Company number: 02321869

ALDI STORES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED

31 DECEMBER 2016

ALDI STORES LIMITED

FINANCIAL STATEMENTS

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ALDI STORES LIMITED

COMPANY INFORMATION

Directors	M C Barnes G Hurley D Ronald
Secretary	K P Jansen
Registered office	Holly Lane Atherstone Warwickshire England CV9 2SQ
Independent auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham West Midlands B4 6GH
Registered number	02321869

STRATEGIC REPORT

The directors have pleasure in presenting their strategic report for the year ended 31 December 2016.

Business Review

As shown in the consolidated statement of comprehensive income on page 12, the group's turnover has increased by over £1bn (2015: £812m) representing an increase of over 13% (2015: 12%). The profit for the year after taxation amounted to £165m (2015: £162m).

The group invested cash of £459m (2015: £536m) in the acquisition of tangible fixed assets to improve and increase the group's store and distribution network resulting in the opening of 74 new stores (2015: 76) in the UK and Ireland during the year and the creation of significant employment opportunities. The average number of employees increased by over 2,000 during 2016.

The group made UK and Ireland corporation tax payments totalling £47m (2015: £48m) during the year, as shown in the consolidated statement of cash flows on page 17.

Principal Risks and Uncertainties

Competitive pressure in the United Kingdom and Ireland is a continuing risk for the group. The group manages this risk by continually looking to improve the quality and value of its products, to invest in its employees and to increase its number of stores to gain greater market share.

The group is subject to foreign currency exchange risk which impacts on purchases made in foreign currencies and translation of the Irish operation. The directors believe the current treasury management policy to be appropriate. Following the UK's decision to leave the European Union the group has established appropriate internal resource to consider and mitigate the effect of 'Brexit' on the group's operations and future financial performance.

The group is partly financed by long-term loans from group undertakings, which have a set repayment date. The directors believe that the group has the ability to meet the repayment obligations and service the finance costs.

Financial Key Performance Indicators

The consolidated statement of financial position on page 13 of the financial statements shows that the group's financial position at the year end has increased from last year's net assets total of £2,077m to £2,329m. The directors believe the group's strong financial position will help support future growth of the business.

As shown in the consolidated statement of cash flows on page 17, the group has generated net cash from operating activities of £509m (2015: £357m). The group's year end cash and cash equivalents balance has decreased to £90m (2015: £170m), primarily reflecting the group's investment in its store and distribution network and repayment of external loans which has reduced the group's external risk.

During the year the group has continued to make significant investment in expanding its business, opening new stores and extending and refurbishing a number of existing stores and preparing for further growth in the future.

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

M C BARNES
Director

G HURLEY
Director

D RONALD
Director

Date 30 March 2017

DIRECTORS' REPORT

Financial statements

The directors have pleasure in presenting their report and the financial statements for the year ended 31 December 2016.

Principal activity

The group's principal activity is the retailing of grocery products in the United Kingdom and Ireland.

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

Results and dividends

The profit for the year after taxation amounted to £165m (2015: £162m).

The directors do not recommend the payment of a final dividend. The profit for the year will be transferred to reserves.

Corporate Responsibility

For Aldi, Corporate Responsibility (CR) is all about doing the right thing for our customers, suppliers, employees, the environment and the communities we serve.

Internal and External Communications

- In 2016, we launched an international set of CR Principles to guide the work of each country in the Aldi South group. These Principles; Customers, Supply Chain, People, Community and Environment, provide a focus for the work that we do on a day to day basis and a structure to achieve our shared goals.
- We also re-launched our CR website, providing a more customer and employee-friendly style and content to share progress and achievements.

Health and nutrition

- We recognise the need to support customers in making healthier choices and are committed to making our products healthier, giving clear nutrition labelling, promoting fresh fruit and vegetables, and encouraging responsible drinking.
- Our weekly Super 6 offer has been promoting affordable fresh fruit and vegetables to our customers for over 10 years.
- We continue to work towards the UK 2017 salt reduction targets and have embedded these within our buying processes.
- We know that helping customers to reduce their sugar intake is a priority, particularly for children. We are supporting the UK Government's Childhood Obesity Strategy by reducing sugar across a range of our products, such as cereals, and provide a 'no added sugar' alternative for 100% of our children's soft drinks.
- As part of our Team GB Partnership, Aldi UK are supporting initiatives such as Get Set to Eat Fresh in schools and Homegrown Heroes to engage children in healthy eating and encourage physical activity.
- In the UK, we do not permit traditional confectionery at any of our checkouts and haven't done so since January 2015.
- We provide colour coded, traffic light nutritional labelling on the front of pack, to help customers identify healthy products and make informed purchasing decisions.
- In the UK we follow the Portman Guidelines for clear advertising and labelling of alcohol products, and the Responsible Retailing of Alcohol in Ireland (RRAI) guidelines in Ireland. All our stores abide by Challenge-25 and we actively support the 'Drinkaware' campaign across our own label portfolio to help foster a culture of responsible drinking in both the UK and Ireland.
- All our products are free from Genetically Modified ingredients and we do not permit the use of artificial trans fats or 'Southampton 6' colours in our own label products.

Ethical working conditions

- In 2016, for the third year running, suppliers voted Aldi as the fairest supermarket to do business with in the Groceries Code Adjudicator (GCA) Survey.
- We are committed to human rights and fair labour practices and require all of our business partners to adhere to our Social Standards, which are based on guidelines defined by the United Nations (UN) and International Labour Organisation (ILO). Our business partners are expected to apply these standards to all suppliers along the entire production process.
- Through our Social Monitoring Programme (SMP), we work together with our suppliers to monitor and ensure continuous improvement of working conditions at production facilities.
- Additional measures are required for high risk commodity groups as part of our SMP and we have established our Corporate Responsibility Unit Asia (CRUA) office to support the delivery of our goals.
- Our CRUA conducts Aldi Social Assessments with our suppliers at production facilities to monitor social compliance and assess conditions on the ground.
- We became a signatory to the Accord on Fire and Building Safety in Bangladesh in 2013 and have implemented our own additional Bangladesh Minimum Requirements, to mitigate the specific risks of sourcing from Bangladesh.
- In addition, our Aldi Factory Advancement Project in Bangladesh drives improvements in working conditions at production facilities through a dialogue-based approach between managers and workers. The project expanded in 2016, with a further 10 facilities joining.
- We are project sponsors of the Stronger Together initiative, which aims to equip businesses with the knowledge and resources to tackle the issues of labour exploitation and modern slavery in UK supply chains through workshops and educational materials.

