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VALUE RETAIL PLC

ANNUAL REPORT

31 DECEMBER 2022

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DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Scott Malkin	(Chairman)	
Roderick Gibbs	(Managing Director)	
George Host	(Director)	
Desiree Bollier	(Chair – Value Retail Management)	
James Lambert	(Deputy Chairman)	
Mark Burton	(Non-Executive)	(Resigned 8 July 2022)
Ruth Kennedy	(Non-Executive)	
Rita-Rose Gagné	(Non-Executive)	
Simon Travis	(Non-Executive)	
Blondel Cluff	(Non-Executive)	(Appointed 20 April 2023)

SECRETARY

Pia Bayot Corlette

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

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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2022.

The financial statements of Value Retail PLC for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 30 May 2023.

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 shopping Villages in China and to the shopping Village under construction in the US 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. The Directors consider the key performance indicators of the Group to be revenue and profit before tax, which developed as follows:

	2022	**2021**	**Change**
	£000	**£000**	**%**
Revenue	308,883	247,137	25%
Profit before Tax	8,173	12,998	(37%)

These financial statements, for the year ended 31 December 2022, 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 appraised of the Company's performance and activities of the Company and the Group. The Group benefits from a 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, water and waste reduction, with projects aligned against these aims. The Sustainable Brand Contract is in place to facilitate sustainable practices with our brand partners in each of the Villages. Work is ongoing to assess the feasibility of on-site renewable energy.

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.

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STRATEGIC REPORT (continued)

RISKS AND UNCERTAINTIES (continued)

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.

Pia Corlette (May 30, 2023 16:20 GMT+1)

Pia Bayot Corlette
Secretary

30 May 2023

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 2022.

DIVIDENDS

The Directors do not recommend the payment of an ordinary dividend (2021: £nil).

FUTURE DEVELOPMENTS

The Directors aim to maintain the management strategies which have resulted in the Group's growth in recent years.

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 candidates with disabilities where their particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees with disabilities 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 has an established employee information and consultation framework. Throughout the year, the Group has maintained its policy of providing regular updates to all employees via virtual meetings led by the senior leadership. These updates include information on the Company's performance as well as specific Villages activities and initiatives. The Group's commitment to employee growth and development remains a top priority. To support this goal, the Group has implemented a framework which helps employees and their managers plan out their career journey, paving the way for personal growth and advancement within the Group. In addition, the Group recognises the importance of promoting physical and mental health in the workplace. To that end, the Company offers a range of activities and support services. The Group has also been mindful of the current cost-of-living challenges, and provided a one-off support payment to all employees. Diversity, equality and inclusion are key areas of focus for the Group. The Group uses focus groups to gather feedback and suggestions from employees relating to these values. To ensure employee satisfaction and engagement, the Group also conducts an employee engagement survey and takes actions across the business to address areas identified. The Group maintains an online whistleblowing system for employees to report any concerns, ensuring that all employees feel heard and valued.

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. Notably, a targeted approach of supplier management with key colleagues and the Group's largest suppliers has been implemented. It has also partnered with a third party providing an external ESG platform to monitor the Group's top 200 suppliers against a range of environmental, social and governance criteria.

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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 2022, the impact of Covid-19 on the macro-economic conditions in which the Group operates reduced.

An assessment of going concern based on cash flow projections to 30 June 2024 has been prepared relating to the Group and the Company. The assessment is dependent on a number of assumptions, including future trading performance.

The income of the Company's clients increased against pre-Covid-19 levels. In dealing with the impact of Covid-19, the Group demonstrated an ability to flex operations to suit prevailing conditions, and 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 2022.

