports:** The quick ratio of JD Sports has been increased from 0.48 to 0.91 in 2019 to 2023 respectively. This shows that the company has properly kept their inventory in control.
- **ASOS PLC:** The quick ratio of ASOS PLC has been very fluctuating as the value determined is 0.11 in 2019 to 0.65 in 2023. This strongly suggests that this company has improved their performance in the given period.

Both companies seem to have good inventory control throughout the given time period.

Efficiency Ratio

The efficiency ratio is a financial metric. It has the ability to measure the ability of the company to generate profits from its assets and equity. It helps to evaluate the profitability of the company.

Receivables days

Receivables Days reflect the average time it takes for a company to collect its outstanding accounts receivable (Štangová and Výchová 2021). A lower receivables days ratio reflects that the company is collecting its accounts receivable more quickly. It reflects that the company has effective credit management and cash flow. On the other hand, the higher receivables days ratio reflects the struggle of the company.

- **JD sports:** The receivables days of JD sports have increased. In 2019, the number of days was 27 days. It will increase to 41 days in 2023. The company witnessed a dramatic high of 44 days in 2021. This reflects that the company is taking longer to collect its accounts receivable. The average receivables days for the period is 39.4 days. The increase in the number of days reflect weakening credit management, slower payment cycle from its customers. The increasing number of days is also a result of the growth strategy of the company. They have undertaken more debt, offered longer payment terms to its customers to stimulate sales. Hence JD sports have to focus on careful management of the cashflow.
- **ASOS PLC:** On the other hand, ASOS has reflected stability to a larger extent. The receivables day over the past five years is within the range of 38 to 44 days. The average receivables days for the period is lower than that of JD sports (Suwantari *et al.*, 2020). This reflects that the company has a comparatively stronger credit management culture. It is because the company focuses on. online retailing. It particularly helps with faster payment processing and reduces risk of bad debts. The stable receivables days ratio reflects their well-managed credit policy. They have simultaneously been able to maintain a healthy cash flow. This has empowered the company to expand its product offerings. It has also helped them to improve its logistics and supply chain.

Trade payable days

Trade Payable Days reflects the average time it takes for a company to pay its suppliers and creditors. Similar to receivable days, in the case higher trade payable days ratio indicates the same. It reflects that the company is taking longer to pay its suppliers. It is seen as a sign of poor cash flow management. Many times, it is seen as a desire to delay payment to improve cash flow (Chong and Diamantopoulos, 2020). Companies many times have to suffer strained relationships with suppliers because of the same. It also impacts the ability of the company to obtain future supplies. The lower days help to build good relationships with suppliers. Hence it is a reflection of the creditworthiness and ability to manage its finances. It also helps to identify best practices in cash flow management within the industry.

- **JD sports:** The Trade Payable Days (TPD) in this case has been rather consistent. In the past five years, the range has been ranging from 7 to 6 days. The company has been taking 7-6 days to pay its trade creditors. It is relatively average compared to other companies in the industry. The revenue of the company has steadily increased. In 2023 the company witnessed the highest revenue of £10,125. The company has witnessed this growth due to expansion into new markets and its strong brand presence (Ahmed *et al.*, 2021). The trade payables have also increased over the past five years. The company witnessed the surge in 2023 and 2022. The relationship between trade payable days and revenue highlight that JD sports is taking longer to pay its trade creditors. The probable reasons are: increased demand for goods, and negotiating longer payment terms. Hence the five-year analysis reflects that JD sports is well positioned for growth and profitability. The company has to ensure that they focus on managing its trade payables effectively. It would help the company to attain their long-term goals.
- **ASOS PLC:** The company has better trade payable days than JD sports. The company has consistently maintained 4 days for payment of the suppliers. In 2023, the company witnessed an increase by a day. However, in comparison to JD sports, the company generates relatively less revenue (Yap *et al.*, 2021). In the fast five years the company has generated a consistent revenue of approximately 3500. The company is taking less time to pay despite less revenue reflecting effective cash flow. The company also has a mere trade payable of £680.40 in 2023.

Inventory Turnover days

This metric helps in understanding the ability of the company to manage its inventory efficiently. A higher inventory turnover days indicates that a company is able to sell its inventory quickly. It strategically reduces the need for storage space. It also reduces the risk of inventory obsolescence. It has been observed that a company with high turnover days maintains a lean inventory (Garba *et al.*, 2020). They also have optimised supply chain logistics, and implement efficient inventory management systems. A company with a lower rate struggle with increasing storage costs, decreased cash flow.