Sustainable resources

- We aim to ensure the raw materials used in all of our products are sourced in a sustainable manner.
- As a member of the Roundtable for Sustainable Palm Oil (RSPO), we require 100% of palm oil in our own label food products to be from 100% RSPO certified sustainable sources. Our goal for own label non-food products is to move to 100% certified sustainable palm oil by the end of 2018.
- All our facial tissues, toilet paper, kitchen towels, sanitary range and nappies, as well as all customer publications, in-store posters and till receipts, are made using materials from responsibly managed forests certified by the Forestry Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). Our international goal is for all timber-based products and packaging material to be sourced from FSC or PEFC certified forests or consist of 100% recycled materials by the end of 2020.
- We are committed to sourcing our fish from responsible sources and we work with experts, such as the Sustainable Fisheries Partnership (SFP), to deliver this goal. SFP evaluate all of our wild-caught fish products against sustainability criteria to assign a red, amber or green rating. Our aim is to increase the amount of green-rated and independently certified fish we sell, and to avoid the use of red-rated species. We require all of our canned tuna to be caught using pole and line or methods that do not employ fish aggregating devices (FAD-free).
- We provide clear and transparent information to customers by labelling all our fish products with the common and scientific name, production method and catchment area for wild caught species or country of origin for farmed species.
- In 2016 we increased our range of Marine Stewardship Council (MSC) wild-caught fish products to 70% and were the first retailer to launch an MSC-certified own-label pet food.
- We do not permit microbeads in any of our own-label products and have made a commitment to move all our cotton buds from plastic stems to paper alternatives that are biodegradable by the end of 2017.
- As part of our commitment to championing Great British quality, 77% of our sales come from products that we have sourced from within the UK. We were the first retailer to sign the NFU Fruit and Veg pledge, a set of commitments designed to support British farmers. In 2016, more than 40% of the fresh fruit and vegetables we sold in the UK were British, making us a market leader.
- As part of our commitment to high standards of animal welfare, in the UK all of our everyday fresh primary beef, lamb, pork, chicken and milk is 100% British and certified to Red Tractor Assurance standards. We are also the second-largest retailer of RSPCA Assured products with all of our Specially Selected fresh primary chicken, primary pork, sausages and bacon certified to RSPCA Assured standards. In Ireland all our Butcher's Select range of meat and poultry is 100% Irish and Bord Bia certified.
- All our eggs in the UK are 100% British and Red Lion certified and in Ireland we are the only Irish retailer to sell 100% Bord Bia approved eggs. We have committed to sourcing all our shell eggs from cage free hens by 2025.
- We do not permit animal testing in any of our cosmetics, toiletries or household products or their ingredients.
- Since the end of 2016, 100% of our fresh bananas have been sourced from Fairtrade or Rainforest Alliance certified sources.
- Our international goal is to convert all cocoa used in our own label chocolates, biscuits and seasonal confectionery to certified sustainable sources by the end of 2020. We accept Rainforest Alliance, Utz and Fairtrade certification to achieve this goal. 2016 was the second year running that all our own-label Easter chocolate was certified to Fairtrade or Utz standards.
- We are committed to reducing the environmental impact of our products. In 2015, in cooperation with Greenpeace, Aldi signed the Detox Commitment to remove 11 priority chemicals from our supply chain for textiles and shoes by 1 January 2020. A Detox Summit was held in Shanghai in November 2016 to help our suppliers progress towards this goal, attended by 31 internal Aldi employees and 375 external attendees including suppliers, factories, test institutes and Greenpeace.

Energy and environment

- Our aim is to minimise our impact on the environment through a combination of people, process and technology.
- In 2016, we launched our waste strategy aimed at improving segregation, increasing charitable donations of surplus products and driving operational engagement. Since 2012, we have sent zero waste direct to landfill and we recycle 100% of our cardboard and plastic waste.
- We are a signatory to Courtauld 2025, a voluntary industry-wide initiative to reduce the environmental impact of food and drink waste across the supply chain.
- In 2016, we further developed our agreement with Company Shop, a business that works directly with our suppliers to redistribute food that would otherwise be wasted. Through Company and Community Shop outlets, these products are sold to members, often low-income individuals in disadvantaged areas, at affordable prices. In Community Shop outlets, this is supported with the provision of services such as basic skills training, mentorship programmes and general advice. Since the start of our partnership, 955 tonnes of waste have been removed from the supply chain.
- In 2016, Aldi donated 120 tonnes of food to FareShare, the equivalent of 285,386 meals for people in need. This was double the amount of food we donated in 2015.
- In Ireland, our partnership with FoodCloud to donate surplus food direct from stores to local charities has been rolled out to over 70 stores. By the end of 2016, Aldi Ireland achieved their pledge to donate the equivalent of 500,000 meals to local charities via FoodCloud.
- 100% of our UK stores run on green electricity.
- We continue to roll-out solar panels across our estate, and have installed them at over 250 stores and 8 Regional Distribution Centres in the UK.
- In 2016, we achieved recertification to ISO 50001, an internationally recognised standard for energy management.
- We also achieved reaccreditation to the Carbon Trust Standard, recognition for our industry leading approach to carbon management, and scored 91% - the highest score ever given to a retailer.
- In 2016 we won three independent environmental awards for our work on energy efficiency:
  - Efficient Energy Use at the Better Society Awards
  - Retailer of the Year award at the New Energy & Cleantech Awards
  - Gold Award for the Built Environment at the Green Apple Awards.

Our People

Our people are our focus. We strive to create a cooperative atmosphere where employees are able to learn together and from each other, fostering teamwork and creativity, and providing all employees with responsibility, personal development, appreciation and job security.

As of 31 December 2016, we employed over 31,000 employees in the UK and Ireland and we are committed to supporting our people in the following ways:

Remuneration

- We are proud to pay our employees higher than the living wage and on 1 February 2016, Aldi set a new market-leading rate of pay for our employees in the UK. All employees are paid at least £8.40 an hour, and £9.45 an hour in London. This rate was further increased on 1 February 2017 to £8.53 and the London rate increased to £9.75. The rate is higher than the hourly pay offered by all other British supermarkets. In Ireland on 1 February 2016, Aldi raised its minimum hourly rate of pay for all employees to €11.50. These rates exclude our apprenticeship scheme which is one of the most competitively paid retail schemes.

High quality, structured training to all employees

- In 2016, over 3,000 of our employees took part in our comprehensive leadership training programmes across all departments: Stores, Logistics, Administration and Corporate. A further 8,500 employees took part in our Structured Training programmes within Store Operations and Logistics, providing them with the specialist knowledge to perform their duties effectively.
- We introduced an updated performance review process to ensure that all employees get quality feedback and are able to openly discuss their personal development and career progression.

Employee engagement

- During 2016 we conducted our biggest Employee Engagement Survey, achieving an impressive and industry leading engagement score of 85%. The response rate was even better at 87%, and the feedback has been invaluable in assisting with our initiatives to drive engagement.
- We are now focusing on key areas including training, personal development and health and wellbeing to engage our employees even further.

