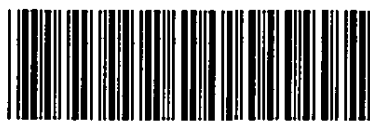


Company number: 2782532

VALUE RETAIL PLC
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2011

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COMPANIES HOUSE

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VALUE RETAIL PLC

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

S D Malkin	(Chairman)
R V Gibbs	(Managing Director)
N G Host	
D Bolher	
J N Lambert	(Non-Executive)
J C Maples	(Non-Executive)
J L Ligon	(Non-Executive)
T De Rosa	(Non-Executive)
L Chao	(Non-Executive)
M A Burton	(Non-Executive)

SECRETARY

J H Abrams

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

National Westminster Bank plc
208 Piccadilly
London
W1A 2DG

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

REGISTERED OFFICE

19 Berkeley Street
London
W1J 8ED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the Group financial statements and independent auditor's report for the year ended 31 December 2011

RESULTS AND DIVIDENDS

The Group profit after tax for the year was £4,180,224 (2010 - £957,799) as set out on page 8. The Directors do not recommend the payment of an ordinary dividend (2010 - £nil). Preference dividends of £160,000 (2010 - £160,000) became payable during the year in accordance with the Articles of Association.

PRINCIPAL ACTIVITY

The principal activity of the Group is the identification of sites, and the provision of services, for the development and management of outlet shopping villages.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

During the year, the Group has continued to provide property development and property management services to the operators of nine outlet shopping villages in Europe under management and service agreements. The performance of the Group is measured by reference to the revenue and profits generated by those agreements, which can vary from one year to the next in relation to the level of services required by each village each year and the performance of each village. The Directors consider the Key Performance Indicator of the Group to be profit after tax as stated above.

The Company also provides working capital facilities to certain of the owners of the villages where required.

In addition, the Group continues to identify potential sites for future outlet shopping villages.

RISKS AND UNCERTAINTIES

The Group currently provides services to nine outlet shopping villages and is therefore dependent on the ongoing success of these villages. The performance of these villages is monitored closely and frequently by the Directors and additional management services are provided if necessary.

The Group uses interest rate swaps to manage interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

DIRECTORS

The names of the Directors of the Company who served during the year and as at the date of this report were as follows:

S D Malkin	(Chairman)
R V Gibbs	(Managing Director)
N G Host	
D Bollier	
J N Lambert	(Non-Executive)
J C Maples	(Non-Executive)
J L Ligon	(Non-Executive)
T De Rosa	(Non-Executive)
L Chao	(Non-Executive)
M A Burton	(Non-Executive)

DIRECTORS' INDEMNITY INSURANCE

The Company has qualifying Directors' third party insurance. This was in force during the year and remains in place as at the date of approving the Directors' report.

DIRECTORS' REPORT (continued)

CREDITOR PAYMENT POLICY AND PRACTICE

It is the Company's policy that payments are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2011, the Company had an average of 41 days (2010 - 65 days) purchases included within trade creditors

CHARITABLE DONATIONS

During the year the Group made charitable donations of £34,345 (2010 - £1,900)

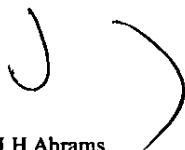
DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the members at the Annual General Meeting in accordance with section 485 of the Companies Act 2006

By Order of the Board.



J H Abrams
Secretary

24 April 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and Company and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALUE RETAIL PLC

We have audited the financial statements of Value Retail PLC for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Group and Company Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 22. 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).

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 5, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

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 Company's affairs as at 31 December 2011 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

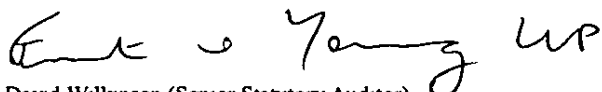
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALUE RETAIL PLC (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 Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



David Wilkinson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 April 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	107,820,331	94,365,170
Cost of sales		(100,408,719)	(89,375,565)
Gross profit		<u>7,411,612</u>	<u>4,989,605</u>
Administrative expenses		(369,468)	(290,546)
Operating profit	3	<u>7,042,144</u>	<u>4,699,059</u>
Interest receivable and similar income	5	13,608,645	8,883,663
Interest payable and similar charges	6	(14,346,900)	(11,264,232)
Profit on ordinary activities before taxation		<u>6,303,889</u>	<u>2,318,490</u>
Tax on profit on ordinary activities	7	(2,123,665)	(1,360,691)
Profit for the financial year	16,17	<u>4,180,224</u>	<u>957,799</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2011