- **JD sports:** The company has maintained a consistent inventory turnover day. It has been consistently around 0.3 in the last five years. It reflects that the company has been able to manage its inventory effectively. The inventory has remained stable. It witnessed an increase from £763.80 in 2019 to approximately £1466 in 2023. The inventory has doubled in five years. The cost of sales has been consistently above £2,000. This reflects that the company has been able to maintain its profitability. Hence the inventory management by the company is effective. The increasing cost of sales reflect that the company is facing pressure on its profitability (Breivik *et al.*, 2023). The factors responsible are: increased competition, changes in consumer behaviour, and rising costs.
- **ASOS PLC:** ASOS has better inventory turnover days than JD sports. They have consistently maintained the ratio over 0.3. This reflects that the company has been turning over the inventory rather quickly. However, in comparison the company had less inventory level. In 2023, the level stood at £768. On the other hand, the cost of sales has been rather consistent too (Claudia and Lusmeida, 2020). It increased to approximately £2000 in 2021. Since the price has been more or less the same. Despite a good turnover ratio, the other aspects reflect that the company is struggling. The company has to focus on cost reduction initiatives.

Gearing Ratio

It is the debt-to-equity ratio. It helps to measure the capital structure of the company. It also helps to understand their ability to meet its financial obligations. A company with a higher gearing ratio indicates that they are dependent on debt financing. It also increases their risk of default. The higher proportion of debt in the capital structure also means increased interest

payments (Hendrani and Septyanto, 2021). A company with a lower ratio reflects their dependence on equity financing. It helps to reduce the risk of default. It simultaneously improves its financial stability. However, it limits the ability of the company to take on new projects.

- **JD sports:** The gearing ratio of JD Sports Plc has fluctuated over the past five years. It witnesses an increase to 8.21 in 2020. However, the ratio dropped to 2.54 in 2023. In 2023, the total capital stood at £1272.70. It has increased at a slower rate than the non-current liability. The higher ratio at 2019-2021 was a cause of concern for the investors. The decrease in 2023, has been a positive sign.
- **ASOS PLC:** The fluctuations have been relatively less than JD Sports. However, in 2019, the company had a negative ratio. The company has always maintained lower ratios than the former company (Yustrianthe and Mahmudah, 2021). Hence, they have a relatively lower level of debt compared to its equity. It is a positive sign for investors and creditors.

Interest Cover Ratio (Times)

It helps in understanding the ability of the company to pay their interest expenses on its outstanding debt. A higher rate reflects that the company has a strong ability to pay its interest expenses (Heuver and Berndsen, 2022). It also speaks about their stable financial position. On the other hand, the lower rate reflects that the company is struggling to meet its interest expenses. It is also a reflection of high debt levels.

- **JD sports:** The company has maintained a stable interest cover rate. The Company witnessed the highest rate in 2022 at 9.64. However, it went down to 5.70 in 2023. The external and internal factors contributed to the decrease in the rate.
- **ASOS PLC:** Historically these rates were extremely high. It was 16.6 ,15.0 in 2019 and 2020 respectively. The company today had a very low rate. However, it is approximately the same as JD sports. Hence the overall picture reflects that both JD sports and ASOS have various areas of improvement.

Analysis and Comparison

In general JD Sports has shown higher profitability than ASOS PLC. A detailed look into their Gross profit ratio and Net profit margin shows this. But there are some constraints that restrict both companies in increasing the ROCE (Husain and Sunardi, 2020). From the above comparison of ratios, JD Sports has got higher liquidity ratios than that of ASOS PLC as it has a higher current ratio and quick ratio most of the time (Barbero and Zofio, 2023). Similar to these factors, both the companies have displayed certain inefficiencies in this regard, especially in the last few years (Markonah *et al.*, 2020). By using the above defined ratios, it can be seen that JD Sports has better financial performances than ASOS PLC. The main issues working on the ASOS PLCs are connected with the ability of the firm to generate sustainable profitability, maintain adequate levels of liquidity, and ensure efficient operation.

Using the ratio analysis there is a clear difference in the financial performance of JD Sports and ASOS PLC. Both JD Sports and ASOS Plc have proliferated in terms of their profitability and liquidity. JD Sports has come out as more efficient than ASOS Plc in terms of operational profitability and efficiency. However, note that other aspects such as industry trends, economic factors and strategic moves cannot be ignored in order to give a more profound analysis.

Recommendations

JD sports have to focus on improving its profitability. It had to increase their gross profit margin and return on capital employed (ROCE). This can be achieved by implementing cost reduction initiatives at different levels. This will help to reduce overhead costs. An equal effort has to be made towards improving inventory management (Dakić and Mijić, 2020). Simultaneously if the company enhances their product offerings it would be beneficial. The company also has to focus on managing its debt levels and interest expenses. It can be achieved by negotiating with suppliers to reduce trade payables and improve cash flow. Hence this will help JD sports to improve their financial performance.