Creating a culture of openness, transparency and diversity

- In 2016 we continued our partnerships with the English Institute of Sport, Career Transition Partnership and British Forces Resettlement Services to encourage the recruitment of individuals from a diverse range of backgrounds.
- Our Apprenticeship Programmes in Stores, Logistics and Administration train 700 young people across the UK. 2016 saw the introduction of the Driver Apprenticeship Programme which has been opened up to both internal and external employees so as to provide progression and engagement opportunities within the Logistics Department.
- We also run an Industrial Placement Programme for university students in their penultimate year to provide them with the opportunity to experience the retail sector prior to embarking on their final year of study and deciding on their career of choice.
- Career Progression for Store Operations and Logistics in the UK was launched in early 2016. This offered the opportunity for eligible Assistant Store Managers to apply to become a Store Manager, and Store Managers to become Area Managers. In total for Store Operations we received 194 applications and 85 candidates passed the Group Assessment stage.
- For Logistics, eligible Assistant Store Managers and Logistics Deputies were offered the opportunity to apply to become Section Leaders. A total of 69 applications were received and 16 passed the Group Assessment stage to go to final interviews.
- The launch of Career Progression within the UK has been received so well by employees that it will be launched to the Irish business in 2017.

Employee welfare

- We continue to offer our Employee Assistance Programme to provide greater support to staff. In 2016 the service provided confidential advice and support to over 400 employees.
- Each region is signed up to Occupational Health service providers to ensure employees who are seriously unwell or off work for long periods receive the support they need.

Community

- For Aldi, being a responsible business means making a positive contribution to the community by applying our skills and resources beyond our core business operations so that the business can deliver sustainable societal impacts. To make a more positive change we engage in long term partnerships with charitable organisations and focus on key issues and target groups.
- In 2016, we introduced the Teenage Cancer Trust as our new UK lead charity partner internally. The partnership aims to raise £5 million over 5 years and will focus on seeking ways to engage both employees and customers.
- Aldi UK and Ireland Charity of the Year Partners in 2016 were Barnardo's, Farm Africa, the RSPB, Saint Vincent de Paul (Ireland), Foróige (Ireland) and the Irish Cancer Society (Ireland).
- Throughout 2016 Aldi ran a Community Grants programme for all our stores and offices in Ireland and Corporate Office employees in the UK. This programme only supports small local charities and, through it, Aldi donated £20,000 in the UK and €75,000 in Ireland.
- Aldi UK and Ireland donated a total of £3.85m (2015: £1.57m) to charitable organisations in 2016.
- During 2016, our UK partnership with the RSPB has enabled over 95,000 children to take part in our 'Giving Nature a Home in Schools' programme, representing over 1,000 sessions in over 500 schools.
- During 2016 Aldi agreed a three year partnership with the charity Farm Africa. Over the three years we will donate £260,000 to fund a project which will improve the lives of more than 360 young people and their farming communities in Kitale, Western Kenya.
- In 2016, Aldi UK supported Barnardo's by sponsoring their flagship event, the 'Big Toddle', and through sales of our luxury Christmas cards and DIY bauble kits.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 23. The average monthly number of people employed by the group in the year to 31 December 2016 was 30,116 (2015: 27,963).

The group is committed to the development of its team members as it recognises that they are its most valuable asset. This commitment continued to be acknowledged in 2016 by being placed 2nd in the Times Top 100 Graduate Employer for the second year running.

The group recognises the importance of regular communication and working relationships, and the group's policy is to keep all employees informed upon matters relating to their employment.

The group is an equal opportunities employer and offers equal treatment and equal opportunities to all employees and job applicants.

Compliance Programmes

Groceries Supply Code of Practice

The Groceries Supply Code of Practice (GSCOP) came into force in the United Kingdom on 4 February 2010. It applies to all retailers with grocery sales over £1 billion and requires them to submit an annual report to the Office of Fair Trading and the Groceries Code Adjudicator (GCA).

Our annual report will be submitted in April 2017 covering the period 1 January 2016 to 31 December 2016. During this time no disputes were raised by our suppliers.

The GCA was formally established in June 2013 and regular meetings between the Adjudicator and Aldi are already in place to ensure our continued compliance with the Code. The GCA has established an annual survey of suppliers to identify retailers' GSCOP compliance. Aldi have been rated as the most Code compliant retailer for the 2014, 2015 and 2016 surveys.

Aldi included the GSCOP summary on its website during 2013; this summary is updated annually. The contact details of the Code Compliance Officer (CCO) are on the Aldi website and have also been passed to the GCA for inclusion on their official website.

All new suppliers are informed of the existence of the Adjudicator and annual refresher training was carried out for employees with GSCOP responsibilities. New starters to the business with buying responsibilities are trained on the Code in accordance with the deadlines contained within it.

Supply Chain Initiative

Aldi signed up to the Supply Chain Initiative (SCI) in January 2014. The SCI is a joint initiative launched by the European Union with the aim of promoting fair business practices in the food supply chain as a basis for commercial dealings. The SCI also aims to ensure that companies address disputes in a fair and transparent manner.

Initial training on the SCI was provided in 2014 and refresher training is provided to all existing employees on an annual basis. New starters to the business with buying responsibilities are trained on the SCI as part of their induction process.

Competition and Consumer Protection Bill

The Competition and Consumer Protection Bill was enacted in Ireland in October 2014 and signed into law in January 2016, becoming effective 30 April 2016.

Competition and Consumer Protection Bill (continued)

Initial training on the Competition and Consumer Protection Bill, now referred to as the Irish Regulations was carried out for all relevant employees in accordance with the relevant deadlines and refresher training will be provided on an annual basis. All new starters will also be provided with training as they join the business.

Our initial annual report for 2016 will be provided to the Competition and Consumer Protection Commission (CCPC) in March 2017. A meeting has taken place with the CCPC and Aldi will continue to liaise with the CCPC and all other relevant authorities to ensure our compliance with this new legislation.

Directors

The directors who have held office during the year and up to the date of this report are listed on page 1.