	Note	2011 £	2010 £
Profit for the financial year		4,180,224	957,799
Exchange (loss)/gain on consolidation	16,17	(487,216)	52,617
Total recognised gains relating to the year		<u>3,693,008</u>	<u>1,010,416</u>

CONSOLIDATED BALANCE SHEET
as at 31 December 2011

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		313,762		358,572
Investments	10		15,254		-
			<u>329,016</u>		<u>358,572</u>
Current assets					
Stock	11	7,606		3,149	
Debtors	12	211,507,237		175,773,745	
Cash at bank		8,889,412		36,303,729	
		<u>220,404,255</u>		<u>212,080,623</u>	
Creditors: amounts falling due within one year	13	(22,617,763)		(41,317,563)	
Net current assets			<u>197,786,492</u>		<u>170,763,060</u>
Total assets less current liabilities			<u>198,115,508</u>		<u>171,121,632</u>
Creditors: amounts falling due after more than one year	14		(176,155,183)		(152,854,315)
Net assets			<u>21,960,325</u>		<u>18,267,317</u>
Capital and reserves					
Called up share capital	15		769,231		769,231
Profit and loss account	16		21,191,094		17,498,086
Total equity shareholders' funds	17		<u>21,960,325</u>		<u>18,267,317</u>

Approved and signed on behalf of the Board of Directors

R V Gibbs
Director

24 April 2012

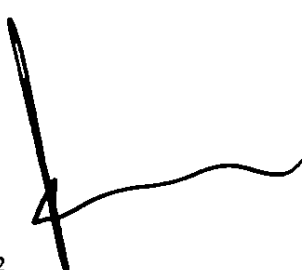
COMPANY BALANCE SHEET
as at 31 December 2011

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Investments	10		22,372		7,118
Current assets					
Debtors	12	194,392,612		160,981,266	
Cash at bank		5,301,153		31,261,327	
		<u>199,693,765</u>		<u>192,242,593</u>	
Creditors: amounts falling due within one year	13	<u>(10,891,221)</u>		<u>(29,000,567)</u>	
Net current assets			188,802,544		163,242,026
Total assets less current liabilities			<u>188,824,916</u>		<u>163,249,144</u>
Creditors: amounts falling due after more than one year	14		<u>(176,155,183)</u>		<u>(152,854,315)</u>
Net assets			<u>12,669,733</u>		<u>10,394,829</u>
Capital and reserves					
Called up share capital	15		769,231		769,231
Profit and loss account	16		11,900,502		9,625,598
Total equity shareholders' funds	17		<u>12,669,733</u>		<u>10,394,829</u>

Approved and signed on behalf of the Board of Directors

R V Gibbs
Director

24 April 2012



CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2011

	Note	2011		2010	
		£	£	£	£
Net cash outflow from operating activities	19		(22,971,340)		(14,039,484)
Returns on investments and servicing of finance					
Interest received		166,655		130,581	
Interest paid		(6,551,177)		(8,857,980)	
Net cash outflow from returns on investments and servicing of finance			(6,384,522)		(8,727,399)
Taxation			(1,412,105)		(1,991,136)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(74,123)		(56,560)	
Net (increase)/decrease in loans to related parties		(551,001)		17,083,666	
Net cash (outflow)/inflow from investing activities			(625,124)		17,027,106
Net cash outflow before financing	20		(31,393,091)		(7,730,913)
Financing					
New loans received		25,989,287		20,203,498	
Repayment of loans		(22,010,513)		(2,985,507)	
Net cash inflow from financing			3,978,774		17,217,991
(Decrease)/increase in cash in the year			(27,414,317)		9,487,078
Reconciliation of net cash flow to movement in net debt					
(Decrease)/increase in cash and cash equivalents			(27,414,317)		9,487,078
Net increase in loans			(3,978,774)		(17,217,991)
Exchange adjustments			1,671,008		3,036,738
Movement in net debt in the year			(29,722,083)		(4,694,175)
Net debt at 1 January	20		(137,543,688)		(132,849,513)
Net debt at 31 December	20		(167,265,771)		(137,543,688)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of these financial statements

