

VALUE RETAIL PLC

Company number : 02782532

VALUE RETAIL PLC

ANNUAL REPORT

31 DECEMBER 2021

TUESDAY



A882NR1T

A09

12/07/2022

#79

COMPANIES HOUSE

Contents

Directors, Officers and Professional Advisors.....	1
Strategic Report.....	2
Directors' Report.....	4-6
Statement of Directors' Responsibilities.....	7
Independent Auditor's Report.....	8-10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes In Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements.....	15-33
Statement of Company Financial Position.....	34
Company Statement of Changes in Equity	35
Notes to the Company Financial Statement	36-41

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Scott Malkin	(Chairman)	
Roderick Gibbs	(Managing Director)	
George Host		
Desiree Bollier	(Chair – Value Retail Management)	
James Lambert	(Deputy Chairman)	
Mark Burton	(Non-Executive)	
Ruth Kennedy	(Non-Executive)	
Rita-Rose Gagné	(Non-Executive)	
Simon Travis	(Non-Executive)	(Appointed 9 February 2021)

SECRETARY

Jane Abrams	(Resigned 9 February 2021)
Pia Bayot Corlette	(Appointed 9 February 2021)

AUDITOR

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

BANKER

Santander UK PLC
298 Deansgate
Manchester
M3 4HH
United Kingdom

SOLICITOR

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

REGISTERED OFFICE

19 Berkeley Street
London
W1J 8ED
United Kingdom

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2021.

The financial statements of Value Retail PLC for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 13 June 2022.

REVIEW OF THE BUSINESS

The principal activity of Value Retail PLC (“the Company”) and its subsidiaries (together, “the Group”) is the provision of services for the development and management of shopping Villages. The Company is incorporated in England and Wales.

During the year, the Group continued to provide property development and property management services to the owners and operators of the nine Value Retail shopping Villages in Europe under management and service agreements. In addition, the Group has provided project management and administration services to the owners and operators of the two Value Retail shopping Villages in China under specialist services agreements.

The performance of the Group is measured by reference to the revenue and profits generated by those services, which can vary from one year to the next in relation to the level of services required by each Village. During 2021, the level of services required by the Villages increased due to the relaxing of restrictions in the on-going Covid-19 pandemic. The Directors consider the key performance indicators of the Group to be revenue and profit before tax, which developed as follows:

	2021	2020	Change
	£000	£000	%
Revenue	247,137	222,318	11%
Profit before tax	12,998	5,365	142%

These financial statements, for the year ended 31 December 2021, have been prepared in accordance with UK adopted international accounting standards.

SECTION 172(1) STATEMENT

During the year, the Directors have had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006 when performing their duties. The Directors have ensured that the Board is kept apprised of the Company’s performance and activities of the Company and the Group. The Covid-19 pandemic required significant and particular attention to be focussed on the interests of key stakeholders: employees, suppliers, brand partners, guests of the Villages, the local community and the environment. The Group has an established team dedicated to sustainability to ensure that the Company has regard to any impact of the Group’s activities on the community and the environment. The key areas of priority for sustainability are energy and carbon reduction in the buildings, climate resilience and waste reduction, with projects aligned against these aims. The Company has launched a Sustainable Brand Contract in each of the Villages to facilitate sustainable practices with our brand partners. Work is ongoing to initiate on-site renewable energy where this is feasible.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are broadly categorised as competitive, legislative and financial risks.

Competitive risks

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

Legislative risks

The Group must comply with relevant legislation across a number of jurisdictions in Europe, and maintains both Group and local expertise in order to ensure that full compliance is maintained.

Financial risks

The Group’s activities expose it to a number of financial risks including interest rate risk, credit risk, liquidity risk and currency risk. The policies set out by the Group to mitigate the exposure to these risks are set out in note 24.

STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

Brexit risks

The Directors have assessed the impact of Brexit and consider that there is limited impact on the Group and the Company's operations. The Directors will continue to monitor the ongoing impacts of Brexit on the Group and the Company and take appropriate action to ensure any risks are mitigated.



Pia Corlette (Jun 13, 2022 15:57 GMT+1)

Pia Bayot Corlette
Secretary

13 June 2022

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Company (registered number: 02782532), together with the Group financial statements and independent auditor's report for the year ended 31 December 2021.

DIVIDENDS

The Directors do not recommend the payment of an ordinary dividend (2020: £nil).

FUTURE DEVELOPMENTS

The Directors aim to maintain the management strategies which have resulted in the Group's growth in recent years, albeit this has been reassessed in light of the ongoing Covid-19 pandemic. Using different scenarios the Directors have estimated the possible impact on the Group's availability, extent and timing of sources of cash, duration of future social distancing measures and their potential impacts, and are taking the appropriate actions, such as delaying non-essential expenditure as required.

DIRECTORS

The names of the Directors of the Company who served during the year and as at the date of this report are listed on page 1.

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 financial statements.

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this goal.

FINANCIAL INSTRUMENTS

Details of the Group's financial risk management in relation to its financial instruments are set out in note 24.

EMPLOYEE INVOLVEMENT

The Group operates a framework for employee information and consultation. During the year, the policy of providing employees with information about the Group has been continued via virtual meetings held monthly for all employees. These virtual meetings were important in ensuring that employees were kept up to date about the effect of the Covid-19 pandemic on the performance of the business. The Group conducted its first employee engagement survey, and has invested significant resource proactively responding to the issues raised. The interests of employees were considered carefully when decisions taken by the Group affected them. The physical and mental health of employees was and remains a priority. Protocols continued where applicable, which took into account up to date guidance to protect employees against exposure to Covid-19, and the People Team continued services and programmes designed to ensure access to appropriate mental wellbeing resources. The online system for employees to report any concerns continued to be available to employees.

ENGAGEMENT WITH SUPPLIERS

During the year, the Directors have continued to foster the Group's business relationships with suppliers, guests and others. This has been achieved with the assistance of the procurement function: the Group's response to the pandemic has required careful supplier management. The Group has continued to draw on many years of mutually advantageous supplier relationships to ensure that existing goods and services continued to be available, supply chain risks were managed, and value was obtained. New supplier relationships began, providing innovative goods and services to enhance guest experience in the Villages.