J Hutcheson and A G Baines are alternate directors to the directors.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

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

M C BARNES
Director

G HURLEY
Director

D RONALD
Director

Date: 30 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALDI STORES LIMITED

We have audited the financial statements of Aldi Stores Limited for the year ended 31 December 2016, set out on pages 12 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ALDI STORES LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
West Midlands
B4 6GH

Date: 30 MARCH 2017

ALDI STORES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	31 December 2016 £000	31 December 2015 £000
Turnover	2	**8,744,385**	7,705,140
Cost of sales		**(8,419,898)**	(7,355,397)
Gross profit		**324,487**	349,743
Administrative expenses		**(113,212)**	(94,156)
Operating profit		**211,275**	255,587
(Loss)/profit on disposal of fixed assets		**(3,244)**	404
Profit on ordinary activities before interest		**208,031**	255,991
Net interest receivable/(payable) and similar income/(charges)	4	**6,764**	(43,370)
Profit on ordinary activities before taxation	5	**214,795**	212,621
Taxation on profit on ordinary activities	6	**(49,371)**	(50,635)
Profit for the financial year		**165,424**	161,986
Other comprehensive income			
Currency translation differences		**86,694**	(37,849)
Total comprehensive income for the financial year		**252,118**	124,137

Continuing operations

All amounts relate to continuing operations.

The notes on pages 18 to 37 form part of the financial statements.

ALDI STORES LIMITED

Registered number: 02321869
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	£000	31 December 2016 £000	£000	31 December 2015 £000
Fixed assets					
Intangible assets	7(a)		**6,873**		2,750
Tangible assets	8(a)		**3,245,522**		2,856,669
			3,252,395		2,859,419
Current assets					
Inventories	10	**297,505**		220,296	
Debtors	11	**338,879**		228,736	
Investments	12	**-**		9,110	
Cash at bank and in hand		**92,330**		161,377	
		728,714		619,519	
Creditors: amounts falling due within one year	13	**(1,218,893)**		(1,387,741)	
Net current liabilities			**(490,179)**		(768,222)
Total assets less current liabilities			**2,762,216**		2,091,197
Creditors: amounts falling due after more than one year	14		**(415,069)**		(134)
Provisions for liabilities	15(a)		**(18,291)**		(14,325)
Net assets			**2,328,856**		2,076,738
Capital and reserves					
Called up share capital	16		**1,061,429**		1,061,429
Redenomination reserve			**428**		428
Capital reserve			**130,247**		130,247
Retained earnings			**1,136,752**		884,634
Shareholder's funds			**2,328,856**		2,076,738

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C BARNES
Director

G HURLEY
Director

D RONALD
Director

Date: 30 March 2017

The notes on pages 18 to 37 form part of the financial statements.

ALDI STORES LIMITED

Registered number: 02321869
COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	£000	31 December 2016 £000	£000	31 December 2015 £000
Fixed assets					
Intangible assets	7(b)		**6,100**		2,244
Tangible assets	8(b)		**2,675,984**		2,142,843
Investments	9		**385,785**		387,453
			3,067,869		2,532,540
Current assets					
Inventories	10	**243,228**		182,214	
Debtors	11	**242,647**		267,622	
Cash at bank and in hand		**73,800**		133,120	
		559,675		582,956	
Creditors: amounts falling due within one year	13	**(1,031,189)**		(1,058,254)	
Net current liabilities			**(471,514)**		(475,298)
Total assets less current liabilities			**2,596,355**		2,057,242
Creditors: amounts falling due after more than one year	14		**(415,069)**		(134)
Provisions for liabilities	15(b)		**(15,201)**		(12,290)
Net assets			**2,166,085**		2,044,818
Capital and reserves					
Called up share capital	16		**1,061,429**		1,061,429
Redenomination reserve			**428**		428
Capital reserve			**130,247**		130,247
Retained earnings			**973,981**		852,714
Shareholder's funds			**2,166,085**		2,044,818

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent company has not been presented. The parent company's profit for the financial year is £121.267m (2015: £283.871m).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C BARNES
Director

G HURLEY
Director

D RONALD
Director

Date: 30 March 2017

The notes on pages 18 to 37 form part of the financial statements.

ALDI STORES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2016

	Called up share capital £000	Redenomination reserve £000	Capital reserve £000	Retained earnings £000	Total £000
At 1 January 2015	1,061,429	428	130,247	760,497	1,952,601
Profit for the year	-	-	-	161,986	161,986
Other comprehensive income for the year	-	-	-	(37,849)	(37,849)
Total comprehensive income for the year	-	-	-	124,137	124,137
At 31 December 2015	**1,061,429**	**428**	**130,247**	**884,634**	**2,076,738**
Profit for the year	-	-	-	165,424	165,424
Other comprehensive income for the year	-	-	-	86,694	86,694
Total comprehensive income for the year	-	-	-	252,118	252,118
At 31 December 2016	**1,061,429**	**428**	**130,247**	**1,136,752**	**2,328,856**

The capital reserve represents gifted unconditional funding contributions from the company's equity shareholder, which do not confer the right of repayment. The reserve is distributable.

Retained earnings represents accumulated comprehensive income for the year and prior years.

Retained earnings includes £73.312m net gains (2015: £13.382m net losses) of accumulated currency translation differences which are non-distributable.

The notes on pages 18 to 37 form part of the financial statements.

ALDI STORES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

At 31 December 2016

	Called up share capital £000	Redenomination reserve £000	Capital reserve £000	Retained earnings £000	Total £000
At 1 January 2015	1,061,429	428	130,247	568,843	1,760,947
Profit for the year	-	-	-	283,871	283,871
Total comprehensive income for the year	-	-	-	283,871	283,871
At 31 December 2015	**1,061,429**	**428**	**130,247**	**852,714**	**2,044,818**
Profit for the year	-	-	-	121,267	121,267
Total comprehensive income for the year	-	-	-	121,267	121,267
At 31 December 2016	**1,061,429**	**428**	**130,247**	**973,981**	**2,166,085**

The capital reserve represents gifted unconditional funding contributions from the company's equity shareholder, which do not confer the right of repayment. The reserve is distributable.

Retained earnings represents accumulated comprehensive income for the year and prior years.

The notes on pages 18 to 37 form part of the financial statements.

ALDI STORES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	£000	31 December 2016 £000	£000	31 December 2015 £000
Net cash from operating activities	18		**508,639**		357,001
Taxation paid			**(46,962)**		(47,773)
Net cash generated from operating activities			**461,677**		309,228
Cash flows from investing activities					
Interest received		**1,234**		511	
Purchase of intangible fixed assets		**(7,864)**		(2,949)	
Purchase of tangible fixed assets		**(459,224)**		(536,242)	
Proceeds from disposal of tangible fixed assets		**11,636**		4,106	
Net cash used in investing activities			**(454,218)**		(534,574)
Cash flows from financing activities					
Interest paid		**(14,301)**		(15,051)	
Other finance charges		**(45,782)**		-	
Net payments to group undertakings		**(218,275)**		(35,327)	
Loan advances from group undertakings		**415,000**		-	
Repayment of loans		**(227,530)**		(4,855)	
Net cash used in financing activities			**(90,888)**		(55,233)
Net decrease in cash and cash equivalents			**(83,429)**		(280,579)
Cash and cash equivalents at the beginning of the year			**170,487**		452,972
Foreign exchange gains/(losses) on cash and cash equivalents			**2,541**		(1,906)
Cash and cash equivalents at the end of the year			**89,599**		170,487
Cash and cash equivalents consist of:					
Cash at bank and in hand			**92,330**		161,377
Short term deposits (included in current asset investments)			**-**		9,110
Bank overdrafts			**(2,731)**		-
Cash and cash equivalents			**89,599**		170,487

The notes on pages 18 to 37 form part of the financial statements.