Part C). Investment appraisal

ELEMENT	CASH FLOW BEFORE COST OF		COST OF CAPITAL	CASH FLOW AFTER	
	Project A	Project B		Project A	Project B
Initial Investment	£ 80.00	£ 75.00	9.75%	£ (80.00)	£ (75.00)
Cash Flow Year 1	£ 25.00	£ 50.00	0.911	£ 22.78	£ 45.55
Cash Flow Year 2	£ 25.00	£ 20.00	0.83	£ 20.75	£ 16.60
Cash Flow Year 3	£ 20.00	£ 20.00	0.756	£ 15.12	£ 15.12
Cash Flow Year 4	£ 55.00	£ 20.00	0.689	£ 37.90	£ 13.78
		1) Net Present Value		£ 16.54	£ 16.05
		2) Payback Period		3.31	3.29
		2.1 Initial Investment		£ 80.00	£ 75.00
		2.2 Cash flow per year		£ 24.14	£ 22.76
		3) Accounting Rate of Return		30.17%	30.35%
		3.1 Initial Investment		£ 80.00	£ 75.00
		3.2 Average Annual Return		£ 24.14	£ 22.76

Cash Flow Before Cost of Capital

The cash flow before cost of capital represents the net cash inflow. It also represents the outflow of each project, excluding the cost of capital. The cash flow is £ 25.00 in Year 1, £ 25.00. In the consecutive years they are: Year 2, £ 20.00 in Year 3, and £ 55.00 in Year 4. Hence the project generates a net cash inflow of the amount mentioned above. Whereas for Project B, the cash flow is also positive in all years (Brown *et al.*, 2021). The cash flow is £ 50.00 in Year 1, £ 20.00 in Year 2. On the other hand, it is £ 20.00 in Year 3, and £ 20.00 in Year 4. This means that the project generates a net cash inflow of £ 50.00 in Year 1. The amount decreased in subsequent years. This section provided an insight into the ability to generate cash flows by each project.

“Cost of capital”

“It is a critical component in evaluating the financial viability of a project. It reflects the minimum rate of return required by investors”. It acts as a justification to invest in a project. In this case, the cost of capital is 9.75% for both Project A and Project B. Hence the investors expect to earn a return of at least 9.75% on their investment (Vartiainen *et al.*, 2020). This component is taken into consideration. They are: time value of money, inflation, and the risk associated. In this case the investors expect a similar rate of return from both projects. Hence this would act as a common denominator for evaluating the financial performance of both projects.

Cash Flow After Cost of Capital

“It is a metric that helps investors to evaluate the profitability of a project”. It takes into account the minimum rate of return required by investors. In this case, the project A the cash flow after cost of capital is £ 22.78 in Year 1 (Xu, 2020). Whereas for other years they are: £ 20.75 in Year 2, £ 15.12 in Year 3, and £ 37.90 in Year 4. This reflects that the project generates a positive cash flow. It also has a minimum rate of return of 9.75%. The highest cost of capital has been witnessed in year 4. It reflects that the profitability of project A increases over time.

In project B, the pattern is rather opposite. The cash flow after cost of capital is £ 45.55 in Year 1. It is also the highest between all the subsequent years. Where the cash flow after cost of capital in the subsequent years are: £ 16.60 in Year 2, £ 15.12 in Year 3, and £ 13.78 in Year 4. Even this project has a positive cash flow. However, the cash flow has subsequently decreased.

Initial Investment

It reflects the amount of capital required to start a project. In case of project A, the initial investment is £ 80.00. It means that the project requires an initial outlay of £ 80.00. It would help to start the operations. On the other hand, the initial investment for project B is £ 75.00. While determining the initial cost a numerous factors are taken into consideration. It includes: equipment purchases, construction costs, and other one-time expenditures (Babich *et al.*, 2021). Project A requires a higher initial investment in comparison to project B. This reflects that Project A requires more resources, infrastructure to get started. Hence it would affect the profitability and cash flow.

“Payback period”

“The payback period measures the time it takes for a project to generate enough cash flow. It is in relation to recovering its initial investment”. The calculation reflects that both the projects have similar payback periods. In case of Project A, the period is approximately 3.31 years. On the other hand, Project B reflects a period of approximately 3.29 years (Dai *et al.*, 2022). They will be able to generate returns for investors within a reasonable timeframe. The shorter payback period is generally considered more attractive. It is because then the project

can generate returns quickly. It also reduces the risk of loss. In this case project A and B have similar levels of risk and return potential.