The Company has loan and trading balances due from related parties and is reliant on the ability of these related parties to service these loans and trading balances. The timing of repayments will depend on the operating cash needs or surpluses and the refinancing plans of each of the related parties. The Directors have prepared cash flow forecasts, which include assessments of the operating cash flows and the availability of funding of the Company and the related parties. These cash flow forecasts show the Company can continue as a going concern and the financial statements have been prepared on this basis.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Value Retail PLC and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Value Retail PLC as permitted by section 408 of the Companies Act 2006.

c) Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for the provision of services. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the provision of services for the development of outlet shopping villages is recognised by reference to the stage of work completed. Revenue from the provision of services for the management of outlet shopping villages is recognised as and when the services have been provided.

Interest income

Revenue is recognised as interest accrues.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Motor vehicles	4 years
Fixtures, fittings & equipment	3 years

A full year's depreciation is charged in the year of acquisition. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

Accounting policies (continued)

e) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or receive more tax, with the following conditions

- provision is made for any deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- deferred tax assets are recognised only to the extent that the Directors consider that it is 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 is measured on a non-discounted basis at the rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

f) Stock

Stock consists of finished goods and is stated at the lower of cost and net realisable value

g) Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account

Group

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The profit and loss items of overseas subsidiary undertakings are translated at the average rate of exchange for the year. The exchange differences arising on the retranslation of opening net assets and profits and losses are taken directly to reserves. All other translation differences are taken to the profit and loss account

h) Derivative instruments

Derivative instruments

The Group uses interest rate swaps to minimise interest rate exposures

Interest rate swaps

The Group's criteria for interest rate swaps are

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end. If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

Accounting policies (continued)

i) Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

j) Pension costs

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable. Pension contributions are made to an individual's personal pension arrangements under the Value Retail Grouped Personal Pension Scheme. The assets of the scheme are held separately from the Company in an independently administered fund, and costs are accounted for as incurred.

k) Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are recognised at gross proceeds. Costs associated with obtaining loans and borrowings are recharged to the entities to which the funds are lent. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

l) Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder, if any, of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The Company's 8% preference shares have been accounted for as a financial liability in their entirety.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of property development and property management services stated net of discounts, rebates and value added tax

Turnover relates to operations, all of which are continuing

The Group operates within the United Kingdom, Ireland and a number of different markets within Continental Europe

Turnover, profit on ordinary activities before taxation and net assets are analysed as follows

a) Turnover

By area of activity

	2011	2010
	£	£
Property development services	47,814,857	39,588,197
Property management services	60,005,474	54,776,973
	<hr/>	<hr/>
	107,820,331	94,365,170
	<hr/>	<hr/>

By origin

	2011	2010
		£
United Kingdom and Ireland	32,492,759	25,672,799
Continental Europe	75,327,572	68,692,371
	<hr/>	<hr/>
	107,820,331	94,365,170
	<hr/>	<hr/>

By destination

	2011	2010
		£
United Kingdom and Ireland	25,015,791	21,885,921
Continental Europe	82,804,540	72,479,249
	<hr/>	<hr/>
	107,820,331	94,365,170
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

b) Profit on ordinary activities before taxation

By area of activity

	2011	2010
	£	£
Property development services	3,334,354	482,860
Property management services	2,969,535	1,835,630
	<u>6,303,889</u>	<u>2,318,490</u>

By origin

	2011	2010
	£	£
United Kingdom and Ireland	145,136	861,086
Continental Europe	6,158,753	1,457,404
	<u>6,303,889</u>	<u>2,318,490</u>

c) Net assets

By area of activity

	2011	2010
	£	£
Property development services	16,190,015	13,503,891
Property management services	5,770,310	4,763,426
	<u>21,960,325</u>	<u>18,267,317</u>

By geographical area

	2011	2010
	£	£
United Kingdom and Ireland	15,847,333	12,929,160
Continental Europe	6,112,992	5,338,157
	<u>21,960,325</u>	<u>18,267,317</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

