

Next Group Plc (formerly Next Group Limited)

Reports and Financial Statements

25 January 2020

Registered No: 11118708



Reports and Financial Statements

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Registered in England & Wales

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Strategic Report

The directors present their reports and audited financial statements for the 52 week period ended 25 January 2020 (2019: 58 weeks to 26 January 2019).

Results

Next Group plc (formerly Next Group Limited) was incorporated on 19 December 2017 as a direct, wholly-owned subsidiary of NEXT plc and as an intermediate holding company between NEXT plc and its other subsidiaries (together, the "Group"), as part of a capital reorganisation of the Group. This capital reorganisation was to enable the Group to maintain flexibility to use its long established policy of returning free cash flow to shareholders through share buybacks and special dividends (the "Share Buyback Policy") by creating additional headroom in the Group's distributable reserves.

In order for the Group not to be constrained in the use of its Share Buyback Policy, NEXT plc obtained the requisite consent from each of the bond trustees and each of its lending banks to substitute Next Group plc for itself as the primary obligor under all of its existing debt obligations, including each of the Bonds and its bank facilities (the "Substitution"). This Substitution was with effect on and from 31 January 2019 at which time, the Bonds became the liability of Next Group plc and they were unconditionally and irrevocably guaranteed by NEXT plc. The nominal value of these bonds was £875m. The Company will continue with no change in its purpose going forward.

On 26 April 2019 the Company issued a £250m bond with a coupon rate of 3.00% and a maturity date of 26 August 2025.

The loss for the 52 week period, after taxation, amounted to £34.7m (2019: £600.0m profit).

	2020	2019
	£m	£m
Operating result	nil	nil
(Loss)/Profit before tax	(42.8)	600.0
Net assets	6,847.0	8,008.5

The directors consider the results to have been satisfactory – the loss in the year is driven by the interest charge associated with the Bonds taken on by the Company in the year. Next Group Plc is a public company limited by shares.

Section 172 Statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its member, Next plc. In November 2018 the directors received training from external counsel to remind them of their duties and put the Board in a position where it could purposefully apply section 172 throughout the 2019/20 financial year.

The Company is a wholly owned subsidiary of Next Plc. Its purpose is to provide financing and treasury services to Next plc and the wider Next Group. Therefore the Company considers that, indirectly, its key stakeholders reflect those of Next plc. However, as the Company itself has no employees, customers or suppliers, the relationships of direct relevance and importance to the long term success of the Company are those with the Group's providers of debt funding (such as bondholders and banks) and regulators (in particular the tax authorities).

Relationship and engagement with stakeholders

Debt capital/credit facility providers

The Company relies on its providers of debt funding as an essential source of capital to further the wider Group's business objectives and they rely on us to protect and manage their investment in a responsible and

Strategic Report (continued)

sustainable way that generates value for them.

The Group Finance Director and the Company's Treasury team are responsible for managing the relationships with our bank syndicates, bond trustees and credit rating agencies, and for the Company's cash/debt management and financing activities.

The Group Finance Director provides regular reports to the Next Plc Board on these activities including the Company's plans to ensure appropriate access to debt capital, monitoring the headroom and maturity schedules of our primary credit facilities. The Board approves the Company's Treasury Policy annually.

Tax authorities

The Company seeks to maintain a constructive and cooperative relationship with the tax authorities and they expect the Company to comply with all applicable laws.

NEXT manages its tax affairs responsibly and proactively to comply with tax legislation. The Company's approach is to seek to build solid and constructive working relationships with all tax authorities. The Company's tax policy is aligned to that of the Group which can be found at nextplc.co.uk, and was reviewed and approved by the Board during the year.

This policy includes that the Company engages with HMRC constructively, honestly and in a timely and professional manner, and seeks to resolve disputed matters through active and transparent engagement. Engagement with HMRC is led by the Company's in-house tax team of qualified tax professionals. The Group CFO provides regular updates to the Board on tax matters.