NOTES RELATING TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 Company information

Aldi Stores Limited is a private company limited by shares, incorporated and registered in England, United Kingdom. The address of its registered office is disclosed on page 1.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and individual financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis, modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand.

Basis of consolidation

The consolidated financial statements incorporate the company and its subsidiary undertakings at 31 December 2016 using the acquisition method of accounting. The results of the subsidiary undertakings are included from the date at which they became subsidiaries and all intra-group transactions, balances, income, expenses, profits and losses are eliminated on consolidation.

All acquisitions are accounted for using the acquisition method of accounting.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate based on the preparation of cash flow forecasts for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As a result, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Exemptions

The company has taken advantage of the exemption under FRS 102 (paragraph 1.12) from preparing a statement of cash flows on the grounds the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

The company is a qualifying entity and has also taken advantage of the financial instrument and key management personnel compensation disclosure exemptions conferred by FRS 102 (paragraph 1.12), as the information is provided in the consolidated financial statement disclosures.

Turnover

Turnover is wholly attributable to activities undertaken in the United Kingdom and Ireland and represents amounts receivable (excluding value added tax and trade discounts) for goods supplied in the period. Revenue on retail store sales of goods is recognised when goods are sold to the customer and title has passed. An analysis of turnover by geographical and segmental market or class of business has not been disclosed in these financial statements as the directors consider this would be prejudicial to the group's interests.

2 Accounting policies (continued)

Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation and any recognised impairment in value.

Amortisation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives using the following rates or bases:

Software	3 - 4 years

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any recognised impairment in value.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives using the following rates or bases:

Freehold and long leasehold buildings		15 - 40 years
Additions and improvements to buildings		8 - 15 years
Equipment, fixtures and fittings		3 - 15 years
Motor vehicles	– vehicles and trailers	3 - 8 years or mileage
	– cars	Mileage

Leasehold buildings are depreciated on a straight line basis over 33 years or, if shorter, the period of the lease. Freehold and long leasehold land are not depreciated.

Expenditure on new buildings is included in capital work in progress until the buildings achieve practical completion at which point they are transferred to the appropriate fixed asset category and depreciated accordingly.

Impairment of tangible and intangible assets

At each period end date, the group considers whether there is any indication that its tangible and intangible assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of net realisable value and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets/net liabilities of the acquired subsidiary, joint venture or associate at the date of acquisition. At the acquisition date of a subsidiary, goodwill acquired is recognised as an asset and amortised on a straight line basis over its useful economic life up to a presumed maximum of 10 years where the group is unable to make a reliable estimate of useful economic life. Any subsequent adjustments to the acquisition price, not recognised in prior periods are included within additions, when the obligation arises. Goodwill generated from the group's acquisition of subsidiary undertakings was written off over a period to match the useful economic life of the assets acquired with these entities.

2 Accounting policies (continued)

Goodwill (continued)

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events and changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories held for resale are valued by reference to their retail value less the appropriate margins. Inventories held for the group's own use are valued by reference to their original cost.

Fixed asset investments

Investments are stated at cost less provisions for any diminution in value.

Operating lease charges

Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items.

Full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing difference is expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Sterling using the closing rate.

Exchange differences arising in the ordinary course of business are included in arriving at the operating result.

The results of the Irish subsidiary enterprises are translated into Sterling at the average rates of exchange for the year except for material exceptional items which are translated at the rate ruling on the date of transaction. The assets and liabilities of the Irish subsidiary enterprises are translated into Sterling at the closing exchange rate.

The exchange differences arising on the retranslation of the opening net assets of the Irish subsidiary enterprises and from the translation of profits or losses at average rates are recognised in other comprehensive income.

2 Accounting policies (continued)

Financial instruments

The group has adopted sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank and other loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value of derivatives is calculated by reference to current derivative instrument contracts with similar maturity profiles. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate. Derivatives are carried as an asset when the fair value is positive and as liabilities when the fair value is negative.

Pensions

The group contributed to defined contribution group pension schemes during the year. The assets of the schemes are held separately from those of the group in independently administered funds.

Pension contributions are charged to the statement of comprehensive income in the period to which they relate.

Cash

Cash in the statement of financial position consists of cash at bank, in hand and on-demand deposits with banks.

2 Accounting policies (continued)

Cash equivalents

Cash equivalents include short term highly liquid investments with original maturities of three months or less which are readily convertible into known amounts of cash close to their carrying value. Cash equivalents are included as current asset investments in the statement of financial position and are stated at the lower of cost and net realisable value.

Cash pooling

The group is part of a cash pooling arrangement with other fellow subsidiary treasury companies within the Hofer KG group. Under this arrangement certain of the group's cash balances are pooled to the central treasury companies as part of the group's day-to-day cash management strategy. Cash is deposited in the pool for terms which are variable and depend on the group's expected future working capital requirements. Balances deposited in the cash pool are classified as amounts owed by group undertakings. Balances borrowed from the cash pool are classified as amounts owed to group undertakings. Interest receivable and payable on balances held with the cash pool are recognised in the statement of comprehensive income in the period to which they relate.

Provisions

Provisions are recognised when the group has a present obligation as a result of past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Critical accounting judgements and estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. These are continually evaluated and are based on historical experience and reasonable expectations of future events. The items in the financial statements where judgements and estimates have been made include:

Useful economic lives of tangible fixed assets

The useful economic lives and residual values of tangible fixed assets are estimated based on economic utilisation and physical condition of the assets and are amended when necessary resulting in changes to the annual depreciation charge. The directors consider that the useful economic lives and residual values are appropriate.

Impairment of tangible and intangible fixed assets

The group considers whether tangible and intangible fixed assets are impaired. Where an indication of impairment is identified the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset (or cash-generating unit). The value in use calculation is based on a discounted cash flow model. The amount and timing of the cash flows and the discount rate used in the model require management's judgement.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

3 Employees and directors

a) Group

	31 December 2016 £000	31 December 2015 £000
Total remuneration, including directors, was:		
Wages and salaries	**637,678**	540,567
Social security costs	**56,177**	46,278
Pension costs	**13,210**	9,839
	707,065	596,684

The average monthly number of employees, including part-time staff and directors was 30,116 (2015: 27,963).