3. Operating profit

This is stated after charging	2011	2010
	£	£
Depreciation of fixed assets (see note 9)	94,651	352,029
Auditors' remuneration - audit of the financial statements	66,850	64,600
- local statutory audits for subsidiaries	203,284	204,947
- taxation services	148,410	86,991
- other services	4,911	26,048
Operating lease rentals - other	1,378,097	1,438,685

4. Staff costs and Directors' emoluments

(a) Staff costs	2011	2010
	£	£
Salaries	29,275,206	21,653,906
Social security costs	5,371,744	4,895,842
Pension contributions	891,728	821,165
	35,538,678	27,370,913

	2011	2010
	£	£
The average number of employees, including directors, employed during the year was made up as follows		
Administration and finance	184	164
Remerchandising and marketing	159	134
Development	12	11
Retail operations	74	73
	429	382

(b) Directors' emoluments	2011	2010
	£	£
Aggregate emoluments in respect of qualifying services	1,353,194	1,482,554
Highest paid director (including all benefits)	446,905	619,547
Fees payable to non executive directors	96,000	96,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

5. Interest receivable and similar income

	2011	2010
	£	£
Bank interest	137,441	85,960
Interest receivable on loans to shareholders and related parties	12,069,392	8,397,182
Other income including foreign exchange gains	1,401,812	400,521
	13,608,645	8,883,663

6. Interest payable and similar charges

	2011	2010
	£	£
Bank interest	6,064,674	4,359,872
Dividends on preference shares at 8 00p (2010 - 8 00p) per share	160,000	160,000
Interest payable on loans from shareholders and related parties	6,414,479	4,133,520
Other charges including foreign exchange losses	1,707,747	2,610,840
	14,346,900	11,264,232

7. Tax on profit on ordinary activities

a) Analysis of tax charge in the year

	2011	2010
	£	£
UK corporation tax on profits of the year		
- Company	1,088,760	769,463
- Group	234,174	180,526
Adjustments in respect of prior years		
- Company	169,945	49,123
- Group	3,299	(917)
Foreign tax		
- Corporation tax on profits of the year	836,516	582,899
- Adjustments in respect of prior years	45,190	(202,499)
Total current tax charge	2,377,884	1,378,595
Deferred tax		
Origination and reversal of timing differences	(254,219)	(17,904)
Tax charge on profit on ordinary activities for the year	2,123,665	1,360,691

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

b) Factors affecting the tax charge for the year

The tax charge arising on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK, which was reduced from 28% to 26% from 1 April 2011 (2010 - 28%). The differences are reconciled below:

	2011	2010
	£	£
Profit on ordinary activities before tax	6,303,889	2,318,490
Profit on ordinary activities multiplied by the rate of corporation tax in the UK – using a weighted average rate of 26.5% for the year (2010 - 28%)	1,670,530	649,177
Effects of		
Non-taxable income and disallowed expense	425,167	222,069
Capital allowances in excess of depreciation	(19,288)	(46,790)
Net non-taxable, unrealised foreign exchange (gains)/losses	(69,402)	640,452
Differences in overseas tax rates	150,910	67,983
Adjustments in respect of prior years	219,967	(154,296)
Current tax charge for the year	2,377,884	1,378,595

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief.

c) Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A reduction in the UK corporation tax rate from 28% to 26% was substantively enacted in March 2011 and is effective from 1 April 2011. A further reduction from 26% to 25% was substantively enacted in July 2011 and will be effective from 1 April 2012. Accordingly, these rates have been applied in the measurement of the Group's deferred tax assets and liabilities as at 31 December 2011.

In the budget of 21 March 2012, the Chancellor of the Exchequer announced that the main rate of corporation tax will be reduced by an additional one per cent. from 1 April 2012. The rate would, therefore, fall to 24% in April 2012, to 23% in April 2013 and to 22% in April 2014. As these changes had not been substantively enacted at the balance sheet date, they have not been incorporated in these financial statements. The impact is not expected to be material to these financial statements.