Decisions taken during the year

During the year the Board approved the issue of a new non-convertible guaranteed sterling £250m bond and the refinancing of revolving credit facilities with a number of banks whereby two facilities were combined into a new £450m facility maturing in 2024.

In doing so, it took into account the upcoming redemption of a £325m bond in October 2021 and the maturing of two revolving credit facilities in 2020 and 2021. It considered the benefit to the Company in extending the maturity profile of its debt and the benefit to the Next group as a whole in maintaining access to an appropriate amount of debt funding. Both the bond and the obligations of the Company under the revolving credit facilities were guaranteed by Next Plc, which gives an additional level of comfort to bondholders and banks.

Strategic Report (continued)

Risks and uncertainties

The Board has a policy of continuous identification and review of principal business risks, and oversees risk management. Directors and operational management are delegated with the task of implementing processes to ensure that risks are managed appropriately. The principal risks and uncertainties are described below along with explanations of how they are managed or mitigated:

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
Business strategy development and implementation If the NEXT Board adopts the wrong business strategy or does not implement its strategies effectively, the business may suffer. The Board therefore needs to understand and properly manage strategic risk, taking into account specific retail sector risk, in order to deliver long term growth for the benefit of Next Group Plc's stakeholders.	<p>The Board reviews business strategy on a regular basis to determine how sales and profit can be maximised, and business operations made more efficient.</p> <p>The Board and senior management consider strategic risk factors, wider economic and industry specific trends that affect the Group's businesses, the competitive position of its product and the financial structure of the Group.</p>
Management team The success of Next Group Plc relies on the continued service of its senior management and technical personnel, and on its ability to continue to attract, motivate and retain highly qualified employees.	<p>The Board considers the development of senior management to ensure there are opportunities for career development and promotion to important management positions.</p> <p>The Board considers and reviews the skills, diversity, experience and succession planning of the Board and senior management. This also incorporates emergency cover planning.</p>
Financial, treasury, liquidity and credit risks The main financial risks are the availability of funds to meet business needs, default by counterparties to financial transactions, the effect of fluctuations in foreign exchange rates and interest rates, and compliance with regulation. Adequate financing facilities are required to support the operational needs of the business.	<p>NEXT operate a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks. It operates under a Board approved Treasury policy. Approved counterparty and other limits are in place to mitigate NEXT's exposure to counterparty failure.</p> <p>The Group's debt position, available funding and cash flow projections are regularly monitored and reported to the Board. The Board will agree funding for the Group in advance of its requirement to mitigate exposure to illiquid market conditions.</p>

Strategic Report (continued)

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
Retail store network Next Group Plc's performance depends on the ability of the NEXT group to profitably develop the trading space of the store network. The successful development of new stores depends on a number of factors including the identification of suitable properties, obtaining planning permissions and the negotiation of acceptable lease terms. Prime retail sites will generally remain in demand, and increased competition for these can result in higher future rents.	<p>Our predominantly leased store portfolio is actively managed by senior management, with openings, refits and closures based on strict store profitability and cash payback criteria. We will continue to invest in new space where our financial criteria are met, and will renew and refurbish our existing portfolio when appropriate.</p> <p>We undertake regular reviews of lease expiry and break-clauses to identify opportunities for exit or renegotiation of commitments. Leases will not be automatically renewed if acceptable terms are not agreed.</p> <p>The Board regularly reviews our lease commitments, new store openings and potential store closures.</p>
Covid 19 Since 25 January 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time.	<p>On Thursday 26 March 2020, the group temporarily closed its UK warehouses and distribution networks in order to adapt its operations to working safely in a coronavirus world. During the 18 days of closure the group re-organised all aspects of its warehousing to ensure social distancing and improved sanitation. We re-organised the flow of pedestrians, adapted exits, entrances, congregation areas, rest areas and workstations. In addition, we changed our picking routines and delivery promise to smooth workflow during the day and eliminated the peaks in activity most likely to result in close contact between operatives.</p>
Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.	
Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.	<p>We re-opened our warehouse picking operation on Tuesday 14 April 2020, the ramp-up of operations was necessarily slow; staff inductions need to be conducted in small numbers to ensure that colleagues are completely familiar with new ways of working. This approach has, to date, been successful.</p>
The performance of Next Group plc is based on the NEXT group's ability to trade safely and in line with government guidance.	<p>The retail operations of the group commenced in June 2020, the launch again built around ensuring the safety of staff and customers. The reopening of stores was staggered to ensure that the business was able to monitor performance and ensure safety measures are effective.</p> <p>In addition to re-establishing the online and retail operations the group engaged with its banks and received agreement to waive the covenant compliance tests until January 2021 and was successful in its application to draw on the Bank of England's Covid Corporate Financing Facility (CCFF). Funding was approved on 3 April 2020. While the Company has not utilised this facility, and does not currently expect to draw upon it, it has nevertheless helped provide additional financial headroom during the current economic climate.</p>