DIRECTORS' REPORT (continued)

GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future. During 2021, the impact of Covid-19 on the macro-economic conditions in which the Group operates continue: in 2022 it looks likely that the impacts from Covid-19 will reduce. Global events and the macro-economic climate are adversely impacting prices, in particular relating to energy costs, but this is not expected to have a material impact on overall profitability.

An assessment of going concern based on cashflow projections to 30 September 2023 has been prepared relating to the Group and Company. The assessment is dependent on a number of assumptions, including future trading performance, and the continued access to borrowing facilities of certain of the clients of the Company's subsidiaries. In line with local requirements, most Villages were closed for certain periods in 2021, and whilst open were subject to restrictions imposed to stop the spread of Covid-19. The effect of these measures is that the income of the Group's clients has been reduced against pre-Covid-19 levels. In dealing with the impact of Covid-19, the Group has demonstrated an ability to flex operations to suit prevailing conditions, and has managed cash flow forecasting appropriately. The Group's experience and current financial position provides compelling evidence on which the Directors rely when considering going concern.

According to the forecasts prepared on the assumptions, together with available market information and the Directors' knowledge and experience, the Directors have concluded that it is appropriate to adopt the going concern basis for preparing the financial statements for the year ended 31 December 2021.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is committed to minimising the environmental impacts of its business, and as part of this we have been monitoring and reporting on our energy use and emissions since 2011. We aim to continuously improve our environmental performance to support our long term business strategy.

During the year, the Group reported the following emissions and carbon consumption:

	2021	2020
Emissions from combustion of gas (Scope 1)	17.87 tCO ₂ e	29.56 tCO ₂ e
Emissions from the purchase of electricity (Scope 2)	533.94 tCO ₂ e	548.78 tCO ₂ e
Energy consumption used to calculate emissions	2,612,280 kWh	2,497,098 kWh
Scope 1 & 2 emissions per m ² area managed	0.12 tCO ₂ e per m ²	0.12 tCO ₂ e per m ²

The principal energy efficiency interventions in 2021 built upon lighting control upgrades from 2020. We installed timers on seasonal lighting features throughout the Village, and pushed to eliminate unnecessary overnight usage. We began a project to change a significant proportion of car park lighting to LED, which will deliver further energy savings from 2022.

We continue to analyse energy consumption patterns, and have been using these insights to develop a long term energy strategy for Bicester Village.

Energy use is reported for the areas of Bicester Village controlled by Value Retail and the office at 19 Berkeley Street. It includes electricity usage, and the combustion of natural gas and Liquefied Petroleum Gas (LPG). There is no associated transport for which the Company purchases fuel.

Greenhouse gas emissions data is derived using the relevant conversion factors produced by the UK government's Department for Business, Energy & Industrial Strategy (BEIS).

Energy & GHG reporting year totals, as reported for Value Retail controlled areas, verified by AECOM, in alignment with ISO14064-3 (2021).

DONATIONS

During the year, the Company has made charitable donations totalling £0.1 million (2020: £0.1 million) to various charitable organisations as part of Value Retail's DO GOOD Programme.

DIRECTORS' REPORT (continued)

EVENTS AFTER THE BALANCE SHEET DATE

Since 1 January 2022, the business of the Group's clients has continued to be adversely affected by the Covid-19 pandemic, although to a lesser degree compared to 2020 and 2021, due to travel restrictions in place and with the Villages being required to operate in line with any local governmental restrictions. Global events and the macro-economic climate are adversely impacting prices, in particular relating to energy costs, but this is not expected to materially impact ongoing profitability.


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.

AUDITOR

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.


Pia Corlette (Jun 13, 2022 15:57 GMT+1)

Pia Bayot Corlette
Secretary

13 June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable United Kingdom 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 Group financial statements in accordance with UK adopted international accounting standards, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the Parent Company financial statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/ or the Group will not continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and Directors' report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

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

OPINION

We have audited the financial statements of Value Retail PLC ('the Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Company Financial Position, Company Statement of Changes in Equity and the related notes 1 to 25 for the Group and 1 to 11 for the Company, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are for the Group UK adopted international accounting standards and for the Parent Company United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and the relevant direct and indirect tax regulation in the jurisdictions the Group operates in as well as the anti-money laundering legislation, data protection act, occupational health and safety regulations and other employment regulations.
- We understood how Value Retail PLC is complying with those frameworks by making inquiries of management to understand how the Company maintains their policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also obtained and read correspondence with relevant authorities, where applicable.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risks of management override and by assuming revenue recognition to be fraud risks. In response, we performed audit procedures including: incorporating data analytics into our testing of journals posted to accounts associated to revenue; testing specific revenue transactions back to source documentation and setting precise revenue expectations and comparing to actuals.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of senior management and where applicable, those charged with governance; review of board minutes; testing journals identified by specific risk criteria; and obtaining written representations from management on behalf of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

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.

Ernst & Young LLP

Daniel Saunders (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

13 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021


	Note	2021 £000	2020 £000
Revenue	5	247,137	222,318
Cost of sales	6	(235,043)	(217,077)
Gross profit		12,094	5,241
Administrative expenses		(1,619)	(1,458)
Operating profit	6	10,475	3,783
Finance income	8	3,126	2,416
Finance costs	9	(191)	(448)
Interest on lease liabilities	9	(412)	(386)
Profit before tax		12,998	5,365
Income tax expense	10	(2,102)	(1,467)
Profit for the year from ordinary activities		10,896	3,898
Other comprehensive income			
Foreign exchange translation differences		(969)	340
Total comprehensive income for the year, net of tax		9,927	4,238

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

	Note	2021 £000	2020 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,589	3,532
Right of use assets	20	14,816	13,530
Intangible fixed assets	12	9,358	12,842
Long term debtors	14	9,042	7,252
Deferred tax assets	10	1,371	362
		<hr/> 37,176	<hr/> 37,518
Current assets			
Trade and other receivables	15	78,529	65,781
Prepayments and accrued income	16	10,965	14,502
Cash and cash equivalents	17	46,358	34,210
		<hr/> 135,852	<hr/> 114,493
TOTAL ASSETS		<hr/> 173,028	<hr/> 152,011
EQUITY AND LIABILITIES			
Equity			
Issued capital	18	769	769
Retained earnings		70,747	59,851
Other reserves		(1,369)	(400)
Total equity		<hr/> 70,147	<hr/> 60,220
Non-current liabilities			
Lease liabilities	19	12,472	11,279
Bank loans	19	9,737	-
Current liabilities			
Trade and other payables	19	74,703	72,197
Lease liabilities	19	2,706	2,575
Amounts owed to related parties	19	2,859	3,748
Amounts owed to shareholders	19	-	1,308
Income tax payable	19	404	684
Total liabilities		<hr/> 102,881	<hr/> 91,791
TOTAL EQUITY AND LIABILITIES		<hr/> 173,028	<hr/> 152,011

The notes on pages 15 to 33 form part of these financial statements.

