

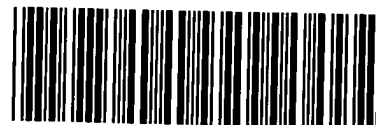
Registered No. 06338850

NESTWARE PROPERTIES LIMITED

Financial Statements

For the 14-month period ended 31 December 2021

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NESTWARE PROPERTIES LIMITED

Financial statements for the 14-month period ended 31 December 2021

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NESTWARE PROPERTIES LIMITED

Company Information

Directors

Parminder Khaira
Kevin Barrett

Registered office

Nestware House
Purfleet Bypass
Purfleet
Essex
RM19 1TT

Independent auditor

Mazars LLP
Chartered Accountant and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

NESTWARE PROPERTIES LIMITED

Report of the Directors for the 14-month period ended 31 December 2021

The Directors present their report and the audited financial statements of Nestware Properties Limited for the 14-month period ended 31 December 2021. On 18 November 2020, the company changed its name from Carpetright (Torquay) Limited to Nestware Properties Limited.

A separate Strategic Report has not been prepared as the Company is entitled to the small companies' exemption under Part 15 of section 414B of the Companies Act 2006.

These financial statements have been prepared under Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) which is discussed in further detail in Note 2 of the financial statements.

Results and dividends

The Directors are satisfied with the results for the period. The profit before taxation amounted to £1,827,000 (2020: loss before taxation of £577,000) and is set out on page 10 of the financial statements. The net liabilities at the period end are £2,218,000 (2020: £3,028,000). The directors do not recommend the payment of a dividend during the period (2020: £nil).

Future developments

The Company will continue as that of a property investment company. The primary rental income is generated from Carpetright Limited, a fellow group undertaking. The company is actively looking to expand its property portfolio and acquired three new properties within the financial year. Since the period end, the company has acquired one additional freehold property.

Going concern

The Company meets its day-to-day working capital requirements through the rental income it receives from Carpetright Limited. The rental income is sufficient to cover the company's day to day costs. On 30 October 2020, the company entered into a loan agreement with its parent Company, Nestware Holdings Limited. The loan terms are broadly interest free, unsecured, repayable on demand and the quantum limited only by Lender approval. Nestware Holdings Limited has confirmed its intention to provide continuing financial assistance to the Company for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements for the period ending 1 January 2022.

The Directors are satisfied that the company is a going concern. However, as the rental income and cashflows are dependent on the going concern of Carpetright Limited, the Directors have sought assurances from the Directors of Carpetright Limited, who have prepared cash flow forecasts to June 2024. These projections are sensitive to changes in the underlying assumptions, the main two being revenue and margin. These forecasts indicate sufficient resources will be available to settle liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements. The plans also incorporate cost savings delivered through the successful execution of the CVA. While not included in the going concern assessment, management believe the successful completion of the CVA on 6 October 2022 will enhance the Group's credit rating. However, Carpetright continues to be reliant on the ongoing financial support of the ultimate shareholder.

The Directors are closely monitoring the unfolding events in Ukraine in reference to any potential impact on the parent company's trading position. They note that the parent company nor its subsidiaries does not have any trading relationships directly or indirectly with the Ukraine or Russia. This being the case the Directors do not see the conflict having a material impact on going concern at the time of approval of the financial statements.

Based on this the Directors continue to adopt the going concern basis in preparing the financial statements

NESTWARE PROPERTIES LIMITED

Report of the Directors for the 14-month period ended 31 December 2021 (continued)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Carpetright Limited and are not managed separately. The principal risks and uncertainties of Carpetright Limited, which include those of the Company are detailed in the financial statements of that entity. The key risks faced by the Company can be summarised as:

- i) **Economic uncertainty** – This represents consumer confidence and the general movement in the housing market. An adverse movement would adversely impact the parent entity profitability and long-term growth.
- ii) **Financial risks and liquidity** – the Company is dependent on the solvency and liquidity of the other group undertakings and specifically Carpetright Limited, its only tenant in the period and a fellow group company. Carpetright Limited manages these risks by having access to group facilities and active management of the cashflows and financial position.
- iii) **Competition** – key group entities compete with a wide variety of retailers across multiple channels and price points. This is mitigated by continuous monitoring of customer services, product and advertising performance against competitor activity.
- iv) **Covid-19** – The legacy impact of the COVID-19 pandemic on the company is felt from the impact of COVID-19 on Carpetright Limited, a fellow associate entity. The on-going impact is primarily felt through inflationary pressures and scarcity of resources in the supply chain. These factors are also contributing to macroeconomic uncertainty in the markets in which our Carpetright operates. This is mitigated by providing a broad range of products and price points across all categories which ensures the Carpetright is well placed to offer customers unbeatable value in the event of an economic downturn.

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business.

Directors

The following Directors served during the period and up to the date of signing the financial statements:

- Wilfred Thomas Walsh (resigned 11 April 2021)
- Kevin Barrett (appointed 11 April 2021)
- Patrick Stirling-Howe (resigned 14 March 2023)
- Parminder Khaira (appointed 6 April 2023)

NESTWARE PROPERTIES LIMITED

Report of the Directors for the 14-month period ended 31 December 2021 (continued)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and Mazars LLP will therefore continue in office.

NESTWARE PROPERTIES LIMITED

Small company exemption

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of The Companies Act 2006.

This report was approved by the board on 16 June 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K Barrett', with a stylized flourish at the end.

Kevin Barrett
Director

NESTWARE PROPERTIES LIMITED

Independent auditor's report to the members of Nestware Properties Limited

Opinion

We have audited the financial statements of Nestware Properties Limited (the 'company') for the 14-month period ended 31 December 2021, which comprise the income statement, statement of changes in equity, balance sheet and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation 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 state of the company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Refer to note 1 in the principal accounting policies for further details regarding the going concern of the company.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our report, we do not express any form of assurance conclusion thereon.

NESTWARE PROPERTIES LIMITED

Independent auditor's report to the members of Nestware Properties Limited

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

NESTWARE PROPERTIES LIMITED

Independent auditor's report to the members of Nestware Properties Limited

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to completeness and cut-off), valuation of investment properties and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

NESTWARE PROPERTIES LIMITED

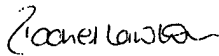
Independent auditor's report to the members of Nestware Properties Limited

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Rachel Lawton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountant and Statutory Auditor
Mazars LLP
30 Old Bailey
London
EC4M 7AU

Date: 16 June 2023

NESTWARE PROPERTIES LIMITED

Income Statement for the 14-month period ended 31 December 2021

	Note	14-month period ended 31 December 2021 £'000	18-month period ended 31 October 2020 £'000
Turnover	3	<u>2,047</u>	<u>438</u>
Gross profit		2,047	438
Administrative expenses		(220)	(55)
Impairment of investment property	7	<u>-</u>	<u>(960)</u>
Profit / (loss) before taxation		1,827	(577)
Taxation	6	<u>(1,017)</u>	<u>(2,488)</u>
Profit / (loss) for the financial period		<u>810</u>	<u>(3,065)</u>

The above results relate to the continuing operations of the Company.

There is no other comprehensive income or expense other than that included in the profit above for the current or prior years, and therefore no separate statement of comprehensive income has been presented.

The notes on pages 13 to 20 are an integral part of these financial statements.

NESTWARE PROPERTIES LIMITED

Statement of Changes in Equity for the 14-month period ended 31 December 2021

	Called up Share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as at 1 May 2019	-	37	37
Loss for the financial period	-	(3,065)	(3,065)
Total comprehensive expense for the financial period	-	(3,065)	(3,065)
Balance as at 31 October 2020	-	(3,028)	(3,028)
Profit for the financial period	-	810	810
Total comprehensive income for the financial period	-	810	810
Balance as at 31 December 2021	-	(2,218)	(2,218)

The notes on pages 13 to 20 are an integral part of these financial statements.