Strategic Report (continued)

Brexit

In June 2016, the United Kingdom voted to leave the European Union, leading to uncertainty in the financial markets and the wider economy. The full impact remains unclear until the outcome of political and trade negotiations is finalised. The Company's risks from this have been assessed alongside their potential impact and we will continue to closely monitor the on-going situation.

By order of the Board



Seonna Anderson
Secretary

26 October 2020

Directors' Report

Dividends

A dividend in specie was declared in the year £1,126.8m (2019: £600.0m); the directors do not recommend the payment of a final dividend.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Lord Wolfson of Aspley Guise
Amanda James

No director had any interest in the share capital of the Company or of any subsidiary company of NEXT plc. The directors are also directors of NEXT plc, and their own and their connected persons' interests in the ordinary shares of NEXT plc are shown in the financial statements of that company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including Covid 19, are set out in the Strategic Report.

The Company participates in the NEXT Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary companies. Accordingly, the assessment of going concern considered both the financial position and forecasts of the Company and those of the NEXT Group. The directors, report that, having reviewed current performance and forecasts, they have reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, the directors have continued to adopt the going concern basis in preparing the financial statements.

Outlook

The challenges faced by the Group, and in turn the Company, are complex particularly given the impact of Covid 19. The Company will continue to focus on managing its overall financial position, cash flows and liquidity while providing financing and treasury services to the wider Group.

Independent auditors

PricewaterhouseCoopers LLP expressed their willingness to continue in office and a resolution proposing their reappointment was passed at the NEXT plc 2020 AGM.

Corporate Governance

The Company has established internal control and risk management systems in relation to the process for preparing financial statements. The key features of these internal control and risk management systems are:

- Senior management conducts various checks on internal financial controls periodically.
- Senior management regularly monitors and considers developments in accounting regulations and best practice in financial reporting and where appropriate reflects this development in the financial statements. Appropriate briefings and training are provided to key finance personnel on relevant developments in accounting and financial reporting.
- These financial statements are subject to review by the Finance function.
- The Finance function reconciles the financial statements to the management accounts prepared during the year and explains any differences.
- The draft financial statements are prepared by a qualified accountant.
- Senior management reviews the draft financial statements. Senior management receives reports from management and the external auditors on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the financial statements.
- The financial statements are subject to external audit.

Directors' Report (continued)


Statement of disclosure of information to the auditors

In accordance with the provisions of Section 418 of the Companies Act 2006 (the "2006 Act"), each of the persons who is a director at the date of approval of this report confirms that;

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

No donations were made for political purposes.

By order of the Board



Seonna Anderson
Secretary

26 October 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and 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, comprising 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 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.

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.

Independent Auditors' Report

to the Members of Next Group Plc (formerly Next Group Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Next Group Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 25 January 2020 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: balance sheet as at 25 January 2020; the profit and loss account for the 52 week period ended 25 January 2020, the statement of comprehensive income, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

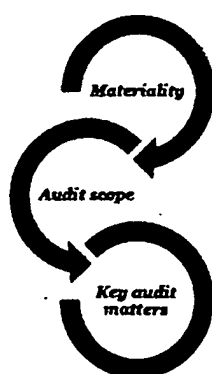
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 27 January 2019 to 25 January 2020.