8. Profit attributable to members of the Company

The profit included within the financial statements of the Company is £2,274,904 (2010 - £1,698,743).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

9. Tangible assets

GROUP	Motor Vehicles	Fixtures, Fittings & Equipment	Total
	£	£	£
COST			
At 1 January 2011	14,200	2,443,873	2,458,073
Exchange adjustments	-	(27,410)	(27,410)
Additions	-	62,359	62,359
Disposals	-	(27,257)	(27,257)
At 31 December 2011	14,200	2,451,565	2,465,765
DEPRECIATION			
At 1 January 2011	14,200	2,085,300	2,099,500
Exchange adjustments	-	(18,380)	(18,380)
Provided during the year	-	94,651	94,651
Disposals	-	(23,768)	(23,768)
At 31 December 2011	14,200	2,137,803	2,152,003
NET BOOK VALUE			
At 31 December 2011	-	313,762	313,762
At 31 December 2010	-	358,572	358,572
COMPANY			
	£	£	£
COST			
At 1 January 2011	11,700	1,311,755	1,323,455
Additions	-	-	-
At 31 December 2011	11,700	1,311,755	1,323,455
DEPRECIATION			
At 1 January 2011	11,700	1,311,755	1,323,455
Provided during the year	-	-	-
At 31 December 2011	11,700	1,311,755	1,323,455
NET BOOK VALUE			
At 31 December 2011 and 2010	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

10. Investments

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Other investments, other than loans	15,254	-	15,254	-
Shares in subsidiary undertakings	-	-	7,118	7,118
	<u>15,254</u>	<u>-</u>	<u>22,372</u>	<u>7,118</u>

Details of the investments in which the Company holds ordinary shares are as follows

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Value Retail Management Limited	UK	100%	Property Services
Value Retail Management (Bicester Village) Limited	UK	100%	Property Services
Value Retail Europe Limited	UK	100%	Dormant
Value Retail Development Limited	UK	100%	Property Services
Watchplan Limited	UK	100%	Insurance Services
Value Retail Management Germany GmbH	Germany	100%	Property Services
Value Retail Management (Wertheim Village) GmbH	Germany	100%	Property Services
Value Retail Management (Ingolstadt Village) GmbH	Germany	100%	Property Services
Value Retail Management Spain, S L	Spain	100%	Property Services
Value Retail Management (La Roca), S L	Spain	100%	Property Services
Value Retail Management (Las Rozas), S L	Spain	100%	Property Services
Value Retail Management France SARL	France	100%	Property Services
Value Retail Development France SARL	France	100%	Property Services
Value Retail Tourism & Promotion SARL	France	100%	Property Services
Value Retail Commercialisation France SARL	France	100%	Property Services
Value Retail Management Belgium N V	Belgium	100%	Property Services
Value Retail Management (Kildare Village) Limited	Ireland	100%	Property Services
Value Retail Management Italy S r l	Italy	100%	Property Services
Value Retail Management (Fidenza Village) S r l	Italy	100%	Property Services

Value Retail Management Limited, Value Retail Europe Limited and Watchplan Limited are directly owned by Value Retail PLC. The remaining companies are indirectly held through various subsidiaries within the Group.

In addition, the Company acquired during the year a 0.1% investment in Value Retail (Suzhou) Co. Ltd. and a 0.1% investment in Value Retail China Ltd.

11. Stock

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Consumables	7,606	3,149	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

12. Debtors

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	380,063	279,178	11,100	-
Loans due from related parties	80,922,842	76,575,592	80,922,842	76,575,592
Loans due from shareholders	2,749,875	2,079,632	2,749,875	2,079,632
Amounts due from Group companies	-	-	80,319,399	62,296,627
Amounts due from related parties	121,658,279	93,129,121	25,830,702	17,044,528
VAT and other taxes	367,682	485,846	367,682	485,583
Prepayments and accrued income	3,019,195	1,662,793	2,093,481	1,130,693
Deferred tax	389,174	134,955	387,875	133,178
Other debtors	2,020,127	1,426,628	1,709,656	1,235,433
	211,507,237	175,773,745	194,392,612	160,981,266

The deferred tax asset relates to decelerated capital allowances

Loans due from related parties are repayable on demand. The timing of repayment will depend on the operating cash needs or surpluses and the refinancing plans of each of the borrowers. Accordingly some portion of the loans may be repaid in more than one year. 8.82% of the 2010 balance was repaid during 2011 (see Note 22d) and the Directors anticipate that at least 5% of the 2011 balance will be repaid during 2012.