NESTWARE PROPERTIES LIMITED

Balance Sheet at 31 December 2021

Registered No. 06338850

		31 December 2021	31 October 2020
	Note	£'000	£'000
Fixed assets			
Investment property	7	<u>19,001</u>	<u>12,919</u>
		<u>19,001</u>	<u>12,919</u>
Current assets			
Other receivables	8	<u>352</u>	<u>-</u>
Cash and cash equivalents		<u>253</u>	<u>-</u>
		<u>605</u>	<u>-</u>
Total assets		<u>19,606</u>	<u>12,919</u>
Creditors: amounts falling due within one year	9	<u>(17,588)</u>	<u>(12,728)</u>
Net current liabilities		<u>(16,983)</u>	<u>(12,728)</u>
Total assets less current liabilities		<u>2,018</u>	<u>191</u>
Creditors: amounts falling due after more than one year			
Deferred tax liabilities	10	<u>(4,236)</u>	<u>(3,219)</u>
Net (liabilities)		<u>(2,218)</u>	<u>(3,028)</u>
Capital and reserves			
Called up share capital	11	<u>-</u>	<u>-</u>
Retained earnings		<u>(2,218)</u>	<u>(3,028)</u>
Total shareholders' deficit		<u>(2,218)</u>	<u>(3,028)</u>

The notes on pages 13 to 20 are an integral part of these financial statements.

The financial statements on pages 10 to 20 were authorised for issue by the Board of Directors on 16 June 2023 and were signed on its behalf by:



Kevin Barrett
Director

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021

1. General information

The principal activity of Nestware Properties Limited in the period under review was that of a property investment company. The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Nestware House, Purfleet Bypass, Purfleet, Essex, RM19 1TT.

2. Principal accounting policies

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

Basis of preparation

The financial statements of Nestware Properties Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out on page 16.

The disclosure exemptions adopted by the Company in accordance with FRS 101 paragraph 8 are as follows:

- Cash flow statement
- Related party transactions between ultimate parent and wholly owned subsidiaries, and
- Disclosures of new accounting standards and interpretations not yet adopted.

New accounting standard effective in the period

The following accounting standards or amendments to standard were effective in the period:

- Amendment to IFRS 3 'business combinations' definition of a business. Effective for periods commencing on or after 1 January 2020. This change widens the definition of acquisition that would fall within the scope of IFRS 3. This amendment did not have a material impact on the company.
- Amendment to IAS 1 'presentation of financial statements' and amendment to IAS 8 'accounting policies changes in accounting estimate and error'. Effective for periods commencing on or after 1 January 2020. The amendments clarify the definition of material and make it more consistent across all IFRS's. This amendment did not have a material impact on the company.

New standards and interpretation not yet effective

There were several new standards, amendments to standards and interpretation to existing standards which were issued but not yet effective and have not been adopted in the preparation of the financial statements. None of these would have a material impact on the financial statements.

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

2. Principal accounting policies (continued)

Going concern

The Company meets its day-to-day working capital requirements through the rental income it receives from Carpetright Limited. The rental income is sufficient to cover the company's day to day costs. On 30 October 2020, the company entered into a loan agreement with its parent Company, Nestware Holdings Limited. The loan terms are broadly interest free, unsecured, repayable on demand and the quantum limited only by Lender approval. Nestware Holdings Limited has confirmed its intention to provide continuing financial assistance to the Company for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements for the period ending 1 January 2022.