Approved and signed on behalf of the Board of Directors.


Roderick Gibbs (Jun 13, 2022 17:26 GMT+2)

Roderick Gibbs
Director
13 June 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (note 18) £000	Retained earnings £000	Other reserves £000	Total equity £000
As at 1 January 2020	769	55,953	(740)	55,982
For the year ended 31 December 2020				
Profit for the year	-	3,898	-	3,898
Foreign currency	-	-	340	340
Total comprehensive income	-	3,898	340	4,238
At 31 December 2020	769	59,851	(400)	60,220
For the year ended 31 December 2021				
Profit for the year	-	10,896	-	10,896
Foreign currency	-	-	(969)	(969)
Total comprehensive income	-	10,896	(969)	9,927
At 31 December 2021	769	70,747	(1,369)	70,147

Other reserves relate to translation differences arising in the consolidated financial statements on the translation of the assets and liabilities of foreign entities whose functional currencies are not Sterling.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	2021		2020	
	£000	£000	£000	£000
Profit before tax	12,998		5,365	
Depreciation and amortisation (see Notes 11, 12 and 20)	11,929		12,994	
Impairment of Assets (Note 12)	80		1,508	
Net foreign exchange differences	(122)		(406)	
Working capital adjustments:				
Increase in trade and other receivables and other current assets	(12,994)		(15,261)	
Increase in trade and other payables	9,818		5,723	
Change in provisions	(2,107)		2,312	
Cash generated from operations	19,602		12,235	
Interest received	3,093		2,361	
Interest paid	(185)		(83)	
Tax paid	(3,212)		(2,547)	
Net cash inflow from operating activities		19,298		11,966
Investing activities				
Purchase of plant and equipment (see Note 11)	(8)		(4,176)	
Purchase of intangible fixed assets (see Note 12)	(5,149)		(3,219)	
Net decrease/(increase) in loans to related parties	-		(77)	
Net cash (outflow) from investing activities		(5,157)		(7,472)
Financing activities				
Increase /(decrease) in loans from related party	(954)		106	
Increase in external loans	2,045		8,993	
Payment of lease liabilities	(2,599)		(2,612)	
Net cash inflow / (outflow) from financing activities		(1,508)		6,487
Net increase in cash and cash equivalents		12,633		10,981
Cash and cash equivalents at 1 January		34,210		22,697
Net foreign exchange difference		(485)		532
Cash and cash equivalents at 31 December		46,358		34,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards. The accounting policies have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change is recognised over those periods.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The consolidated financial statements incorporate the financial statements of the holding Company, Value Retail PLC (a private company limited by shares), and its subsidiary undertakings. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

No profit and loss account is presented for the Company, as permitted by section 408 of the Companies Act 2006.

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future. During 2021, the impact of Covid-19 on the macro-economic conditions in which the Group operates continue: in 2022 it looks likely that the impacts from Covid-19 will reduce. Global events and the macro-economic climate are adversely impacting prices, in particular relating to energy costs, but this is not expected to have a material impact on overall profitability.

An assessment of going concern based on cashflow projections to 30 September 2023 has been prepared relating to the Group and Company. The assessment is dependent on a number of assumptions, including future trading performance, and the continued access to borrowing facilities of certain of the clients of the Company's subsidiaries.

In line with local requirements, most Villages were closed, in line with local requirements for periods in 2021, and whilst open were subject to restrictions imposed to stop the spread of Covid-19. The effect of these measures is that the income of the Group's clients has been reduced against pre-Covid-19 levels. In dealing with the impact of Covid-19, the Group has demonstrated an ability to flex operations to suit prevailing conditions, and has managed cashflow forecasting appropriately. The Group's experience and current financial position provides compelling evidence on which the Directors rely when considering going concern.

According to the forecasts prepared on the assumptions, together with available market information and the Directors' knowledge and experience the Directors have concluded that it is appropriate to adopt the going concern basis for preparing the financial statements for the year ended 31 December 2021.

2. Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life, which is generally between three and five years or, in the case of leasehold improvements, the lease term.

Assets are additionally reviewed annually for impairment, useful lives and depreciation method, and written down if appropriate.

b) Intangible assets

This comprises acquired software and website costs, and is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. All costs are amortised over estimated useful lives of three to five years on a straight-line basis. Assets are additionally reviewed annually for indicators of impairment, useful lives and depreciation method, and written down if appropriate.

Initial capitalisation of costs is based on a judgement as to whether technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, assumptions are taken regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

c) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

d) Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lease liabilities are presented within "Non-current liabilities and Current liabilities" (see note 19 & 20). Lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. The incremental borrowing rate available to the Group is estimated based on the blended rate at which loan facilities have been made available to all Value Retail entities.

The Group has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs (see note 9), and the depreciation charge on the right-of-use asset is under cost of sales (see note 6), which are presented separately on the consolidated statement of comprehensive income,

The Group has classified cash payments for the principal portion of lease payments as financing activities as shown in the consolidated statement of cash flows. Short-term lease payments and payment for leases of low-value assets are classified as operating activities. Leasing is primarily conducted for the use of buildings, cars and office equipment.

e) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

f) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

- Rendering of services: 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. Interest income is included in finance income in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

g) Financial Instruments

(i) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 and are classified at initial recognition as subsequently measured at amortised cost on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically,

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has a 50% investment in Value Retail China Limited, which is held as a financial asset. Under IFRS 9 equity financial assets are classified through Fair Value through Profit or Loss. The investment is currently held at £nil. The Company has judged that it does not have significant influence over Value Retail China Limited, as the Company's board representation is not appointed by the Company but rather through its ultimate principal shareholder. Additionally, the Company does not participate in or influence policy-making processes of Value Retail China Limited. The Group's primary financial assets are "Trade and other receivables" and "Cash and cash equivalents".