Amounts falling due after more than one year, included above in other debtors, amount to £1,288,790 (2010 - £1,232,359) and comprise loans made to employees of the Group.

13. Creditors – amounts falling due within one year

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	-	20,993,102	-	20,993,102
Trade creditors	8,496,355	10,157,051	2,727,569	3,807,082
Amounts due to shareholders	413,409	317,362	413,409	317,362
Amounts due to Group companies	-	-	1,820,187	172,908
Amounts due to related parties	776,053	191,653	776,053	191,653
Corporation tax	1,283,857	402,352	771,702	282,214
Other taxes and social security	4,746,538	4,225,972	751,793	918,393
Other creditors	1,391,880	1,040,325	100,322	63,400
Accruals and deferred income	4,225,671	2,865,746	2,246,186	1,130,453
Preference dividends payable	1,284,000	1,124,000	1,284,000	1,124,000
	22,617,763	41,317,563	10,891,221	29,000,567

Outstanding amounts in respect of the defined contribution scheme payable at the balance sheet date were £95,106 (2010 - £66,277)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

14. Creditors – amounts falling due after more than one year

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	46,358,169	47,555,803	46,358,169	47,555,803
8% Preference Shares	2,000,000	2,000,000	2,000,000	2,000,000
Amounts due to related parties	34,427,576	28,805,837	34,427,576	28,805,837
Amounts due to shareholders	93,369,438	74,492,675	93,369,438	74,492,675
	<u>176,155,183</u>	<u>152,854,315</u>	<u>176,155,183</u>	<u>152,854,315</u>

Included in bank loans is €55,500,000 relating to a working capital facility with The Royal Bank of Scotland plc. The full €55,500,000, equivalent to £46,358,169, was drawn at the year end (2010 - €80,000,000, equivalent to £68,548,905). The facility is secured by fixed and floating charges over the assets of the Company, Value Retail Management Limited, Bicester Investors Limited Partnership ('BILP') and Bicester Investors II Limited Partnership ('BILP II') and by a pledge from VR European Holdings B V over its receivables from Value Retail Barcelona, S L and Value Retail Madrid, S L. The facility bears interest at Euribor plus a margin of 6% and is repayable on 30 June 2013.

At 31 December 2011 and 2010, there were 2,000,000 redeemable Preference Shares in issue. Each share has a nominal value of £1 and is redeemable at the option of the Company after 31 December 2005. The Preference Shares carry a dividend of 8% per annum, accruing from 30 December 2003 but payable yearly commencing on 31 December 2005. There are no voting rights attached to the Preference Shares. They hold priority over the other classes of shares in the event of a return of capital on liquidation.

Amounts due to related parties consist of a loan of £33,919,159 (2010 - £28,385,634) from BILP II and a loan of £508,417 (2010 - £420,203) from Bicester II GP, the general partner of VRILP II.

Included in amounts due to shareholders is a loan of £69,561,278 (2010 - £60,389,842) from BILP. Also included in amounts due to shareholders is a €28,000,000 revolving and credit guarantee facility provided by Hammerson plc. The full €28,000,000, equivalent to £23,387,905 was drawn at the year end (2010 - €16,000,000, equivalent to £13,709,781). The facility is secured by a pledge of receivables from VR European Holdings B V in respect of its shareholding in VR La Vallée B V (a related party as described in Note 22). The facility bears an interest rate of 11% per annum and is repayable on 22 August 2014.

The BILP and BILP II loans were obtained at a rate equivalent to that payable on The Royal Bank of Scotland plc working capital facility above and are repayable on 30 June 2013.

The Company has a hedging instrument that hedges the underlying interest rate before margin in respect of the above borrowings, being an amortising swap on €41,250,000 at 2.835% to 22 April 2013, which has a negative fair market value of €980,787 (equivalent to £819,234) at 31 December 2011.