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's UK subsidiaries reported the following emissions and carbon consumption:

	2022	**2021**
Emissions from combustion of gas (Scope 1)	3.26 tCO_2e	17.87 tCO_2e
Emissions from the purchase of electricity (Scope 2)	554.23 tCO_2e	533.94 tCO_2e
Energy consumption used to calculate emissions	2,800,384 kWh	2,612,280 kWh
Scope 1 & 2 emissions per m^2 area managed	0.117 tCO_2e per m^2	0.12 tCO_2e per m^2

As part of a strategy to improve the energy efficiency of Bicester Village, the principal energy efficiency interventions in 2022 built upon lighting control upgrades from 2021. In 2022, a significant proportion of car park lighting was upgraded to LED, which delivered further energy savings during 2022; the project is expected to complete in 2023. A programme for energy performance upgrade of shell and core was refined and maintained to deliver improved thermal efficiency and EPC ratings. In support of this is the Sustainability Handbook, introduced in 2022, to ensure optimal energy efficiency for Brand fitouts. A project to install real-time energy equipment to monitor Village-wide energy usage was launched, which will be used to drive behavioural change opportunities.

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 (2019).

DONATIONS

During the year, the Company has made charitable donations totalling £0.5 million (2021: £0.1 million) to various charitable organisations as part of Value Retail's DO GOOD Programme.

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DIRECTORS' REPORT (continued)

EVENTS AFTER THE BALANCE SHEET DATE

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 (May 30, 2023 16:20 GMT+1)

Pia Bayot Corlette
Secretary

30 May 2023

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.

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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 2022 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 2022 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 June 2024.

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.

DocuSigned by:
Ernst & Young LLP
DE0BA662E23047F...
Vania Tribos (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

02 June 2023

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	5	308,883	247,137
Cost of sales	6	(299,193)	(235,043)
Gross profit		9,690	12,094
Administrative expenses		(1,311)	(1,619)
Operating profit	6	8,379	10,475
Finance income	8	676	3,126
Finance costs	9	(461)	(191)
Interest on lease liabilities	9	(421)	(412)
Profit before tax		8,173	12,998
Income tax expense	10	(1,674)	(2,102)
Profit for the year from ordinary activities		6,499	10,896
Other comprehensive income			
Foreign exchange translation differences		792	(969)
Total comprehensive income for the year, net of tax		7,291	9,927

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	2022	2021
		£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,603	2,589
Right of use assets	20	13,953	14,816
Intangible fixed assets	12	15,620	9,358
Long term debtors	14	3,794	9,042
Deferred tax assets	10	859	1,371
		35,829	37,176
Current assets			
Trade and other receivables	15	87,744	78,529
Income tax receivable	10	1,073	-
Prepayments and accrued income	16	15,733	10,965
Cash and cash equivalents	17	53,651	46,358
		158,201	135,852
TOTAL ASSETS		194,030	173,028
EQUITY AND LIABILITIES			
Equity			
Issued capital	18	769	769
Retained earnings		77,246	70,747
Other reserves		(577)	(1,369)
Total equity		77,438	70,147
Non-current liabilities			
Lease liabilities	19	11,416	12,472
Bank loans	19	14,163	9,737
Current liabilities			
Trade and other payables	19	86,803	74,703
Lease liabilities	19	2,975	2,706
Amounts owed to related parties	19	1,235	2,859
Income tax payable	19	-	404
Total liabilities		116,592	102,881
TOTAL EQUITY AND LIABILITIES		194,030	173,028

The notes on pages 15 to 34 form part of these financial statements.

Approved and signed on behalf of the Board of Directors.

Roderick Gibbs (May 30, 2023 18:41 GMT+2)

Roderick Gibbs
Director
30 May 2023

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (note 18)	Retained earnings	Other reserves	Total equity
	£000	£000	£000	£000
As at 1 January 2021	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
For the year ended 31 December 2022				
Profit for the year	-	6,499	-	6,499
Foreign currency	-	-	792	792
Total comprehensive income	-	6,499	792	7,291
At 31 December 2022	769	77,246	(577)	77,438

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.