(ii) Classification and measurement of financial liabilities

All financial liabilities held by the Group within the scope of IFRS 9 are classified at initial recognition as payables. All financial liabilities are recognised initially at fair value and then subsequently measured at amortised cost.

(iii) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model (ECL) as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Accordingly, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The Group has considered the requirements of IFRS 9 to calculate an ECL provision, and are satisfied that such a provision is not required other than on the receivables due from China on the basis that the Group's other customers have not previously defaulted on amounts owed, pay amounts owed promptly on a periodic basis and are part of the wider Value Retail Group.

h) Net finance costs

Net finance costs, recognised using the effective interest rate method, include interest payable on borrowings, net of interest capitalised, interest receivable on funds invested, and any foreign exchange losses.

i) Defined Contribution Plan

Pension contributions are made to an individual's personal pension arrangements under the Value Retail Group Personal Pension Scheme which is regarded as a defined contribution plan. The assets of the scheme are held separately from the Company in an independently administered fund, and any payments made to the fund are recognised as an expense when employees are entitled to receive such contribution.

j) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill;
- or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

k) Foreign currencies

The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency. The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the balance sheet date and income and expenses are translated at weighted average rates during the period. Translation differences are recognised in equity.

Transactions in foreign currencies are translated into the functional currency of each entity within the Group at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the exchange rate ruling at that date and, unless they relate to the hedging of the net investment in foreign operations, differences arising on translation are recognised in the income statement.

Foreign exchange gains are recognised under finance income and foreign exchange losses are recognised under finance costs in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards.

a) The following amendments to IFRS have been issued and are effective and applied by the Group:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 (effective from 1 January 2021).
- Covid-19-Related Rent Concessions – Amendment to IFRS 16 (effective from 1 June 2021).

Neither of the above Standards has had a material impact on the Group's financial statements for the year ended 31 December 2021.

b) At the date of approval of these financial statements, the following Standards and Interpretations relevant to the Group were in issue but not yet effective, and the potential future impact is being assessed:

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective from 1 January 2022). The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective from 1 January 2023). In November 2021, the Board published an exposure draft in which it proposed that if a right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purpose of classifying a liability as current or non-current.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective from 1 January 2022). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IAS 16 Property, Plant and Equipment (effective from 1 January 2022). The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective from 1 January 2022). In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
- Definition of Accounting Estimates – Amendments to IAS 8 (effective from 1 January 2023). In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- Deferred Tax relating to Assets and Liabilities arising from a single transaction – Amendments to IAS 12 (effective from 1 January 2023). The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Statement of compliance (continued)

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023). In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: a) Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and b) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group intends to adopt these new and amended standards and interpretations, if applicable when they become effective.

4. Significant accounting judgements, estimates and assumptions

Intangible assets

Intangible assets are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on a judgement as to whether technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, assumptions are taken regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

5. Revenue from contracts with customers

Revenue represents amounts derived from the provision of property development and property management services stated net of discounts, rebates and value added tax. The Group operates within the United Kingdom, Ireland, and a number of different markets within Continental Europe. All operations are continuing.

Geographical split of revenue by origin

	2021	2020
	£000	£000
UK	68,133	61,031
Ireland	20,434	16,901
Europe	158,570	144,386
Total revenue	247,137	222,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. Operating profit**

	2021	2020
	£000	£000
Included in cost of sales:		
Depreciation of property, plant and equipment	932	958
Depreciation of right-of-use assets	2,444	2,592
Amortisation of intangible assets	8,553	9,444
Impairment of intangible assets	80	1,508
(Reversal of) / Provision for bad debts	(2,107)	2,312
	<hr/>	<hr/>
Auditor's remuneration:		
Audit – Company	70	70
Audit – subsidiaries	389	392
Tax Compliance	238	359
Other services	50	-
	<hr/>	<hr/>
	747	821
	<hr/>	<hr/>

7. Employee benefits expenses

	2021	2020
	£000	£000
Included in cost of sales:		
Salaries	105,172	103,411
Social security costs	13,556	13,585
Pension contributions	9,279	3,985
Included in administrative expenses:		
Salaries, social security and pension contributions	752	960
	<hr/>	<hr/>
Total employee benefits expense	128,759	121,941
	<hr/>	<hr/>
	No.	No.
Average number of employees	973	969
	<hr/>	<hr/>

The remuneration of the Directors, who are the key management of the Group, is set out below in aggregate.

	2021	2020
	£000	£000
Salaries and short-term benefits	5,746	5,237
Post-employment benefits	97	64
	<hr/>	<hr/>
Total remuneration	5,843	5,301
	<hr/>	<hr/>
In respect of the highest paid Director:		
Aggregate emoluments in respect of qualifying services	1,563	1,370
	<hr/>	<hr/>
	1,563	1,370
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8. Finance income**

	2021	2020
	£000	£000
Bank interest	1	13
Interest receivable on loans to related parties	2,964	2,022
Total interest income	2,965	2,035
Other income including foreign exchange gains	161	381
Total finance income	3,126	2,416

Interest receivable on loans to related parties includes £2.9 million (2020: £2.0 million) of interest on overdue receivables.