“Net Present Value” (NPV)

“It reflects the present value of all future cash flows of a project”. During the NPV calculation, the initial investment is taken into consideration. It also considers expected cash inflows and outflows over time. The NPV for Project A is £ 16.54. In case of Project B, it is £ 16.05. The positive NPV indicates that the project would generate more value. It would be more than its initial investment (Joshi *et al.*, 2022). This also reflects that it is therefore a viable investment opportunity. “In NPV the time value of money is taken into consideration. In the calculation, it discounts future cash flows to their present value. Here both the projects have positive NPV. Project A has a slightly higher NPV than Project B. This makes it relatively a more attractive investment opportunity”.

“Accounting Rate of Return” (ARR)

It calculates the average annual return on investment of a project. “It primarily helps to measure the profitability of a project”. It is attained by comparing the average annual return to the initial investment (Rădoi and Panait, 2023). A higher ARR indicates that a project is generating more value. It is in comparison to the initial investment. In this calculation the initial investment and the average annual return are taken into consideration. The ARR of Project A is approximately 30.17%. The ARR of project B is also closer to this value. It is approximately 30.35%. Hence both the projects are expected to generate significant returns on their initial investment. Project B has a slightly higher ARR than project B. So, it makes the former comparatively better investment.

Comparison between Project A and B

The comparison of Projects A and B highlights that both the projects have similar characteristics such as similar cash flows and payback periods. It reflects that both of these projects are viable investment options. A closer look reflected some differences. Project A has a higher initial investment of £ 80.00 (Oktaba and Grzywińska-Rapca, 2023). In comparison, Project B has an investment of £ 75.00. Hence the former requires larger upfront commitment from the company. It also has higher cash flows in Years 2 and 4 compared to

Project B. Hence project A has a higher tendency of generating more value over the long term.

Despite the differences both the projects have the same set of NPV and ARR values. It reflects that both the projects are expected to generate significant returns on their initial investment. It highlights the need to consider multiple financial metrics (Shahriar *et al.*, 2021). Then Project A would be a better choice for investment. On the other hand, the company may want to focus on lower initial investment costs over higher returns. In that case the company should choose project B. This analysis however does not take into consideration business goals, risk levels, and competitive advantages of the company. Hence this analysis helped to understand the need to evaluate both financial and nonfinancial metrics. This empowers the company to make informed decisions.

“Advantages and Shortcomings of PBP, ARR, and NPV Techniques”

Technique	Advantages	Shortcomings
PBP (Payback Period)	• Simple to calculate • Easy to understand • Provides a quick decision-making framework (Sinaga <i>et al.</i> 2023)	• Ignores time value of money • “Does not consider cash flows after payback period”
ARR (Accounting Rate of Return)	• Easy to calculate • Provides a measure of project profitability	• Ignores time value of money • Does not consider opportunity costs

		● Possibly influenced by accounting methods
NPV (“Net Present Value”)	● “Takes into account time value of money” ● Considers all cash flows over the project life	● “Requires accurate estimation of cash flows and discount rates” ● It can be complex to calculate

Non-Financial Factors

In the above section, the study emphasises on the importance of non-financial factors. One of the most important non-financial factors is strategic alignment. It is very important to consider if the project aligns with the overall goals of the company (Staehr and Uusküla, 2021). One also has to take into consideration “potential risks and uncertainties associated with the project”. Today it is equally important for a company to consider the potential environmental and social consequences. Stakeholders are the most important aspect of any project. Hence it is important to consider the interests and concerns of employees, customers, and suppliers. These factors along with financial factors improve the decision-making process.

Conclusion

JD Sports has a strong brand image. They have grown through acquisitions and mergers. The ratio analysis reflects that the company has better financial performance than ASOS PLC. They have higher profitability and liquidity. The analysis of both the projects reflect that both have positive NPV. However, project A has slightly higher viability. Overall, both the projects reflected similar returns on investment.