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	2022		2021	
	£000	£000	£000	£000
Profit before tax	8,173		12,998	
Depreciation and amortisation (Notes 6, 11, 12 & 20)	10,295		11,929	
Impairment of Assets (Note 6, 11 & 12)	62		80	
Net foreign exchange differences	(668)		(122)	
Working capital adjustments:				
Increase in trade and other receivables and other current assets	(8,942)		(12,994)	
Increase in trade and other payables	11,003		9,818	
Change in provisions	113		(2,107)	
Cash generated from operations		20,036		19,602
Interest received	605		3,093	
Interest paid	(397)		(185)	
Tax paid (Note 10)	(2,623)		(3,212)	
Net cash inflow from operating activities		17,621		19,298
Investing activities				
Purchase of plant and equipment (Note 11)	(32)		(8)	
Purchase of intangible fixed assets (Note 12)	(12,987)		(5,149)	
Net cash (outflow) from investing activities		(13,019)		(5,157)
Financing activities				
Increase /(decrease) in loans from related party	(1,760)		(954)	
Increase in external loans	6,307		2,045	
Payment of lease liabilities	(2,791)		(2,599)	
Net cash inflow / (outflow) from financing activities		1,756		(1,508)
Net increase in cash and cash equivalents		6,358		12,633
Cash and cash equivalents at 1 January		46,358		34,210
Net foreign exchange difference		935		(485)
Cash and cash equivalents at 31 December		53,651		46,358

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2022

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 (refer to Note 22). 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 2022, the impact of Covid-19 on the macro-economic conditions in which the Group operates reduced.

An assessment of going concern based on cash flow projections to 30 June 2024 has been prepared relating to the Group and the Company. The assessment is dependent on a number of assumptions, including future trading performance.

The income of the Company's clients increased against pre-Covid-19 levels. In dealing with the impact of Covid-19, the Group demonstrated an ability to flex operations to suit prevailing conditions, and 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 2022.

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 indicators of 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.

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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 portfolio.

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.

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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) <u>Foreign currencies</u>

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.

The following new and amended Standards and Interpretations have been issued:

- Issued and effective
  - Reference to the Conceptual Framework – Amendments to IFRS 3 (effective from 1 January 2022).
  - Amendments to IAS 16 Property, Plant and Equipment (effective from 1 January 2022).
  - Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective from 1 January 2022)
  - AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective from 1 January 2022)

  None of the above Standards has had a material impact on the Group's financial statements for the year ended 31 December 2022.

- Issued and not yet effective
  - Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)
  - Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023).
  - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective from 1 January 2023).
  - Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective from 1 January 2024).
  - Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective from 1 January 2024).

The potential future impact of these are being assessed.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

	2022	2021
	£000	£000
UK	92,761	68,133
Ireland	24,714	20,434
Europe	191,408	158,570
Total revenue	308,883	247,137

6. Operating profit

	2022	2021
	£000	£000
Included in cost of sales:		
Depreciation of property, plant and equipment (Note 11)	1,006	932
Impairment of property, plant and equipment (Note 11)	20	-
Amortisation of intangible assets (Note 12)	6,683	8,553
Impairment of intangible assets (Note 12)	42	80
Depreciation of right-of-use assets (Note 20)	2,606	2,444
(Reversal of) / Provision for bad debts (Note 22)	113	(2,107)

	2022	2021
Auditor's remuneration:		
Audit – Company	75	70
Audit – subsidiaries	424	389
Tax Compliance	410	238
Other services	46	50
	955	747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Employee benefits expenses

	2022 £000	2021 £000
Included in cost of sales:		
Salaries	123,876	105,172
Social security costs	15,546	13,556
Pension contributions	5,236	9,279
Included in administrative expenses:		
Salaries, social security and pension contributions	291	752
Total employee benefits expense	144,949	128,759
	No.	**No.**
Average number of employees	1,062	973

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

	2022 £000	2021 £000
Salaries and short-term benefits	5,193	5,746
Post-employment benefits	123	97
Total remuneration	5,316	5,843
In respect of the highest paid Director:		
Aggregate emoluments in respect of qualifying services	1,584	1,563
	1,584	1,563

8. Finance income

	2022 £000	2021 £000
Bank interest	-	1
Interest receivable on loans to related parties	531	2,964
Total interest income	531	2,965
Other income including foreign exchange gains	145	161
Total finance income	676	3,126

Interest receivable on loans to related parties includes £0.5 million (2021: £2.9 million) of interest on overdue receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Finance costs