9. Finance costs

	2021	2020
	£000	£000
Bank interest	36	26
Interest payable on loans from related parties	78	371
Other charges including foreign exchange losses	77	51
Finance costs	191	448
Interest on lease liabilities	81	24
Interest on lease liabilities from related parties	331	362
Interest on lease liabilities	412	386

10. Taxation**a) Consolidated income statement**

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	£000	£000
<i>Current income tax</i>		
Current income tax charge	2,892	1,789
Adjustments in respect of income tax of previous year	156	(261)
	3,048	1,528
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(61)
Adjustments in respect of deferred tax of previous year	(946)	-
Income tax expense reported in the income statement	2,102	1,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**10. Taxation (continued)****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 19% (2020: 19%). At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. At Budget 2021, the government announced that the Corporation Tax main rate for the years starting 1 April 2023 would increase to 25%. A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021 £000	2020 £000
Profit before income tax	12,998	5,365
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0% for the year (2020: 19.0%)	2,470	1,019
Effects of:		
Disallowed expenses	116	469
Differences in overseas tax rates	285	244
Adjustments in respect of prior years	(790)	(261)
Other	21	(4)
At the effective corporate tax rate of 16.2% (2020: 27.3%)	2,102	1,467

c) Current and deferred tax movements

	1 January 2021 £000	Reclassificat ion £000	Tax income / expenses £000	Tax paid £000	Foreign exchange difference £000	31 December 2021 £000
Current tax liability	(684)	-	(3,048)	3,212	116	(404)
Deferred tax assets	362	83	946	-	(20)	1,371
	(322)	83	(2,102)	3,212	96	967
	1 January 2020 £000	Reclassificat ion £000	Tax income / expenses £000	Tax paid £000	Foreign exchange difference £000	31 December 2020 £000
Current tax liability	(1,723)	-	(1,528)	2,547	20	(684)
Deferred tax assets	303	-	61	-	(2)	362
	(1,420)	-	(1,467)	2,547	18	(322)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Taxation (continued)

d) Deferred tax

Deferred tax relates to the following:

	2021	2020
	£000	£000
Accelerated depreciation	76	103
Pension	670	259
Bonus provision	545	-
Losses available for offsetting against future taxable income	80	-
	<hr/>	<hr/>
Deferred tax asset	1,371	362
	<hr/>	<hr/>

11. Property, plant and equipment

	Fixtures and fittings
	£000
COST	
At 1 January 2020	2,840
Exchange adjustments	67
Additions	4,176
	<hr/>
At 1 January 2021	7,083
Exchange adjustments	(78)
Additions	8
Disposals	(44)
	<hr/>
At 31 December 2021	6,969
	<hr/>
DEPRECIATION	
At 1 January 2020	2,544
Exchange adjustments	49
Provided during the year	958
	<hr/>
At 1 January 2021	3,551
Exchange adjustments	(64)
Provided during the year	932
Disposals	(39)
	<hr/>
At 31 December 2021	4,380
	<hr/>
NET BOOK VALUE	
At 31 December 2021	2,589
	<hr/>
At 31 December 2020	3,532
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Intangible fixed assets

	Website £000	Software £000	Total £000
COST			
At 1 January 2020	5,226	36,701	41,927
Additions	1,381	1,838	3,219
Disposals	(1,587)	(17,061)	(18,648)
At 1 January 2021	5,020	21,478	26,498
Additions	-	5,149	5,149
Disposals	-	(128)	(128)
At 31 December 2021	5,020	26,499	31,519
AMORTISATION AND IMPAIRMENT			
At 1 January 2020	1,871	19,481	21,352
Charge for the year	1,949	7,495	9,444
Impairment	-	1,508	1,508
Disposals	(1,587)	(17,061)	(18,648)
At 1 January 2021	2,233	11,423	13,656
Charge for the year	1,673	6,880	8,553
Impairment	-	80	80
Disposals	-	(128)	(128)
At 31 December 2021	3,906	18,255	22,161
NET BOOK VALUE			
At 31 December 2021	1,114	8,244	9,358
At 31 December 2020	2,787	10,055	12,842

13. Financial asset held at fair value through profit and loss

The Company holds a 50% investment in Value Retail China Limited, held at value of £nil.

The Company has judged that it does not have significant influence over Value Retail China Limited, as the Company's board representation is not appointed by the Company but rather through its ultimate principal shareholder. Additionally, the Company does not participate in or influence policy-making processes of Value Retail China Limited.

14. Long term debtors

	2021 £000	2020 £000
Accrued Income	7,385	5,674
Employee Loans	1,657	1,578
	9,042	7,252

Accrued income includes £7.1 million, net of ECL of £0.2 million (2020: £5.7 million, net of ECL of £2.3 million) of accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited which is not expected to be received until after 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. Long term debtors (continued)**

Employee loans are repayable within three years.

15. Trade and other receivables

	2021	2020
	£000	£000
Trade receivables	93	73
Receivables due from related parties	73,219	61,774
Receivables due from shareholders	597	-
VAT and other taxes	2,136	2,299
Other debtors	2,484	1,635
	<u>78,529</u>	<u>65,781</u>

Trade receivables are non-interest bearing and are typically due within 30 days. A proportion of the balance, £nil (2020: £0.1 million), was older than 60 days.

Receivables due from related parties are repayable on demand, though it is possible that some portion may be repaid in more than one year. Balances are unsecured and interest free.

Receivables due from shareholders relate to the net of invoices received, less amounts paid in advance.

VAT and other taxes principally comprises VAT receivable.

Other debtors are comprised of deposits and project work in progress.

16. Prepayments and accrued income

	2021	2020
	£000	£000
Prepayments and accrued income	<u>10,965</u>	<u>14,502</u>

Prepayments and accrued income includes £6.5 million (2020: £12.0 million) of accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited, due to be paid during 2022.

Prepayments of supplier services amounted to £4.4 million (2020: £2.5 million).

17. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at banks and in hand	<u>46,358</u>	<u>34,210</u>
	<u>46,358</u>	<u>34,210</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Issued capital

Authorised shares

	2021 £000	2020 £000
2,750,000 'A' Ordinary Shares of £1 each	2,750	2,750
750,000 'B' Ordinary Shares of £1 each	750	750
1,425,000 'C' Ordinary Shares of £1 each	1,425	1,425
75,000 'D' Ordinary Shares of £1 each	75	75
Total ordinary shares	5,000	5,000
Total authorised shares	5,000	5,000

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Issued and fully paid 2021

'A' Shares £000	'B' Shares £000	'C' Shares £000	'D' Shares £000	Total £000
250	45	418	56	769

The total Shares issued and fully paid of £0.8 million were the same as above in 2021 and 2020.