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Appendix: Financial statement

JD Sport

Income statement

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 1 February 2020

		52 weeks to 1 February 2020	52 weeks to 1 February 2020	52 weeks to 2 February 2019	52 weeks to 2 February 2019
	Note	£m	£m	£m	£m
Revenue			6,110.8		4,717.8
Cost of sales			(3,236.0)		(2,474.5)
Gross profit			2,874.8		2,243.3
Selling and distribution expenses			(2,020.2)		(1,632.9)
Administrative expenses – normal		(348.6)		(253.6)	
Administrative expenses – exceptional	4	(90.3)		(15.3)	
Administrative expenses			(438.9)		(268.9)
Other operating income			10.9		4.7
Operating profit before financing			426.6		346.2
Before exceptional items			516.9		361.5
Exceptional items	4		(90.3)		(15.3)
Financial income	7		1.7		1.2
Financial expenses	8		(79.8)		(7.5)
Profit before tax	3		348.5		339.9
Income tax expense	9		(97.8)		(75.7)
Profit for the period			250.7		264.2
Attributable to equity holders of the parent			246.1		261.8
Attributable to non-controlling interest	25		4.6		2.4
Basic earnings per ordinary share	10		25.29p		26.90p
Diluted earnings per ordinary share	10		25.29p		26.90p

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 30 January 2021

		52 weeks to 30 January 2021	52 weeks to 30 January 2021	52 weeks to 1 February 2020	52 weeks to 1 February 2020
	Note	£m	£m	£m	£m
Revenue			6,167.3		6,110.8
Cost of sales			(3,205.7)		(3,236.0)
Gross profit			2,961.6		2,874.8
Selling and distribution expenses			(2,126.4)		(2,020.2)
Administrative expenses – normal		(381.2)		(348.6)	
Administrative expenses – exceptional	4	(97.3)		(90.3)	
Administrative expenses			(478.5)		(438.9)
Sales commission			15.2		5.7
Other operating income			13.1		5.2
Operating profit before financing			385.0		426.6
Before exceptional items			482.3		516.9
Exceptional items	4		(97.3)		(90.3)
Financial income	7		1.5		1.7
Financial expenses	8		(62.5)		(79.8)
Net financial expense			(61.0)		(78.1)
Profit before tax	3		324.0		348.5
Income tax expense	9		(94.8)		(97.8)
Profit for the period			229.2		250.7
Attributable to equity holders of the parent			224.3		246.1
Attributable to non-controlling interest	25		4.9		4.6
Basic earnings per ordinary share	10		23.05p		25.29p
Diluted earnings per ordinary share	10		23.05p		25.29p

Consolidated Income Statement

For the 52 weeks ended 28 January 2023

	Note	52 weeks to 28 January 2023 £m	52 weeks to 29 January 2022 £m
Revenue		10,125.0	8,563.0
Cost of sales		(5,285.3)	(4,355.0)
Gross profit		4,839.7	4,208.0
Selling and distribution expenses		(3,315.6)	(2,808.1)
Administrative expenses – normal		(497.3)	(413.4)
Administrative expenses – adjusted items	4	(550.5)	(292.5)
Administrative expenses – total		(1,047.8)	(705.9)
Sales commission		6.5	10.6
Share of profit of equity-accounted investees		4.9	3.2
Other operating income		22.1	13.4
Operating profit before financing		509.8	721.2
Operating profit before financial and adjusted items		1,060.3	1,013.7
Financial income	7	8.4	1.4
Financial expenses	8	(77.3)	(67.9)
Net financial expense		(68.9)	(66.5)
Profit before tax and adjusted items		991.4	947.2
Adjusted items	4	(550.5)	(292.5)
Profit before tax	3	440.9	654.7
Income tax expense	9	(214.2)	(195.1)
Profit for the period		226.7	459.6
Attributable to equity holders of the parent		142.5	369.7
Attributable to non-controlling interest	27	84.2	89.9
Basic earnings per ordinary share	10	2.76p	7.17p
Diluted earnings per ordinary share	10	2.76p	7.17p

JD Sports

Balance sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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As at 1 February 2020

	Note	As at 1 February 2020 £m	As at 2 February 2019 £m
Assets			
Intangible assets	12	413.7	394.3
Property, plant and equipment	13	2,420.1	539.8
Other assets	15	47.9	79.1
Investment in associate		2.6	0.1
Total non-current assets		2,884.3	1,013.3
Inventories	16	811.8	763.8
Trade and other receivables	17	183.9	177.2
Cash and cash equivalents	18	465.9	251.2
Total current assets		1,461.6	1,192.2
Total assets		4,345.9	2,205.5
Liabilities			
Interest-bearing loans and borrowings	19	(20.4)	(63.8)
Lease Liabilities	14	(285.0)	-
Trade and other payables	21	(900.7)	(808.1)
Provisions	22	-	(1.3)
Income tax liabilities		(34.3)	(27.3)
Total current liabilities		(1,240.4)	(900.5)
Interest-bearing loans and borrowings	19	(15.6)	(62.2)
Lease Liabilities	14	(1,707.7)	-
Other payables	21	(80.5)	(153.8)
Provisions	22	-	(1.2)
Deferred tax liabilities	23	(12.5)	(11.0)
Total non-current liabilities		(1,816.3)	(228.2)
Total liabilities		(3,056.7)	(1,128.7)
Total assets less total liabilities		1,289.2	1,076.8
Capital and reserves			
Issued ordinary share capital	24	2.4	2.4
Share premium		11.7	11.7
Retained earnings		1,245.7	1,016.3
Other reserves		(40.6)	(21.6)
Total equity attributable to equity holders of the parent		1,219.2	1,008.8
Non-controlling interest	25	70.0	68.0
Total equity		1,289.2	1,076.8