	2022 £000	2021 £000
Bank interest	73	36
Interest payable on loans from related parties	56	78
Other charges including foreign exchange losses	332	77
Finance costs	461	191
Interest on lease liabilities	98	81
Interest on lease liabilities from related parties	323	331
Interest on lease liabilities	421	412

10. Taxation

a) Consolidated income statement

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022 £000	2021 £000
Current income tax		
Current income tax charge	989	2,892
Adjustments in respect of income tax of previous year	222	156
	1,211	3,048
Deferred tax		
Origination and reversal of timing differences	277	111
Adjustments in respect of prior years	99	(808)
Effect of changes in tax rates	87	(249)
Income tax expense reported in the income statement	1,674	2,102

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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% (2021: 19%). A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2022 and 2021 is as follows:

	2022	**2021**
	£000	**£000**
Profit before income tax	8,173	12,998
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0% for the year (2021: 19.0%)	1,553	2,470
Effects of:		
Disallowed expenses	228	226
Differences in overseas tax rates	218	285
Tax rate changes	86	(249)
Impact of super deduction	(740)	-
Adjustments in respect of prior years	320	(652)
Other	9	22
At the effective corporate tax rate of 20.5% (2021: 16.2%)	1,674	2,102

c) Current and deferred tax movements

	1 January 2022	**Reclassification**	**Tax income / expenses**	**Tax paid**	**Foreign exchange difference**	**31 December 2022**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Current tax	(404)	66	(1,212)	2,623	-	1,073
Deferred tax	1,371	(81)	(463)	-	32	859
	967	(15)	(1,675)	2,623	32	1,932

	1 January 2021	**Reclassification**	**Tax income / expenses**	**Tax paid**	**Foreign exchange difference**	**31 December 2021**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Current tax	(684)	-	(3,048)	3,212	116	(404)
Deferred tax	362	83	946	-	(20)	1,371
	(322)	83	(2,102)	3,212	96	967

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Taxation (continued)

d) Deferred tax

Deferred tax relates to the following:

	2022 £000	2021 £000
Accelerated depreciation	(2,807)	76
Pension	745	670
Bonus provision	1,317	545
Losses available for offsetting against future taxable income	1,604	80
Deferred tax asset	859	1,371

e) Factors that may affect future tax charges

In the March 2021 Budget it was announced that legislation would be introduced in the Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective April 2023. This was substantively enacted in May 2021 therefore, the closing deferred tax balance have been calculated at 25% (2021: 25%).

The forthcoming change in the corporation tax rate in future years is not expected to materially affect the future tax charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Property, plant and equipment

	Fixtures and fittings £000
COST	
At 1 January 2021	7,083
Exchange adjustments	(78)
Additions	8
Disposals	(44)
At 1 January 2022	6,969
Exchange adjustments	60
Additions	32
Disposals	(359)
At 31 December 2022	6,702
DEPRECIATION	
At 1 January 2021	3,551
Exchange adjustments	(64)
Provided during the year	932
Disposals	(39)
At 1 January 2022	4,380
Exchange adjustments	52
Provided during the year	1,006
Impairment	20
Disposals	(359)
At 31 December 2022	5,099
NET BOOK VALUE	
At 31 December 2022	1,603
At 31 December 2021	2,589

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Intangible fixed assets

	Website	Software	Total
	£000	£000	£000
COST			
At 1 January 2021	5,020	21,478	26,498
Additions	-	5,149	5,149
Disposals	-	(128)	(128)
At 1 January 2022	5,020	26,499	31,519
Additions	-	12,987	12,987
Disposals	-	(62)	(62)
At 31 December 2022	5,020	39,424	44,444
AMORTISATION AND IMPAIRMENT			
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 1 January 2022	3,906	18,255	22,161
Charge for the year	1,114	5,569	6,683
Impairment	-	42	42
Disposals	-	(62)	(62)
At 31 December 2022	5,020	23,804	28,824
NET BOOK VALUE			
At 31 December 2022	-	15,620	15,620
At 31 December 2021	1,114	8,244	9,358

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

The Company holds a 50% investment in Value Retail China Limited, held at a 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

	2022	2021
	£000	£000
Accrued Income	1,949	7,385
Employee Loans	1,845	1,657
	3,794	9,042

Accrued income includes £1.7 million (2021: £7.1 million, net of ECL of £0.2 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 2023.