19. Liabilities

Non-current liabilities

	2021 £000	2020 £000
Lease liabilities	12,472	11,279
Other loans	9,737	-
Non-current liabilities	22,209	11,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**19. Liabilities (continued)***Current liabilities*

	2021	2020
	£000	£000
Trade payables	11,478	9,017
Other loans	1,301	8,993
VAT and other taxes	23,379	17,022
Other payables	11,351	9,803
Accruals and deferred income	27,194	27,362
	<hr/>	<hr/>
Trade and other payables	74,703	72,197
Lease liabilities	2,706	2,575
Amounts owed to related parties	2,859	3,748
Amounts owed to shareholders	-	1,308
Income tax payable	404	684
	<hr/>	<hr/>
Current liabilities	80,672	80,512

Lease liabilities relate to buildings, motor vehicles and fixtures and fittings leased over varying periods up to 10 years, therefore, these have been shown separately under current liabilities for lease liabilities due within 12 months and non-current liabilities, for lease liabilities between 2 to 10 years.

Trade payables and amounts owed to shareholders are non-interest bearing and are normally settled on 30 days end of month terms. Other payables are non-interest bearing and have an average term of 30 to 60 days. Outstanding amounts in respect of the defined contribution pension scheme payable at the balance sheet date were £1.0 million (2020: £0.7 million).

Loans increased by £2.1 million reflecting a new loan in Italy of €2.5 million to Value Management Italy Srl, at a fixed interest rate of 1%, expiring in January 2026, and other interest-free loans of £0.5 million to Value Retail Management Limited. During the year, the 12-month loan of €10.0 million to Value Retail Management France SARL was extended for a further 5 years.

Amounts owed to related parties comprise loans of £1.3 million (2020: £1.3 million) which are repayable on demand, unsecured and subject to interest of 6.0%, and £1.6 million (2020: £2.4 million) which is repayable on demand, unsecured and subject to interest at the lender's cost of capital which averaged 1.85% during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Leases

The carrying amounts and movements during the period of right of use assets are set out below:

	Buildings	Motor Vehicles	Fixtures & Fittings	Total
	£000	£000	£000	£000
COST				
At 1 January 2020	5,484	250	1,688	7,422
Exchange adjustments	313	18	100	431
Additions	9,015	47	606	9,668
Disposals	-	-	(208)	(208)
At 1 January 2021	14,812	315	2,186	17,313
Exchange adjustments	(263)	(22)	(65)	(350)
Additions	2,716	225	1,311	4,252
Disposals	-	(11)	(562)	(573)
At 31 December 2021	17,265	507	2,870	20,642
DEPRECIATION				
At 1 January 2020	511	115	697	1,323
Exchange adjustments	28	8	40	76
Provided during the year	1,693	45	854	2,592
Disposals	-	-	(208)	(208)
At 1 January 2021	2,232	168	1,383	3,783
Exchange adjustments	(72)	(12)	(85)	(169)
Provided during the year	1,592	169	683	2,444
Disposals	-	(11)	(221)	(232)
At 31 December 2021	3,752	314	1,760	5,826
NET BOOK VALUE				
At 31 December 2021	13,513	193	1,110	14,816
At 31 December 2020	12,580	147	803	13,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20. Leases (continued)**

The carrying amounts of lease liabilities and the movements during the period are set out below:

	2021 £000	2020 £000
As at 1 January	13,854	6,213
Additions	3,640	9,867
Accretion of interest	283	386
Payments	(2,599)	(2,612)
As at 31 December	15,178	13,854
Current	2,706	2,575
Non-current	12,472	11,279
As at 31 December	15,178	13,854

The maturity analysis of lease liabilities is disclosed in Note 23.

21. Financial instruments

The table below sets out the categories and fair values of financial instruments at the end of reporting periods, together with their book value included in the balance sheet:

	2021		2020	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Financial assets				
<i>Loans and receivables at amortised cost</i>				
Long term debtors	9,042	9,042	7,252	7,252
Trade and other receivables	80,861	80,861	65,781	65,781
Cash and cash equivalents	46,358	46,358	34,210	34,210
	136,261	136,261	107,243	107,243
Financial liabilities				
<i>Liabilities at amortised cost</i>				
Non-current liabilities	12,786	12,786	11,279	11,279
Other current liabilities	89,691	89,691	79,828	79,828
	102,477	102,477	91,107	91,107

Trade receivables, trade payables and cash and cash equivalents have short term maturities and are expected to have fair value approximately equal to their respective book values.

Based on the amount and expected maturity of the long term debtors and non-current liabilities, the fair value is not expected to be materially different to their book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Related party disclosures

Subsidiaries and investments

The Group financial statements include the subsidiaries listed below:

Name of subsidiary undertaking	Country of incorporation/ registered office	% equity interest		Nature of business
		2021	2020	
Value Retail Management Limited	UK	100%	100%	Property Services
Value Retail Management (Bicester Village) Limited	UK	100%	100%	Property Services
Value Retail Innovation Limited	UK	100%	100%	Property Services
Value Retail Development Limited	UK	100%	100%	Property Services
Value Retail (International) Limited	UK	100%	100%	Property Services
Value Retail Management Germany GmbH	Germany	100%	100%	Property Services
Value Retail Management Spain, S.L.	Spain	100%	100%	Property Services
Value Retail Management France SARL	France	100%	100%	Property Services
Value Retail Management Belgium N.V.	Belgium	100%	100%	Property Services
Value Retail Management Ireland Limited	Ireland	100%	100%	Property Services
Value Retail Management Netherlands BV	Netherlands	-	100%	Property Services
Value Retail Management Italy S.r.l.	Italy	100%	100%	Property Services
Value Retail Europe Limited	Ireland	100%	100%	Property Services
Value Retail Management Europe Limited	Ireland	100%	100%	Property Services
Value Retail Management USA, Inc.	USA	100%	100%	Property Services

Value Retail Innovation Limited and Value Retail (International) Limited are directly owned by Value Retail PLC. Value Retail Innovation Limited owns Value Retail Development Limited. Value Retail Management Europe Limited owns Value Retail Management Limited, Value Retail Management (Bicester Village) Limited and Value Retail Management Ireland Limited. The remaining companies are indirectly held through Value Retail Management Ireland Limited.

On 28 December 2021, Value Retail Netherlands BV was liquidated.

On 12 March 2020, Value Retail Management Europe Limited purchased 100% of the equity of a new company Value Retail Management USA, Inc..

The Company holds a 50% investment in Value Retail China Limited (note 13).