The Directors are satisfied that the company is a going concern. However, as the rental income and cashflows are dependent on the going concern of Carpetright Limited, the Directors have sought assurances from the Directors of Carpetright Limited, who have prepared cash flow forecasts to June 2024. These projections are sensitive to changes in the underlying assumptions, the main two being revenue and margin. These forecasts indicate sufficient resources will be available to settle liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements. The plans also incorporate cost savings delivered through the successful execution of the CVA. While not included in the going concern assessment, management believe the successful completion of the CVA on 6 October 2022 will enhance the Group's credit rating. However, Carpetright continues to be reliant on the ongoing financial support of the ultimate shareholder.

The Directors are closely monitoring the unfolding events in Ukraine in reference to any potential impact on the parent company's trading position. They note that the parent company nor its subsidiaries does not have any trading relationships directly or indirectly with the Ukraine or Russia. This being the case the Directors do not see the conflict having a material impact on going concern at the time of approval of the financial statements.

Based on this the Directors continue to adopt the going concern basis in preparing the financial statements.

Related parties

As the Company is a wholly owned subsidiary of Nestware Holdings Limited, which is a subsidiary of Meditor Holdings Limited. The company has taken advantage of the exemption in accordance with FRS 101, in particular IAS 24, and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Meditor Holdings Limited, within which this Company is included, can be obtained from the address given in note 12.

Investment property

Investment property (land and/or buildings) is a property held to earn rentals or for capital appreciation (or both). Investment property is stated at historical cost less depreciation and any provision of impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

2. Principal accounting policies (continued)

Investment property(continued)

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Investment property - 50 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment

Assets that are subject to amortisation and are tested at least annually for impairment or when there is an indication of impairment. If there is an indication of impairment, the recoverable amount of either the asset or the cash-generating unit to which it belongs is estimated. Cash-generating units are used where an individual asset does not generate cash flows which are independent of other assets. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash-generating unit.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Non-financial assets that suffer impairment are reviewed for possible reversal of impairment at each reporting date.

Revenue and revenue recognition

Revenue consists of rental income mainly receivable from Carpetright Limited and is recognised on an accruals basis as the rental period falls due.

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Tax is charged or credited to other comprehensive income if it relates to items that are credited or charged to equity; otherwise, it is recognised in the income statement.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

2. Principal accounting policies (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

Financial instruments

The company has no financial instruments or derivatives. The company has trade receivables and payables throughout the year but none at the period end.

Trade receivables and payables are initially recognised at fair value and subsequently adjusted to the amount receivable or payable. Receivables are stated net of provision for impairment.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives of investment property

The annual depreciation charge for investment property is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets.

(b) Impairment of assets

Investment properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or cash-generating unit is determined based on the higher of fair value, less costs to sell, and value in use calculations prepared on the basis of management's assumptions and estimates. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates.

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

3. Turnover

The Company operates solely in the UK and derived its income in the period from rental income from Carpetright Limited.

4. Operating profit / (loss) before taxation

	14-month period ended	18-month period ended
	31 December	31 October
	2021	2020
	£'000	£'000
Operating profit/(loss) is stated after		
Depreciation of investment property	161	33
Investment property impairment	-	960
Audit fee	22	22
Rental income	(2,047)	(438)

An impairment charge of £nil (2020: £960,000) has been recognised in relation to investment property following updated external valuations by a third-party valuer, see note 7.

5. Directors and employees

The Company has no employees (2020: none). The Directors did not receive any remuneration for their services to the Company (2020: none).

6. Taxation

(a) Analysis of charge in the period

	14-month period ended	18-month period ended
	31 December	31 October
	2021	2020
	£'000	£'000
Current tax charge	-	-
Deferred tax charge	1,017	2,488
Tax charge	<u>1,017</u>	<u>2,488</u>

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

6. Taxation (continued)

(b) Factors affecting tax charge for the period

The tax assessed for the year is different to (2020: different to) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	14-month period ended 31 December 2021 £'000	18-month period ended 31 October 2020 £'000
Profit/(Loss) before tax	1,815	(577)
Profit/(loss) multiplied by the standard rate of corporation tax of 19% (2020: 19%)	345	(110)
Effects of:		
Depreciation in excess of capital allowances	31	6
Disallowed items	-	182
Deferred tax on group property transfer	-	2,488
Remeasurement of deferred tax liability	1,017	-
Group loss relief	(376)	(78)
Tax on profit (Note 6a)	1,017	2,488

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. There is also a small companies rate of 19%, where company profits are below £250,000. The company has therefore a remeasurement of the deferred tax liability on the company during the financial period to 25%, as detailed in the above table.