Employee loans are repayable within two years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	184	93
Receivables due from related parties	82,061	73,219
Receivables due from shareholders	1,112	597
VAT and other taxes	2,577	2,136
Other debtors	1,810	2,484
	87,744	78,529

Trade receivables are non-interest bearing and are typically due within 30 days. None of the balance (2021: £ nil), 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

	2022 £000	2021 £000
Prepayments and accrued income	15,733	10,965

Prepayments and accrued income include £12.1 million (2021: £6.5 million) of accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited, due to be paid during 2023.

Prepayments of supplier services amounted to £3.6 million (2021: £4.4 million).

17. Cash and cash equivalents

	2022 £000	2021 £000
Cash at banks and in hand	53,651	46,358
	53,651	46,358

Cash at banks includes £5.8 million (2021: £3.3 million) relating to cash held as part of a French government loan. This amount is not freely available for use by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Issued capital

Authorised shares

	2022 £000	2021 £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 2022

'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 2022 and 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Liabilities

Non- current liabilities

	2022	2021
	£000	£000
Lease liabilities	11,416	12,472
Other loans	14,163	9,737
Non-current liabilities	25,579	22,209

Current liabilities

	2022	2021
	£000	£000
Trade payables	13,877	11,478
Other loans	3,182	1,301
VAT and other taxes	16,164	23,379
Other payables	13,547	11,351
Accruals and deferred income	40,033	27,194
Trade and other payables	86,803	74,703
Lease liabilities	2,975	2,706
Amounts owed to related parties	1,235	2,859
Income tax payable	-	404
Current liabilities	91,013	80,672

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.

Other loans increased by £6.3 million reflecting a new loan in Ireland to settle PAYE and VAT of €7.9 million to Value Retail Management Ireland Ltd at a fixed interest rate of 3%, expiring in 2029.

Trade payables 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 £0.4 million (2021: £1.0 million).

Accruals and deferred income increased by £12.8 million mainly due to increased purchase order accruals for overseas marketing activity which were restarted in 2022 after being suspended during the Covid-19 pandemic.

Amounts owed to related parties comprise loans of £1.1 million (2021: £1.3 million) which are repayable on demand, unsecured and subject to interest of 3.3% (2021: 6.0%). An additional loan from related parties was repaid during the year (2021: £1.6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Right of use assets and 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 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 1 January 2022	17,265	507	2,870	20,642
Exchange adjustments	441	28	141	610
Additions	286	316	981	1,583
Disposals	-	(208)	(388)	(596)
At 31 December 2022	17,992	643	3,604	22,239
DEPRECIATION				
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 1 January 2022	3,752	314	1,760	5,826
Exchange adjustments	92	17	89	198
Provided during the year	1,925	182	499	2,606
Disposals	-	(198)	(146)	(344)
At 31 December 2022	5,769	315	2,202	8,286
NET BOOK VALUE				
At 31 December 2022	12,223	328	1,402	13,953
At 31 December 2021	13,513	193	1,110	14,816

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Right of use assets and leases (continued)

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

	2022 £000	2021 £000
As at 1 January	15,178	13,854
Additions	1,583	3,640
Accretion of interest	421	283
Payments	(2,791)	(2,599)
As at 31 December	14,391	15,178
Current	2,795	2,706
Non-current	11,416	12,472
As at 31 December	14,391	15,178

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:

	2022		2021	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Financial assets				
Loans and receivables at amortised cost				
Long term debtors	3,794	3,794	9,042	9,042
Trade and other receivables	87,744	87,744	80,861	80,861
Cash and cash equivalents	53,651	53,651	46,358	46,358
	145,189	145,189	136,261	136,261
Financial liabilities				
Liabilities at amortised cost				
Non-current liabilities	25,579	25,579	12,786	12,786
Other current liabilities	91,013	91,013	89,691	89,691
	116,592	116,592	102,477	102,477

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.