At 31 December 2021, the Group has a provision of £0.2 million (2020: £2.3 million) for doubtful debts relating to amounts owed by related parties. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

S D Malkin, a Director of the Company, owns and controls SDMP Services, Inc., which is the controlling member of VR Holdings LLC, which is the largest shareholder in the Company. S D Malkin is the ultimate controlling party of the Company. Other related parties are entities whose ultimate controlling party is S D Malkin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Related party disclosures (continued)

The amounts shown below represent the Group's transactions and balances with its related parties.

	Sales to related parties £000	Purchases from related parties £000	Interest received from related parties £000	Interest charged by related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Entities with a shareholding in the Company						
2021	-	11,693	-	-	597	-
2020	-	5,769	-	-	-	1,308
Other related parties						
2021	243,831	3,171	2,964	409	75,551	2,859
2020	220,505	2,081	2,022	733	61,774	3,748

23. Commitments and contingencies

Operating lease commitments – Group as lessee

Future minimum rentals payable under non-cancellable leases are as follows:

	2021 £000	2020 £000
Within one year	2,706	2,575
After one year but not more than five years	8,417	7,884
More than five years	5,757	5,382
Total minimum rental payable	16,880	15,841

Financial commitments

The Company is registered for VAT purposes as a part of a Group of UK companies 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 have reviewed the performance and liquidity of the other companies in this Group and are of the opinion that no liability is likely to arise.

24. Financial risk management objectives and policies

The Group has trade and other receivables, receivables from related parties, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to credit risk and foreign currency risk.

Credit risk

The Group's principal financial assets are bank and cash balances, including short-term bank deposits, and receivables due from related parties. The Group's credit risk is attributable to its receivables from related parties, cash and short-term deposits.

Related party receivables are primarily due from the entities operating the Villages. Their performance is carefully monitored by Management.

The credit risk on short-term deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. At 31 December 2021, the Group's maximum exposure to credit risk of this nature was £46.4 million (2020: £34.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. Financial risk management objectives and policies (continued)***Interest rate risk*

The Group has limited external borrowings and therefore there is insignificant interest rate risk.

Liquidity risk

The Group manages its liquidity risk through detailed monthly cashflow planning.

- Financial maturity analysis

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

	< 1 year £000	1-5 years £000	> 5 years £000	Total £000
31 December 2021				
Trade and other payables	47,527	9,831	-	57,358
Lease liabilities	2,706	8,417	5,757	16,880
Amounts owed to related parties	2,859	-	-	2,859
Amounts owed to shareholders	-	-	-	-
	<u>53,092</u>	<u>18,248</u>	<u>5,757</u>	<u>77,097</u>
31 December 2020				
Trade and other payables	44,835	-	-	44,835
Lease liabilities	2,575	7,884	5,382	15,841
Amounts owed to related parties	3,748	-	-	3,748
Amounts owed to shareholders	1,308	-	-	1,308
	<u>52,466</u>	<u>7,884</u>	<u>5,382</u>	<u>65,732</u>

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's consolidated financial statements are presented in Sterling, which is the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency) and the Group's net investments in foreign subsidiaries.

The Group assesses the extent of its foreign currency risk, including the impact of Brexit, and will consider measures such as hedging, should this be considered to be appropriate.

We have assessed the impact of a 10% movement in the EUR exchange rate on the Equity position of the Group. The impact would be a movement to the Sterling Equity value of £6.0 million (2020: £5.4 million).

25. Subsequent events


Since 1 January 2022, the business of the Group's clients has continued to be adversely affected by the Covid-19 pandemic, although to a lesser degree compared to 2020 and 2021, due to travel restrictions in place and with the Villages being required to operate in line with any local governmental restrictions. Global events and the macro-economic climate are adversely impacting prices, in particular relating to energy costs, but this is not expected to materially impact ongoing profitability.

STATEMENT OF COMPANY FINANCIAL POSITION
as at 31 December 2021

	Note	2021 £000	2020 £000
ASSETS			
Non-current assets			
Property, plant and equipment	4	162	165
Investments	5	25,808	25,808
Long term debtor	6	6,115	3,188
Deferred tax asset	3	116	106
		<hr/>	<hr/>
		32,201	29,267
Current assets			
Trade and other receivables	7	308	382
Income tax receivable	3	-	169
Prepayments and accrued income	8	2,689	11,984
Cash and cash equivalents	9	8,954	1,443
		<hr/>	<hr/>
		11,951	13,978
		<hr/>	<hr/>
TOTAL ASSETS		44,152	43,245
		<hr/>	<hr/>
EQUITY AND LIABILITIES			
Equity			
Issued capital	11	769	769
Retained earnings brought forward		34,347	35,475
Result for the year		3,540	(1,128)
		<hr/>	<hr/>
Total equity		38,656	35,116
Current liabilities			
Trade and other payables	10	4,163	7,075
Amounts owed to related parties	10	1,090	1,054
Income tax payable	3	243	-
		<hr/>	<hr/>
Total liabilities		5,496	8,129
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		44,152	43,245
		<hr/>	<hr/>

The notes on pages 36 to 41 form part of these financial statements.

Approved and signed on behalf of the Board of Directors


 Roderick Gibbs (Jun 13, 2022 17:26 GMT+2)

Roderick Gibbs
 Director

13 June 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

	Issued capital (note 18) £000	Retained earnings £000	Total equity £000
As at 1 January 2020	769	35,475	36,244
For the year ended 31 December 2020			
Loss for the year	-	(1,128)	(1,128)
Total comprehensive income	-	(1,128)	(1,128)
At 31 December 2020	769	34,347	35,116
For the year ended 31 December 2021			
Profit for the year	-	3,540	3,540
Total comprehensive income	-	3,540	3,540
At 31 December 2021	769	37,887	38,656

NOTES TO THE COMPANY FINANCIAL STATEMENT

1. Accounting Policies

Although the consolidated Group financial statements are prepared under UK adopted international accounting standards, the Value Retail PLC Company financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The basis of preparation and accounting policies relevant to the Company are the same as those set out for the Group in notes 1 and 2.

In addition, investment in subsidiaries is stated at cost, less any provision for impairment. Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be appropriate. There are no changes which indicate any impairment is required. The impairment consideration is considered a significant accounting judgement for the Company.