7. Investment property

	Freehold land and buildings £'000
Cost	
At 1 November 2020	15,858
Additions	6,243
At 31 December 2021	22,101
Accumulated depreciation	
At 1 November 2020	2,939
Impairment	-
Charge in period	161
At 31 December 2021	3,100
Net book value at 31 December 2021	19,001
Net book value at 31 October 2020	12,919

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

7. Investment property (continued)

The company was a joint obligor for banking facilities provided to Carpetright Limited by Natwest bank plc, in the form of a fixed and floating charge against the assets of the company. The charge is now owned and Nestware Holdings Limited.

On 30 October 2020, the company purchased several properties from Carpetright Limited and Melford Commercial properties Limited, both being fellow group undertakings.

Investment property is reviewed for impairment each financial period end. All investment properties and the associated cash generated units have been reviewed for impairment at the period end, 31 December 2021. The assets are impaired if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. The company's investment properties are in various locations around the United Kingdom. A value in use calculation was undertaken for each property, using forecasted cashflows and a discount rate of 12.4% along with a terminal value.

Additionally, in September 2020, a third-party valuation was carried out for each property to assess the value of each individual property.

The net impact of the impairment review resulted in an impairment of Nil (2020: £960,000).

Other Receivables

	14-month period ended 1 January	18-month period ended 31 October
	2021	2020
	£'000	£'000
Other receivables	<u>352</u>	<u>-</u>
	<u>352</u>	<u>-</u>

The other receivables primarily relates to input VAT recognised upon acquisition of a new property.

8. Creditors: amounts falling due within one year

	14-month period ended 31 December	18-month period ended 31 October
	2021	2020
	£'000	£'000
Amounts owed to the parent company	17,406	12,706
Amounts owed to group undertakings	8	-
Accruals and deferred income	<u>174</u>	<u>22</u>
	<u>17,588</u>	<u>12,728</u>

The amounts owed to the parent company and group undertakings are unsecured, interest free and are repayable on demand.

NESTWARE PROPERTIES LIMITED

Notes to the financial statements for the 14-month period ended 31 December 2021 (continued)

9. Deferred tax

The provision for deferred consists of the following deferred tax liabilities

	Deferred capital gains	Total
	£'000	£'000
At 1 November 2020	3,219	3,219
Charged to income statement	1,017	-
At 31 December 2021	<u>4,236</u>	<u>3,219</u>

The Finance Act 2021 increased the main rate corporation tax increased to 25% in April 2023 and this was reiterated in the November autumn statement and accordingly the deferred tax liability has been increased reflect the rate at which the deferred tax will be realised (see note 6).

10. Called up share capital

	14-month period ended 31 December	18-month period ended 31 October
	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
2 (2020: 2) ordinary shares of £1 each	<u>-</u>	<u>-</u>

11. Ultimate and immediate controlling party

As at the balance sheet date the immediate parent undertaking is Nestware Holdings Limited a company registered in England and Wales. The ultimate controlling party is the Trustee of The Nineveh Trust, a Trust registered in Bermuda.

The largest group in which the results of the Company are consolidated is that headed by Meditor Holdings Limited. These consolidated financial statements can be obtained from the Company Secretary, Nestware House, Purfleet Bypass, Purfleet, Essex, RM19 1TT.

12. Post balance sheet event

Following the year end the company has acquired one additional freehold property for a consideration of £2.5m.