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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 2022	% equity interest 2021	Nature of business
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 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.

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

At 31 December 2022, the Group has a provision of £0.3 million (2021: £0.2 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.

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

	Sales to related parties	Purchases from related parties	Interest received from related parties	Interest charged by related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000	£000	£000
Entities with a shareholding in the Company						
2022	-	8,477	-	-	1,112	-
2021	-	11,693	-	-	597	-
Other related parties						
2022	304,447	462	531	57	82,063	1,235
2021	243,831	3,171	2,964	409	75,551	2,859

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Commitments and contingencies

Operating lease commitments – Group as lessee

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

	2022	2021
	£000	£000
Within one year	2,975	2,706
After one year but not more than five years	11,002	8,417
More than five years	2,018	5,757
Total minimum rental payable	15,995	16,880

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 2022, the Group's maximum exposure to credit risk of this nature was £53.6 million (2021: £46.4 million).

Interest rate risk

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Financial risk management objectives and policies (continued)

Liquidity risk

The Group manages its liquidity risk through detailed monthly cash flow planning.

- Financial maturity analysis

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

	< 1 year	1-5 years	> 5 years	Total
	£000	£000	£000	£000
31 December 2022				
Trade and other payables	86,803	-	-	86,803
Lease liabilities	2,975	11,002	2,018	15,995
Bank loans	-	14,163	-	14,163
Amounts owed to related parties	1,235	-	-	1,235
Income tax payable	-	-	-	-
	91,013	25,165	2,018	118,196
31 December 2021				
Trade and other payables	74,703	-	-	74,703
Lease liabilities	2,706	8,417	5,757	16,880
Bank loans	-	9,737	-	9,737
Amounts owed to related parties	2,859	-	-	2,859
Income tax payable	404	-	-	404
	80,672	18,154	5,757	104,583

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 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 £5.8 million (2021: £6.0 million).

25. Subsequent events

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 2022

	Note	2022	2021
		£000	£000
ASSETS			
Non-current assets			
Right of use assets	4	125	162
Investments	5	25,808	25,808
Long term debtor	6	-	6,115
Deferred tax asset	3	93	116
		26,026	32,201
Current assets			
Trade and other receivables	7	442	308
Income tax receivable	3	69	-
Prepayments and accrued income	8	9,405	2,689
Cash and cash equivalents	9	8,317	8,954
		18,233	11,951
TOTAL ASSETS		44,259	44,152
EQUITY AND LIABILITIES			
Equity			
Issued capital	11	769	769
Retained earnings brought forward		37,887	34,347
Result for the year		79	3,540
Total equity		38,735	38,656
Current liabilities			
Trade and other payables	10	4,398	4,163
Amounts owed to related parties	10	1,126	1,090
Income tax payable	3	-	243
Total liabilities		5,524	5,496
TOTAL EQUITY AND LIABILITIES		44,259	44,152

The notes on pages 36 to 42 form part of these financial statements.

Approved and signed on behalf of the Board of Directors

Roderick Gibbs (May 30, 2023 18:41 GMT+2)

Roderick Gibbs
Director

30 May 2023

COMPANY STATEMENT OF CHANGES IN EQUITY

	Issued capital (note 18) £000	Retained earnings £000	Total equity £000
As at 1 January 2021	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
For the year ended 31 December 2022			
Profit for the year	-	79	79
Total comprehensive income	-	79	79
At 31 December 2022	769	37,966	38,735

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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 £0.1 million (2021: £3.5 million). No dividend was declared in either the current or prior year.