These financial statements were approved by the Board of Directors on 7 July 2020 and were signed on its behalf by:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 January 2021

		As at 30 January 2021	As at 1 February 2020
	Note	Em	Em
Assets			
Intangible assets	12	819.7	413.7
Property, plant and equipment	13	2,316.4	2,420.1
Other assets	15	63.2	47.9
Investment in associates		2.7	2.6
Deferred tax assets	23	40.6	-
Total non-current assets		3,242.6	2,884.3
Inventories	16	813.7	811.8
Trade and other receivables	17	141.2	183.9
Cash and cash equivalents	18	964.4	465.9
Total current assets		1,919.3	1,461.6
Total assets		5,161.9	4,345.9
Liabilities			
Interest-bearing loans and borrowings	19	(120.9)	(20.4)
Lease liabilities	14	(301.8)	(285.0)
Trade and other payables	21	(1,102.0)	(900.7)
Provisions	22	(0.7)	-
Income tax liabilities		(29.5)	(34.3)
Total current liabilities		(1,554.9)	(1,240.4)
Interest-bearing loans and borrowings	19	(48.1)	(15.6)
Lease liabilities	14	(1,628.0)	(1,707.7)
Other payables	21	(374.4)	(80.5)
Provisions	22	(5.1)	-
Deferred tax liabilities	23	(55.0)	(12.5)
Total non-current liabilities		(2,110.6)	(1,816.3)
Total liabilities		(3,665.5)	(3,056.7)
Total assets less total liabilities		1,496.4	1,289.2
Capital and reserves			
Issued ordinary share capital	24	2.4	2.4
Share premium		11.7	11.7
Retained earnings		1,560.8	1,245.7
Other reserves		(336.2)	(40.6)
Total equity attributable to equity holders of the parent		1,238.7	1,219.2
Non-controlling interest	25	257.7	70.0
Total equity		1,496.4	1,289.2

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 28 January 2023

	Note	As at 28 January 2023 £m	As at 29 January 2022 £m
Assets			
Intangible assets	13	1,459.4	1,473.6
Property, plant and equipment	14	875.6	688.5
Right-of-use assets	15	2,137.0	2,032.6
Investments in associates and joint ventures	16	38.8	56.2
Other assets	17	56.9	57.0
Loans to associates and joint ventures	32	7.6	-
Forward contract asset		0.8	2.5
Deferred tax assets	25	12.9	81.7
Total non-current assets		4,589.0	4,392.1
Inventories	18	1,466.4	989.4
Right of return assets		15.2	12.5
Trade and other receivables	19	248.6	202.9
Income tax receivables		-	0.6
Assets held-for-sale	33	123.0	157.1
Cash and cash equivalents	20	1,582.5	1,314.0
Total current assets		3,435.7	2,676.5
Total assets		8,024.7	7,068.6
Liabilities			
Interest-bearing loans and borrowings	21	(75.2)	(72.6)
Lease liabilities	15	(423.8)	(379.0)
Trade and other payables	23	(1,471.2)	(1,279.5)
Liabilities directly associated with assets held-for-sale	33	(165.6)	(142.6)
Provisions	24	(9.7)	(13.2)
Income tax liabilities		(17.5)	-
Total current liabilities		(2,163.0)	(1,886.9)
Interest-bearing loans and borrowings	21	(38.0)	(55.5)
Lease liabilities	15	(1,915.4)	(1,863.9)
Other payables	23	(102.4)	(10.6)
Put and call option liabilities	23	(1,061.2)	(764.8)
Provisions	24	(21.1)	(19.9)
Deferred tax liabilities	25	(90.2)	(127.4)
Total non-current liabilities		(3,228.3)	(2,842.1)
Total liabilities		(5,391.3)	(4,729.0)
Total assets less total liabilities		2,633.4	2,339.6
Capital and reserves			
Issued ordinary share capital	26	2.5	2.5
Share premium	26	467.5	467.5
Retained earnings		2,011.4	1,910.6
Other reserves		(361.9)	(454.6)
Total equity attributable to equity holders of the parent		2,119.5	1,926.0
Non-controlling interest	27	513.9	413.6
Total equity		2,633.4	2,339.6