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Borrowings, excluding the preference shares, are repayable as follows				
In more than one year but not more than two years	150,347,023	-	150,347,023	-
In more than two years but not more than five years	23,808,160	150,854,315	23,808,160	150,854,315
	<u>174,155,183</u>	<u>150,854,315</u>	<u>174,155,183</u>	<u>150,854,315</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

15. Authorised and issued share capital

	2011	2010
	£	£
Authorised		
2,750,000 'A' Ordinary Shares of £1 each	2,750,000	2,750,000
750,000 'B' Ordinary Shares of £1 each	750,000	750,000
1,425,000 'C' Ordinary Shares of £1 each	1,425,000	1,425,000
75,000 'D' Ordinary Shares of £1 each	75,000	75,000
Total Ordinary Shares	5,000,000	5,000,000
2,000,000 8% Preference Shares of £1 each (classified as a liability under FRS 25)	2,000,000	2,000,000
	7,000,000	7,000,000
Allotted, called up and fully paid		
402,947 'A' Ordinary Shares of £1 each	402,947	402,947
54,028 'B' Ordinary Shares of £1 each	54,028	54,028
256,487 'C' Ordinary Shares of £1 each	256,487	256,487
55,769 'D' Ordinary Shares of £1 each	55,769	55,769
Total ordinary shares	769,231	769,231
2,000,000 8% Preference Shares of £1 each (classified as a liability under FRS 25)	2,000,000	2,000,000
	2,769,231	2,769,231

The 8% Preference Shares have an annual dividend which became payable on 31 December 2005. There are no voting rights attached to the Preference Shares, however they hold priority over other classes of shares in the event of a return of capital on liquidation. The Preference Shares are redeemable at the option of the Company after 31 December 2005. In accordance with FRS 25, these shares are shown as a long term financial liability (see Note 14).

The dividends payable on the preference shares of £160,000 (2010 - £160,000) are included within interest payable and similar charges.

16. Profit and loss account

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
At 1 January	17,498,086	16,487,670	9,625,598	7,926,855
Profit for the financial year	4,180,224	957,799	2,274,904	1,698,743
Exchange (loss)/gain on consolidation	(487,216)	52,617	-	-
At 31 December	21,191,094	17,498,086	11,900,502	9,625,598

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

17. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2011	2010	2011	2010
	£	£	£	£
Shareholders' funds at 1 January	18,267,317	17,256,901	10,394,829	8,696,086
Profit for the financial year	4,180,224	957,799	2,274,904	1,698,743
Exchange (loss)/gain on consolidation	(487,216)	52,617	-	-
Shareholders' funds at 31 December	<u>21,960,325</u>	<u>18,267,317</u>	<u>12,669,733</u>	<u>10,394,829</u>

18. Commitments under operating leases

GROUP	2011	2011	2010	2010
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	442,774	-	153,699
In two to five years	55,255	624,163	-	867,518
After five years	311,160	-	332,032	85,437
	<u>366,415</u>	<u>1,066,937</u>	<u>332,032</u>	<u>1,106,654</u>
COMPANY	2011	2011	2010	2010
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	93,979	-	73,491
In two to five years	-	78,369	-	238,513
After five years	82,735	-	92,787	-
	<u>82,735</u>	<u>172,348</u>	<u>92,787</u>	<u>312,004</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

19. Reconciliation of operating profit to net cash outflow from operating activities

	2011	2010
	£	£
Operating profit	7,042,144	4,699,059
Depreciation	94,651	352,029
Effect of foreign exchange differences	(2,180,677)	(5,027,101)
(Increase)/decrease in stock	(4,457)	1,404
Increase in debtors	(22,920,317)	(17,199,913)
(Decrease)/increase in creditors	(5,002,684)	3,135,038
Net cash outflow from operating activities	(22,971,340)	(14,039,484)

20. Analysis of changes in net debt

	At 1 Jan 2011	Cash flows	Exchange movements	Other non- cash movements	At 31 Dec 2011
	£	£	£	£	£
Cash at bank	36,303,729	(27,414,317)	-	-	8,889,412
Debt due within one year	(20,993,102)	21,249,542	(256,440)	-	-
Debt due after one year	(152,854,315)	(25,228,316)	1,927,448	-	(176,155,183)
	(137,543,688)	(31,393,091)	1,671,008	-	(167,265,771)

21. Guarantees and financial commitments

The Company is registered for VAT purposes as a part of a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of this group and failure by other members of this group could give rise to additional liabilities for the Company. However, the Directors are of the opinion that no liability is likely to arise from the unlikely event of failure by other members of this group.