NOTES TO THE COMPANY FINANCIAL STATEMENT (continued)

3. Taxation

a) The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022 £000	2021 £000
Current income tax		
UK corporation tax on profits of the year	-	807
Adjustments in respect of prior years	(312)	-
	(312)	807
Deferred tax		
Origination and reversal of timing differences	14	17
Adjustments in respect of prior years	5	-
Effect of changes in tax rates	4	(27)
Income tax expense reported in the income statement	(289)	797

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% (2021: 19%). A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2022 and 2021 is as follows:

	2022 £000	2021 £000
Profit / (loss) before income tax	(210)	4,337
Profit / (loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0% for the year (2021: 19.0%)	(40)	824
Effects of:		
Adjustments in respect of prior years	(307)	-
Group relief not paid for	54	-
Tax rate changes	4	(27)
At the effective corporate tax rate of 16.2% (2020: 27.3%)	(289)	797

NOTES TO THE COMPANY FINANCIAL STATEMENT (continued)

3. Taxation (continued)

c) Current and deferred tax movements

	1 January 2022	Tax income / expenses	Tax paid	31 December 2022
	£000	£000	£000	£000
Current tax asset (liability)	(243)	312	-	69
Deferred tax assets	116	(23)	-	93
	(127)	289	-	162

	1 January 2021	Tax income / expenses	Tax paid	31 December 2021
	£000	£000	£000	£000
Current tax asset (liability)	169	(807)	395	(243)
Deferred tax assets	106	10	-	116
	275	(797)	395	(127)

Deferred tax relates to the following:

	2022	2021
	£000	£000
Accelerated depreciation	93	116
	93	116

d) Factors that may affect future tax charges

In the March 2021 Budget it was announced that legislation would be introduced in the Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective April 2023. This was substantively enacted in May 2021 therefore, the closing deferred tax balance have been calculated at 25% (2021 25%).

The forthcoming change in the corporation tax rate in future years is not expected to materially affect the future tax charge.

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NOTES TO THE COMPANY FINANCIAL STATEMENT (continued)

4. Right of use assets

	£000
COST	
At 1 January 2021	254
Additions	203
Disposals	(254)
At 1 January 2022	203
Additions	-
Disposals	-
At 31 December 2022	203
DEPRECIATION	
At 1 January 2021	89
Provided during the year	41
Disposals	(89)
At 1 January 2022	41
Provided during the year	37
Disposals	-
At 31 December 2022	78
NET BOOK VALUE	
At 31 December 2022	125
At 31 December 2021	162

5. Investments

	2022 £000	2021 £000
Shares in subsidiary undertakings	25,808	25,808
	25,808	25,808

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

6. Long term debtors

	2022 £000	2021 £000
Accrued income due from related parties	-	6,114
	-	6,114

The Company has accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited. In 2021, £6.1 million of the accrued income was not expected to be received until after 2022, therefore, the long term element of the accrual was classified as non-current assets "Long term debtors". This is now expected to be received in 2023 and is included in current assets.

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NOTES TO THE COMPANY FINANCIAL STATEMENT (continued)

7. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	-	12
Receivables due from related parties	437	293
VAT and other taxes	5	3
	442	308

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

	2022 £000	2021 £000
Prepayments and accrued income	9,405	2,689

Prepayments and accrued income includes £9.4 million (2021: £2.7 million) of accrued income due from Value Retail (Suzhou) Company Limited and Value Retail (Shanghai) Company Limited, due to be paid during 2023.

9. Cash and cash equivalents

	2022 £000	2021 £000
Cash at banks and in hand	8,317	8,954

10. Other current liabilities

These include the following:

	2022 £000	2021 £000
Trade payables	2	2
Other payables	4,158	3,710
Lease liabilities	132	184
Accruals and deferred income	106	111
Amounts due to Group undertakings	-	156
Trade and other payables	4,398	4,163
Amounts owed to related parties	1,126	1,090
Income tax payable	-	243
	5,524	5,496

NOTES TO THE COMPANY FINANCIAL STATEMENT (continued)

10. Other current liabilities (continued)

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 2023.

Amounts owed to related parties comprise loans due to related parties of £1.1 million (2021: £1.1 million) which are repayable on demand, unsecured and subject to interest of 3.3% (2021: 6.0%).

11. Issued capital

Authorised shares

	2022 £000	2021 £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 2022

'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 2022 and 2021.