Income statement

Consolidated Statement of Total Comprehensive Income

For the year to 31 August 2020

	Note	Year to 31 August 2020 £m	Year to 31 August 2019 £m
Revenue	3	3,263.5	2,733.5
Cost of sales		(1,716.1)	(1,399.2)
Gross profit		1,547.4	1,334.3
Distribution expenses		(444.6)	(415.6)
Administrative expenses		(951.7)	(883.6)
Operating profit	4	151.1	35.1
Finance income	6	0.5	–
Finance expense	7	(9.5)	(2.0)
Profit before tax		142.1	33.1
Income tax expense	8	(28.8)	(8.5)
Profit for the year		113.3	24.6
Profit for the year attributable to owners of the parent company		113.3	24.6
Net translation movements offset in reserves		0.1	(0.8)
Net fair value loss on derivative financial instruments	19	(13.9)	(14.9)
Income tax relating to these items	8	2.9	2.8
Other comprehensive loss for the year¹		(10.9)	(12.9)
Total comprehensive income for the year attributable to owners of the parent company		102.4	11.7
Earnings per share attributable to the owners of the parent company during the year			
Basic per share	9	126.3p	29.4p
Diluted per share	9	125.6p	29.4p

Consolidated Statement of Total Comprehensive Income

For the year to 31 August 2021

	Note	Year to 31 August 2021 £m	Year to 31 August 2020 £m
Revenue	3	3,910.5	3,263.5
Cost of sales		(2,134.1)	(1,716.1)
Gross profit		1,776.4	1,547.4
Distribution expenses		(509.5)	(444.6)
Administrative expenses		(1,076.8)	(951.7)
Operating profit	4	190.1	151.1
Finance income	6	0.2	0.5
Finance expense	7	(13.2)	(9.5)
Profit before tax		177.1	142.1
Income tax expense	8	(48.7)	(28.8)
Profit for the year		128.4	113.3
Profit for the year attributable to owners of the parent company		128.4	113.3
Net translation movements offset in reserves		(0.5)	0.1
Net fair value gain/(loss) on derivative financial instruments	19	38.4	(13.9)
Income tax relating to these items	8	(8.1)	2.9
Other comprehensive income/(loss) for the year¹		29.8	(10.9)
Total comprehensive income for the year attributable to owners of the parent company²		158.2	102.4
Earnings per share attributable to the owners of the parent company during the year			
Basic per share	9	128.9p	126.3p
Diluted per share	9	125.5p	125.6p

Consolidated Income Statement

For the financial period 1 September 2022 to 3 September 2023

	Note	1 September 2022 to 3 September 2023			Year ended 31 August 2022		
		Adjusted £m	Adjusting items (Note 3) £m	Total £m	Adjusted £m	Adjusting items (Note 3) £m	Total £m
Revenue	4	3,538.0	11.5	3,549.5	3,936.5	–	3,936.5
Cost of sales		(1,974.6)	(115.9)	(2,090.5)	(2,219.0)	–	(2,219.0)
Gross profit		1,563.4	(104.4)	1,459.0	1,717.5	–	1,717.5
Distribution expenses		(429.7)	–	(429.7)	(523.7)	–	(523.7)
Administrative expenses		(1,164.7)	(115.1)	(1,279.8)	(1,170.3)	(53.9)	(1,224.2)
Other income		2.0	–	2.0	20.6	–	20.6
Operating (loss)/profit	6	(29.0)	(219.5)	(248.5)	44.1	(53.9)	(9.8)
Finance income	8	5.0	–	5.0	0.9	–	0.9
Finance expense	8	(46.3)	(6.9)	(53.2)	(23.0)	–	(23.0)
(Loss)/profit before tax		(70.3)	(226.4)	(296.7)	22.0	(53.9)	(31.9)
Income tax credit/(expense)	9	17.4	56.2	73.6	(5.3)	6.4	1.1
(Loss)/profit for the financial period		(52.9)	(170.2)	(223.1)	16.7	(47.5)	(30.8)
(Loss) per share		pence per share			pence per share		
Basic per share	10			(213.0)			(30.9)
Diluted per share	10			(213.0)			(30.9)