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in separately administered funds. Contributions payable by the group to the schemes during the year amounted to £12.310m (2015: £10.050m).

b) Company

	31 December 2016 £000	31 December 2015 £000
Total remuneration, including directors, was:		
Wages and salaries	**552,353**	470,069
Social security costs	**47,059**	38,792
Pension costs	**11,603**	9,177
	611,015	518,038

The average monthly number of employees, including part-time staff and directors was 26,934 (2015: 24,853).

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a separately administered fund. Contributions payable by the company to the scheme during the year amounted to £10.778m (2015: £8.857m).

Directors' remuneration	31 December 2016 £000	31 December 2015 £000
Aggregate emoluments	**3,760**	2,739
Company contributions to defined contribution pension schemes	**170**	145
	3,930	2,884

Retirement benefits were accruing to three directors under a defined contribution pension scheme (2015: three) and an early retirement scheme.

3 Employees and directors (continued)

Highest paid director	31 December 2016 £000	31 December 2015 £000
Aggregate emoluments	**1,887**	1,600
Company contributions to defined contribution pension schemes	**12**	42
	1,899	1,642

Key management personnel

Key management include the directors and members of senior management. Total compensation payable to key management for employee services is £12.306m (2015: £10.958m).

4 Net interest receivable/(payable) and similar income/(charges)

	31 December 2016 £000	31 December 2015 £000
a) Interest receivable and similar income		
Bank interest receivable	**94**	367
Interest receivable from group undertakings	**1,140**	144
Total interest income on financial assets not measured at fair value through profit or loss	**1,234**	511
Gains on derivative financial instruments	**18,054**	17,680
Total interest receivable and similar income	**19,288**	18,191

	31 December 2016 £000	31 December 2015 £000
b) Interest payable and similar charges		
Bank loan interest payable	**(785)**	(8,781)
Other loan interest payable	**(340)**	(6,071)
Other finance charges	**-**	(45,783)
Interest payable to group undertakings	**(11,289)**	(926)
Other interest payable	**(110)**	-
Total interest expense on financial liabilities not measured at fair value through profit or loss	**(12,524)**	(61,561)
Total interest payable and similar charges	**(12,524)**	(61,561)

4 Net interest receivable/(payable) and similar income/(charges) (continued)

	31 December 2016 £000	31 December 2015 £000
c) Net interest receivable/(payable) and similar income/(charges)		
Interest receivable and similar income	**19,288**	18,191
Interest payable and similar charges	**(12,524)**	(61,561)
	6,764	(43,370)

5 Profit on ordinary activities before taxation

	31 December 2016 £000	31 December 2015 £000
This is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the parent company and the group's consolidated financial statements	**224**	219
Fees payable to the company's auditor and its associates for other services:		
Audit of the company's subsidiaries	**45**	46
Other assurance and advisory fees	**293**	-
Inventory recognised as an expense	**6,625,052**	5,836,256
Depreciation	**146,188**	123,824
Amortisation	**3,831**	1,100
Goodwill impairment	**-**	5,904
Impairment of tangible assets (included in '(Loss)/profit on disposal of fixed assets')	**5,199**	2,584
Tangible fixed assets impairment reversal (included in '(Loss)/profit on disposal of fixed assets')	**(6,786)**	(6,724)
Operating lease charges	**68,818**	59,856
Foreign exchange loss/(gain)	**21,133**	(4,961)

The tangible asset impairment charge and reversal have been recognised based on changes in the independent external valuation of the group's individual property assets at 31 December 2016 compared to previous valuations. The impairment reversal partially reverses impairment losses previously recognised.

The amount of foreign exchange differences arising during the year and classified in equity at 31 December 2016 is a gain of £65.561m (2015: £32.888m loss).

6 Taxation on profit on ordinary activities

a) Analysis of charge for the year

	31 December 2016 £000	31 December 2015 £000
Current tax		
UK Corporation tax at 20% (2015: 20%)	**38,608**	39,700
Overseas tax	**8,257**	7,228
UK Corporation tax adjustments in respect of previous periods	**(2,211)**	(3,320)
Overseas tax adjustments in respect of previous periods	**(20)**	(170)
	44,634	43,438
Deferred tax		
Origination and reversal of timing differences	**4,737**	7,197
Taxation on profit on ordinary activities (note 6(b))	**49,371**	50,635

b) Factors affecting the tax charge for the year

The tax assessed differs from that arrived at by applying the standard rate of corporation tax in the UK: 20% (2015: 20%). The differences are explained below:

	31 December 2016 £000	31 December 2015 £000
Profit on ordinary activities before taxation	**214,795**	212,621
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	**42,959**	42,524
Effects of:		
Ineligible depreciation	**12,596**	10,946
Expenses not deductible for tax purposes	**1,261**	4,819
Other timing differences reversing	**(691)**	(41)
Adjustments to tax charge in respect of previous periods	**(2,231)**	(3,490)
Loss/(profit) on disposal of fixed assets	**654**	(41)
Adjustment to tax rate in period	**-**	483
Effects of overseas tax rates	**(5,177)**	(4,565)
Tax charge for year (note 6(a))	**49,371**	50,635

The (loss)/profit on the sale of fixed assets is separately disclosed on the face of the statement of comprehensive income and its effect on the tax charge is shown in the reconciliation above, within loss/(profit) on disposal of fixed assets.

6 Taxation on profit on ordinary activities (continued)

c) Factors that may affect future tax

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's and group's future current tax charge accordingly.

The group has capital losses of £163.588m (2015: £158.994m) available indefinitely for carry forward against future capital profits. A deferred tax asset of £27.810m (2015: £28.619m) relating to the capital losses has not been recognised due to uncertainty over whether sufficient profits against which these losses could be offset will be generated in the foreseeable future.

7 Intangible fixed assets

a) Group

	Software £000	Goodwill £000	Total £000
Cost			
At 1 January 2016	4,496	8,254	12,750
Additions	7,864	-	7,864
Disposals	(93)	(8,254)	(8,347)
Exchange differences	117	-	117
At 31 December 2016	**12,384**	**-**	**12,384**
Amortisation			
At 1 January 2016	1,746	8,254	10,000
Charge for the year	3,831	-	3,831
Disposals	(93)	(8,254)	(8,347)
Exchange differences	27	-	27
At 31 December 2016	**5,511**	**-**	**5,511**
Net book value			
At 31 December 2016	**6,873**	**-**	**6,873**
At 31 December 2015	2,750	-	2,750

7 Intangible fixed assets (continued)

b) Company

	Software £000
Cost	
At 1 January 2016	3,845
Additions	7,319
Disposals	(93)
At 31 December 2016	**11,071**
Amortisation	
At 1 January 2016	1,601
Charge for the year	3,463
Disposals	(93)
At 31 December 2016	**4,971**
Net book value	
At 31 December 2016	**6,100**
At 31 December 2015	2,244