22. Ultimate controlling party and related party transactions

S D Malkin, a Director of the Company, owns and controls S D Malkin Properties, Inc and SDMP Services, Inc, which is the controlling member of VR Holdings, L L C, which is the majority shareholder in the Company. S D Malkin is the ultimate controlling party of the Company.

VR Holdings, L L C controls the General Partners of Value Retail Investors Limited Partnership ('VRILP'), Value Retail Investors II Limited Partnership ('VRILP II'), Bicester Investors Limited Partnership ('BILP') and Bicester Investors II Limited Partnership ('BILP II').

SDMP Services, Inc is the ultimate majority beneficial owner of VR European Holdings BV ('VREH') and, together with VREH, controls Maasmechelen Services BVBA, the director of VR Maasmechelen Tourist Outlets Comm. VA.

During the year, VREH was the majority owner of, and controlled, Value Retail Madrid, S L, Value Retail Barcelona, S L, Value Retail Mallorca, S L, VR La Vallée B V (the sole shareholder of VR France SAS, in turn the majority shareholder of VR Paris SCI, VR Services SNC and VR Val d'Europe SCI), VR Bavaria GmbH, VR Franconia GmbH, VR Calluna GmbH, VR Ireland B V (the sole shareholder of Kildare Retail Services Ltd and Value Retail Dublin Ltd) and Master Holding B V (the sole shareholder of VR Milan S r l).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

During the year, the following related party transactions took place at arm's length and on a commercial basis

- a) BILP and BILP II made loans of £9,051,452 (2010 - £15,558,584) to companies within the Group. The outstanding balance due from the Group at 31 December 2011 was £103,988,854 (2010 - £89,195,679) after repayments of £760,970 (2010 - £2,914,168) during the year. Included in the loans made during the year is an amount of £6,414,479 (2010 - £4,133,529) being the interest charged during the year.
- b) S D Malkin Properties, Inc. incurred reimbursable costs on behalf of the Group amounting to £2,200,023 (2010 - £2,612,163). The outstanding balance due from the Group at 31 December 2011 was £413,409 (2010 - £317,362).
- c) VRILP, VRILP II, VR Paris SCI, VR Services SNC, Value Retail Dublin Ltd, Kildare Retail Services Ltd, VR Bavaria GmbH, VR Franconia GmbH, VR Calluna GmbH, VR Maasmechelen Tourist Outlets Comm. VA, Value Retail Barcelona, S.L., Value Retail Madrid, S.L., Value Retail Mallorca, S.L. and VR Milan S.r.l. were charged £104,539,179 (2010 - £93,771,176) by companies within the Group for costs incurred on their behalf. The net outstanding balance due to the Group at 31 December 2011 was £120,882,225 (2010 - £92,937,468), as disclosed in debtors and creditors, after payments during the year of £76,594,422 (2010 - £70,951,450).
- d) The Group made loans of £7,489,107 (2010 - £14,924,834) to Value Retail Madrid, S.L., VR Bavaria GmbH, Value Retail Dublin Ltd, Kildare Retail Services Ltd, VR Franconia GmbH, VR Milan S.r.l., VR European Holdings B.V., VR Maasmechelen BVBA, S D Malkin Properties Inc, VR Paris SCI, VR Services SNC, VR La Vallée B.V., VR Val d'Europe SCI, VR Calluna GmbH, Master Holding B.V. and Value Retail Mallorca, S.L. The outstanding balance due to the Group at 31 December 2011 was £83,672,717 (2010 - £78,655,224), after repayments of £6,938,106 (2010 - £32,012,825). The loans are denominated in Euros and have been revalued at the year end exchange rate.
- e) The Company recognised costs of £316,430 (2010 - £254,673) in respect of consultancy services and expenses provided by Janie L. Ligon, a Director of the Company. These services were provided over a period of 12 months (2010 - 12 months). The outstanding balance due from the Company at 31 December 2011 was £708,599 (2010 - £674,000).
- f) The Group has been charged £366,415 (2010 - £332,032) by and has annual commitments of £366,415 (2010 - £332,032) under non-cancellable leases with VRILP, VRILP II, Value Retail Dublin Ltd, Value Retail Madrid, S.L. and Value Retail Barcelona, S.L. in respect of rent for office space.

The Group has taken advantage of provisions in FRS8 which exempt subsidiary undertakings from disclosing transactions with other entities within the Group.