As permitted by FRS 101, the Company has taken the following disclosure exemptions:

- a) the requirements of IFRS 7: Financial Instruments: Disclosures;
- b) the requirement in paragraph 38 of IAS 1: Presentation of Financial Statements to present comparative information in respect of:
 - i) Paragraph 79(a)(iv) of IAS 1;
 - ii) Paragraph 73(e) of IAS 16, Property, Plant and Equipment;
 - iii) Paragraph 118(e) of IAS 38, Intangible Assets;
- c) the requirements of IAS 7, Statement of Cash Flows;
- d) the requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors;
- e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1, Presentation of Financial Statements;
- f) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets;
- g) the requirements of paragraph 17 of IAS 24, Related Party Disclosures; and
- h) the requirements in IAS 24, Related Party Disclosures, to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2. Profit for the year

As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The profit for the year attributable to equity shareholders dealt with in the financial statements of the Company was £3.5 million (2020: loss £1.1 million). No dividend was declared in either the current or prior year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)**3. Taxation****a) The major components of income tax expense for the years ended 31 December 2021 and 2020 are:**

	2021	2020
	£000	£000
<i>Current income tax</i>		
Current income tax charge	807	294
	<hr/>	<hr/>
	807	294
<i>Deferred tax</i>		
Origination and reversal of timing differences	(10)	(2)
	<hr/>	<hr/>
Income tax expense reported in the income statement	797	292
	<hr/>	<hr/>

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 19% (2020: 19%). At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. At Budget 2021, the government announced that the Corporation Tax main rate for the years starting 1 April 2023 would increase to 25%. A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
	£000	£000
Profit / (loss) before income tax	4,337	(835)
	<hr/>	<hr/>
Profit / (loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0% for the year (2020: 19.0%)	824	(159)
Effects of:		
Disallowed expenses	-	427
Adjustments in respect of prior years	-	24
Other	(27)	-
	<hr/>	<hr/>
At the effective corporate tax rate of 16.2% (2020: 27.3%)	797	292
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. Taxation (continued)****c) Current and deferred tax movements**

	1 January 2021 £000	Tax income / expenses £000	Tax paid £000	31 December 2021 £000
Current tax liability	169	(807)	395	(243)
Deferred tax assets	106	10	-	116
	<u>275</u>	<u>(797)</u>	<u>395</u>	<u>(127)</u>
	1 January 2020 £000	Tax income / expenses £000	Tax paid £000	31 December 2020 £000
Current tax asset	173	(294)	290	169
Deferred tax assets	104	2	-	106
	<u>277</u>	<u>(292)</u>	<u>290</u>	<u>275</u>

Deferred tax relates to the following:

	2021 £000	2020 £000
Accelerated depreciation	116	106
	<u>116</u>	<u>106</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Property, plant and equipment

	£000
COST	
At 1 January 2020	375
Disposals	(121)
	<hr/>
At 1 January 2021	254
Additions	203
Disposals	(254)
	<hr/>
At 31 December 2021	203
	<hr/>
DEPRECIATION	
At 1 January 2020	81
Provided during the year	51
Disposals	(43)
	<hr/>
At 1 January 2021	89
Provided during the year	41
Disposals	(89)
	<hr/>
At 31 December 2021	41
	<hr/>
NET BOOK VALUE	
At 31 December 2021	162
	<hr/>
At 31 December 2020	165
	<hr/>

5. Investments

	2021	2020
	£000	£000
Shares in subsidiary undertakings	25,808	25,808
	<hr/>	<hr/>
	25,808	25,808
	<hr/>	<hr/>

Details of the investments in which the Company holds directly or indirectly ordinary shares are disclosed in note 22.

6. Long term debtors

The Company has accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited. An element of the accrued income £6.1 million (2020: £3.2 million) is not expected to be received until after 2022, therefore, the long term element of the accrual has been classified as non-current assets "Long term debtors".

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)**7. Trade and other receivables**

	2021	2020
	£000	£000
Trade receivables	12	174
Receivables due from related parties	293	134
VAT and other taxes	3	4
Other debtors	-	70
	<u>308</u>	<u>382</u>
Income tax receivable	-	169
	<u>308</u>	<u>551</u>

Trade receivables are not interest bearing and are typically due within 30 days.

Receivables due from related parties are repayable on demand, though it is possible that some portion may be repaid in more than one year. Balances are unsecured and interest free.

VAT and other taxes principally comprise VAT receivable.

8. Prepayments and accrued income

	2021	2020
	£000	£000
Prepayments and accrued income	<u>2,689</u>	<u>11,984</u>

Prepayments and accrued income includes £2.7 million (2020: £12.0 million) of accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited, due to be paid during 2022.

9. Cash and cash equivalents

	2021	2020
	£000	£000
Cash at banks and in hand	<u>8,954</u>	<u>1,433</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

10. Other current liabilities

These include the following:

	2021	2020
	£000	£000
Trade payables	2	92
Other payables	3,710	3,663
Lease liabilities	184	170
Accruals and deferred income	111	2,655
Amounts due to Group undertakings	156	495
Trade and other payables	4,163	7,075
Amounts owed to related parties	1,090	1,054
Income tax payable	243	-
	5,496	8,129

Trade payables are non-interest bearing and are normally settled on 30 days end of month terms.

Other payables are non-interest bearing and are expected to be paid during 2022.

Amounts owed to related parties comprise loans due to related parties of £1.1 million (2020: £1.1 million) which are repayable on demand, unsecured and subject to interest of 6.0%.

11. Issued capital

Authorised shares

	2021	2020
	£000	£000
2,750,000 'A' Ordinary Shares of £1 each	2,750	2,750
750,000 'B' Ordinary Shares of £1 each	750	750
1,425,000 'C' Ordinary Shares of £1 each	1,425	1,425
75,000 'D' Ordinary Shares of £1 each	75	75
Total ordinary shares	5,000	5,000
Total authorised shares	5,000	5,000

Issued and fully paid 2021

'A' Shares	'B' Shares	'C' Shares	'D' Shares	Total
£000	£000	£000	£000	£000
250	45	418	56	769

The total Shares issued and fully paid of £0.8 million were the same as above in 2021 and 2020.