8 Tangible fixed assets

a) Group

	Land and buildings £000	Capital work in progress £000	Equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2016	3,118,315	135,510	366,232	34,913	3,654,970
Additions	178,592	197,768	68,492	10,975	455,827
Disposals	(27,557)	(346)	(23,370)	(962)	(52,235)
Reclassifications	222,263	(222,263)	-	-	-
Exchange differences	106,090	1,298	12,456	28	119,872
At 31 December 2016	**3,597,703**	**111,967**	**423,810**	**44,954**	**4,178,434**
Depreciation					
At 1 January 2016	573,457	-	212,777	12,067	798,301
Charge for the year	78,789	-	61,364	6,035	146,188
Disposals	(12,011)	-	(22,885)	(873)	(35,769)
Exchange differences	17,269	-	8,482	28	25,779
Provision for impairments	(1,587)	-	-	-	(1,587)
At 31 December 2016	**655,917**	**-**	**259,738**	**17,257**	**932,912**
Net book value					
At 31 December 2016	**2,941,786**	**111,967**	**164,072**	**27,697**	**3,245,522**
At 31 December 2015	2,544,858	135,510	153,455	22,846	2,856,669

Included within the cost of land and buildings are amounts relating to freehold land and long leasehold land of £1,377.049m and £99.284m (31 December 2015: £1,243.169m and £91.892m) respectively. Freehold and long leasehold land are not depreciated.

The net book value of land and buildings consists of freehold property, long leasehold property and short leasehold property of £2,718.026m, £170.554m and £53.206m (31 December 2015: £2,348.464m, £155.193m and £41.201m) respectively.

The net book value at 31 December 2015 included impairment provisions against land and buildings of £41.742m. During the year £6.786m of this provision was released, due to the properties against which the provisions were made having been sold or which would have been adjusted for in an earlier period if more accurate information had been available. The provisions have also been subject to exchange rate movements of £3.841m. Further impairment provisions of £5.199m have been made and the cumulative amount of the provision at December 2016 is £43.996m (31 December 2015: £41.742m) based on independent external valuations.

8 Tangible fixed assets (continued)

b) Company

	Land and buildings £000	Capital work in progress £000	Equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2016	2,292,305	128,329	297,359	34,757	2,752,750
Additions	409,836	184,851	59,900	10,975	665,562
Disposals	(25,898)	(346)	(20,883)	(962)	(48,089)
Reclassifications	206,640	(206,640)	-	-	-
At 31 December 2016	**2,882,883**	**106,194**	**336,376**	**44,770**	**3,370,223**
Depreciation					
At 1 January 2016	432,113	-	165,883	11,911	609,907
Charge for the year	62,925	-	51,606	6,035	120,566
Disposals	(11,797)	-	(20,412)	(873)	(33,082)
Provision for impairments	(3,152)	-	-	-	(3,152)
At 31 December 2016	**480,089**	**-**	**197,077**	**17,073**	**694,239**
Net book value					
At 31 December 2016	**2,402,794**	**106,194**	**139,299**	**27,697**	**2,675,984**
At 31 December 2015	1,860,192	128,329	131,476	22,846	2,142,843

Included within the cost of land and buildings are amounts relating to freehold land and long leasehold land of £1,113.034m and £78.440m (31 December 2015: £882.610m and £62.756m) respectively. Freehold and long leasehold land are not depreciated.

The net book value of land and buildings consists of freehold property, long leasehold property and short leasehold property of £2,220.746m, £137.021m and £45.027m (31 December 2015: £1,714.351m, £112.085m and £33.756m) respectively.

The net book value at 31 December 2015 included impairment provisions against land and buildings of £18.367m. During the year £3.960m of this provision was released, due to the properties against which the provisions were made having been sold or which would have been adjusted for in an earlier period if more accurate information had been available. Further impairment provisions of £0.808m were made and the cumulative amount of the provision at 31 December 2016 is £15.215m (31 December 2015: £18.367m) based on independent external valuations.

9 Fixed asset investments

Company

	Investment in capital in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
Cost			
At 1 January 2016	387,434	1,667	389,101
Disposals	(1,625)	(1,667)	(3,292)
At 31 December 2016	**385,809**	**-**	**385,809**
Provision for diminution in value			
At 1 January 2016	1,648	-	1,648
Disposals	(1,624)	-	(1,624)
31 December 2016	**24**	**-**	**24**
Net book value			
At 31 December 2016	**385,785**	**-**	**385,785**
At 31 December 2015	385,786	1,667	387,453

The principal subsidiaries of the company are as follows:

	Principal activity	Class of shares	% holding	Country of registration
Aldi Stores (Ireland) Limited	Grocery retail	Ordinary	100%	Ireland[4]
Aldi Stores (Ireland) Developments Limited	Property development	Ordinary	100%[1]	Ireland[4]
Aldi Stores (Ireland) Retirement Benefits Trustee Company Limited	Dormant	Ordinary	100%[1,2]	Ireland[4]
Aldi Limited	Dormant	Ordinary	100%[3]	England and Wales[5]
Aldi Beta Limited	Non-trading	Ordinary	100%[6]	England and Wales[7]
Aldi Omega Limited	Non-trading	Ordinary	100%[6]	England and Wales[7]

1 Investment is held through a subsidiary company
2 Subsidiary has claimed exemption from audit under section 365 of Irish Companies Act 2014
3 Subsidiary has claimed exemption from audit under section 480 of Companies Act 2006
4 Registered office: 67-68 Fitzwilliam Square, Dublin 2, Ireland
5 Registered office: Holly Lane, Atherstone, Warwickshire CV9 2SQ
6 In liquidation
7 Registered office: Sky View, Argosy Road, Castle Donington, Derbyshire DE74 2SA

All of the above subsidiaries are included in the consolidation.

10 Inventories

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Goods for resale	**295,150**	219,635	**241,215**	181,668
Goods for own use	**2,355**	661	**2,013**	546
	297,505	220,296	**243,228**	182,214

11 Debtors

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Other receivables	**26,074**	33,576	**23,319**	31,274
Amounts owed by group undertakings	**258,759**	163,124	**166,336**	202,651
Derivative financial instruments	**33,040**	14,986	**33,040**	14,986
Prepayments and accrued income	**21,006**	17,050	**19,952**	18,711
	338,879	228,736	**242,647**	267,622

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

Further details regarding derivative financial instruments are given in note 17.