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Balance sheet

Consolidated Statement of Financial Position

As at 31 August 2020

	Note	At 31 August 2020 £m	At 31 August 2019 £m
Non-current assets			
Goodwill	10	1.1	1.1
Other intangible assets	11	346.9	325.1
Property, plant and equipment	12	616.8	296.0
Derivative financial asset	19	4.8	0.1
		969.6	622.3
Current assets			
Inventories		532.4	536.8
Trade and other receivables	13	60.3	72.8
Derivative financial asset	19	19.6	11.0
Cash and cash equivalents	14	407.5	–
Current tax asset		–	2.6
		1,019.8	623.2
Current liabilities			
Trade and other payables	15	(806.1)	(669.0)
Bank overdraft	14	–	(15.5)
Borrowings	14	–	(75.0)
Lease liabilities	16	(22.3)	–
Derivative financial liability	19	(25.4)	(12.7)
Current tax liability		(0.3)	–
		(854.1)	(772.2)
Net current assets/(liabilities)		165.7	(149.0)
Non-current liabilities			
Lease liabilities	16	(290.8)	–
Deferred tax liability	17	(11.4)	(12.6)
Derivative financial liability	19	(22.8)	(7.1)
		(325.0)	(19.7)
Net assets		810.3	453.6
Equity attributable to owners of the parent			
Called up share capital	18	3.5	2.9
Share premium		245.7	6.9
Employee Benefit Trust reserve		2.0	1.3
Hedging reserve		(15.8)	(4.8)
Translation reserve		(2.1)	(2.2)
Retained earnings		577.0	449.5
Total equity		810.3	453.6

Consolidated Statement of Financial Position

As at 31 August 2021

	Note	At 31 August 2021 £m	At 31 August 2020 £m
Non-current assets			
Goodwill	10	33.1	1.1
Other intangible assets	11	619.1	346.9
Property, plant and equipment	12	659.2	616.8
Derivative financial asset	19	13.4	4.8
		1,324.8	969.6
Current assets			
Inventories		807.1	532.4
Trade and other receivables	13	57.7	60.3
Derivative financial asset	19	23.5	19.6
Cash and cash equivalents	14	662.7	407.5
Current tax asset		8.7	-
		1,559.7	1,019.8
Current liabilities			
Trade and other payables	15	(956.1)	(769.8)
Borrowings	24	(3.8)	-
Lease liabilities	16	(23.9)	(22.3)
Derivative financial liability	19	(14.2)	(25.4)
Current tax liability		-	(0.3)
		(998.0)	(817.8)
Net current assets		561.7	202.0
Non-current liabilities			
Lease liabilities	16	(305.0)	(290.8)
Deferred tax liability	17	(41.3)	(11.4)
Provisions	25	(43.2)	(36.3)
Derivative financial liability	19	(3.6)	(22.8)
Borrowings	24	(459.4)	-
		(852.5)	(361.3)
Net assets		1,034.0	810.3
Equity attributable to owners of the parent			
Called up share capital	18	3.5	3.5
Share premium		245.7	245.7
Employee Benefit Trust reserve		2.1	2.0
Hedging reserve		14.3	(15.8)
Translation reserve		(2.4)	(2.1)
Equity portion of convertible debt		58.9	-
Retained earnings		711.9	577.0
Total equity		1,034.0	810.3

Consolidated Balance Sheet

As at 3 September 2023

	Note	3 September 2023 £m	31 August 2022 £m
Non-current assets			
Goodwill and other intangible assets	11	700.5	683.9
Property, plant and equipment	12	362.6	351.7
Right-of-use assets	13	295.2	380.3
Investment Properties	13	10.9	–
Derivative financial assets	24	4.1	27.0
Deferred tax assets	9	17.8	–
		1,391.1	1,442.9
Current assets			
Inventories	15	768.0	1,078.4
Trade and other receivables	16	81.4	88.2
Derivative financial assets	24	22.4	41.4
Cash and cash equivalents	17	353.3	323.0
Current tax assets		9.4	23.0
		1,234.5	1,554.0
Current liabilities			
Trade and other payables	18	(680.4)	(993.3)
Borrowings	19	(1.5)	(1.4)
Lease liabilities	13	(25.3)	(24.3)
Derivative financial liabilities	24	(6.0)	(21.0)
Provisions	20	(2.0)	–
		(715.2)	(1,040.0)
Net current assets		519.3	514.0
Non-current liabilities			
Borrowings	19	(671.3)	(474.5)
Lease liabilities	13	(303.7)	(355.8)
Deferred tax liabilities	9	–	(58.2)
Derivative financial liabilities	24	(0.5)	(11.6)
Provisions	20	(68.2)	(41.9)
		(1,043.7)	(942.0)
Net assets		866.7	1,014.9
Equity attributable to owners of the parent			
Called up share capital	21	4.2	3.5
Share premium	21	322.6	245.7
Other reserves	21	73.1	82.4
Retained earnings		466.8	683.3
Total equity		866.7	1,014.9