12 Current asset investments

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Short term deposits not qualifying as cash	**-**	9,110	**-**	-

13 Creditors: amounts falling due within one year

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Bank overdrafts	**2,731**	-	**796**	-
Bank loans	-	140,535	-	-
Other loans	-	86,995	-	86,995
Trade payables	**1,043,969**	861,250	**891,727**	748,806
Corporation tax	**13,059**	15,387	**12,579**	14,717
Other taxes and social security	**24,887**	20,771	**13,759**	11,435
Other payables	**56,291**	36,015	**45,203**	27,315
Accruals and deferred income	**72,799**	98,991	**62,764**	63,547
Amounts owed to group undertakings	**5,157**	127,797	**4,361**	105,439
	1,218,893	1,387,741	**1,031,189**	1,058,254

Bank loans totalling £140.535m were repaid in full on 1 February 2016. Other loans of £86.995m were repaid in full on 25 January 2016.

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

14 Creditors: amounts falling due after more than one year

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Other payables	**69**	134	**69**	134
Loans from group undertakings	**415,000**	-	**415,000**	-
	415,069	134	**415,069**	134

Loans from group undertakings are unsecured.

15 Provisions for liabilities

a) Group

	Deferred taxation £000	Other provisions £000	Total £000
At 1 January 2016	12,885	1,440	14,325
Additions dealt with in profit or loss	4,737	-	4,737
Amounts utilised	-	(1,139)	(1,139)
Foreign translation adjustment	368	-	368
At 31 December 2016	**17,990**	**301**	**18,291**

b) Company

	Deferred taxation £000	Other provisions £000	Total £000
At 1 January 2016	10,850	1,440	12,290
Additions dealt with in profit or loss	4,050	-	4,050
Amounts utilised	-	(1,139)	(1,139)
At 31 December 2016	**14,900**	**301**	**15,201**

Other provisions relate to property cost obligations existing at the period end date recognised in accordance with the accounting policy stated in note 2. It is expected that payments will be made in the year ended 31 December 2017 to fully settle the other provisions.

Deferred taxation

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Accelerated capital allowances	**12,833**	10,578	**9,743**	8,543
Other timing differences	**5,157**	2,307	**5,157**	2,307
	17,990	12,885	**14,900**	10,850

The deferred tax liability is not expected to materially change in 2017.

16 Called up share capital

Allotted, issued and fully paid:	31 December 2016 £000	31 December 2015 £000
1,061,429,168 ordinary shares of £1 each (2015: 1,061,429,168 ordinary shares of £1 each)	**1,061,429**	1,061,429

Called up share capital represents the nominal value of the shares that have been issued. There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Financial instruments

Group	31 December 2016 £000	31 December 2015 £000
Financial assets measured at fair value through profit or loss:		
Derivative financial instruments	**33,040**	14,986
Financial assets measured at amortised cost:		
Other receivables	**24,875**	32,377
Amounts owed by group undertakings	**258,759**	163,124
Short term deposits	**-**	9,110
	283,634	204,611
Financial liabilities measured at amortised cost:		
Bank loans	**-**	140,535
Other loans	**-**	86,995
Trade payables	**1,043,969**	861,250
Other payables	**3,178**	2,977
Amounts owed to group undertakings	**5,157**	127,797
Loans from group undertakings	**415,000**	-
	1,467,304	1,219,554

Derivative financial instruments - forward contracts

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for foreign currency payables. At 31 December 2016 the outstanding contracts all mature within 12 months (2015: 12 months).

The fair value of forward exchange contracts is based on their listed market price, if available, otherwise fair value is determined by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The fair value of the forward foreign currency contracts is an asset of £33.040m (2015: £14.986m asset).

18 Reconciliation of profit for the year to cash flow from operating activities

	31 December 2016 £000	31 December 2015 £000
Profit for the financial year	**165,424**	161,986
Tax on profit on ordinary activities	**49,371**	50,635
Net interest (receivable)/payable	**(6,764)**	43,370
Loss/(profit) on disposal of fixed assets	**3,244**	(404)
Operating profit	**211,275**	255,587
Depreciation charges	**146,188**	123,824
Amortisation charges	**3,831**	1,100
Goodwill impairment	**-**	5,904
(Increase)/decrease in inventories	**(77,209)**	30,432
Decrease/(increase) in debtors	**3,547**	(16,514)
Increase/(decrease) in creditors	**231,810**	(38,268)
Decrease in provisions	**(1,139)**	(2,394)
Foreign exchange differences	**(9,664)**	(2,670)
Net cash from operating activities	**508,639**	357,001

19 Financial commitments

	Group		Company	
	31 December 2016 £000	31 December 2015 £000	31 December 2016 £000	31 December 2015 £000
Capital commitments	**168,944**	170,577	**152,957**	150,171

Capital commitments represent property, plant and equipment capital expenditure contracted for but not provided in the financial statements. The commitments will be funded from operating cash flow. Group commitments of £146.087m (2015: £131.465m) are due within one year and £22.857m (2015: £39.112m) due over one year. Company commitments of £136.390m (2015: £114.587m) are due within one year and £16.567m (2015: £35.584m) due over one year.

Lease commitments

The group's future minimum operating lease payments are as follows:

Payments due:	31 December 2016 £000	31 December 2015 £000
Within 1 year	**61,320**	50,855
Between 1 and 5 years	**224,217**	182,217
Over 5 years	**566,070**	443,883
	851,607	676,955

20 *Company control and transactions with directors and related parties*

The immediate parent company of Aldi Stores Limited is Hofer KG, an Austrian partnership. The ultimate controlling party is Hofer KG during the current and prior year. In the opinion of the directors, Hofer KG is not controlled by any party. The company is exempt from disclosing related party transactions with other wholly owned group companies.

M C Barnes, director of the company, has a loan of £0.141m (2015: £0.161m) outstanding at 31 December 2016. Interest is charged at 1.25% per annum (2015: 3.00% per annum) and has been paid in the year. Repayments have been made during the year of £0.02m (2015: £0.011m) on the loan with the remaining balance being repayable in full by October 2029.

During the year the group and company made total loans of £nil (2015: £0.467m) to key management personnel including directors, total repayments of £0.112m (2015: £0.157m) were received and the total amount outstanding at 31 December 2016 is £0.370m (2015: £0.482m). Interest is charged at 1.25% per annum (2015: 3.00% per annum) and has been paid in the year.

During the year the group and company made total short-term bridging loans of £1.396m (2015: £2.000m) to key management personnel including directors. The loans were interest free and repayments of £1.396m (2015: £2.000m) have been received during the year. No amounts remain outstanding at 31 December 2016 (2015: £nil).

During the year the group received IT services amounting to £34.882m (2015: £30.812m) from Aldi International Services GmbH & Co. oHG.

At 31 December 2016 £2.937m (2015: £1.285m) remains outstanding to Aldi International Services GmbH & Co. oHG and is included within creditor amounts falling due within one year. The Siepmann Stiftung and Carolus Stiftung have significant influence over Aldi International Services GmbH & Co. oHG and Aldi Stores Limited.