Our audit approach

Overview



- Overall materiality: £80 million (2019: £80 million), based on 1% of Total assets.
 - We have conducted a full scope audit of the entity to materiality disclosed above.
 - Key audit matters
 - COVID-19 pandemic impact
-

Independent Auditors' Report

to the Members of Next Group Plc (formerly Next Group Limited)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions to increase the share price of the overall group that would result in overstating profits, therefore raising shareholder expectations and director incentives (bonuses) payments. Audit procedures performed by the engagement team included:

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the carrying value of their investment in Next Holdings Limited.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>COVID-19 pandemic impact</i> Subsequent to the financial year, the COVID-19 pandemic has had a significant impact on the Group. Lockdown measures resulted in all retail stores closing between March and June and warehouses closing for a short period of time which had a significant impact on the revenue and profit results of the Group for the first half of FY21. At the date of signing these financial statements, there continues to be significant uncertainty of the future impact of COVID-19. Management have considered implications of a potential impairment in the investment in subsidiary companies of £8,008m. They have also considered implications for the Group's going concern assessment and appropriate disclosure in the financial statements, by developing downside scenarios to	We evaluated management's downside scenarios including challenging the key assumptions in management's models and confirming management's mitigating actions are within their control. We found the scenarios, assumptions and mitigating actions to be reasonable and in line with our knowledge of the Next business and current COVID-19 situation. We considered the potential impairment of the investment held within Next Group plc and concluded there is no impairment required at the balance sheet date or subsequently (for disclosure only) as it is supported by the external market value of the Listed group.

Independent Auditors' Report

to the Members of Next Group Plc (formerly Next Group Limited)

model potential impacts. The results of these scenarios did not indicate a material uncertainty over going concern or any impairments. Management have provided disclosure in the financial statements relating to the risks and impact associated with COVID-19.

We have reviewed the associated disclosures which we deem are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£80 million (2019: £80 million).
How we determined it	1% of Total assets.
Rationale for benchmark applied	We believe that given the nature of the company that total assets is the most appropriate benchmark in assessing the performance of the entity.

We agreed with the directors that we would report to them misstatements identified during our audit above £4 million (2019: £4 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform

Independent Auditors' Report

to the Members of Next Group Plc (formerly Next Group Limited)

procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 25 January 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

Independent Auditors' Report

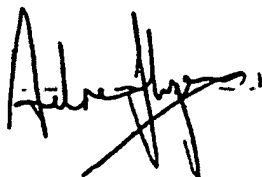
to the Members of Next Group Plc (formerly Next Group Limited)

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 18 December 2018 to audit the financial statements for the year ended 26 January 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 26 January 2019 to 25 January 2020.



Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
26 October 2020

Profit and Loss Account

for the 52 week period ended 25 January 2020

		52 weeks to 25 January 2020 £m	58 weeks to 26 January 2019 £m
	Notes		
Revenue		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross result		-	-
Other gains		-	-
		<hr/>	<hr/>
Operating result		-	-
Income from shares in Group undertakings	4	-	600.0
Interest payable and similar expenses	5	(42.8)	-
		<hr/>	<hr/>
(Loss) / Profit before taxation		(42.8)	600.0
Tax on (loss) / profit	6	8.1	-
		<hr/>	<hr/>
(Loss) / Profit for the financial period		(34.7)	600.0
		<hr/>	<hr/>

All amounts relate to continuing operations.

Statement of Comprehensive Income

for the 52 week period ended 25 January 2020

There was no other comprehensive income for the period other than the loss of £34.7m (2019: profit £600.0m).

Next Group Plc (formerly Next Group Limited)

Balance sheet
at 25 January 2020

	Notes	25 January 2020 £m	26 January 2019 £m
Fixed assets			
Investments	8	8,008.4	8,008.4
Financial assets	9	48.4	-
		<u>8,056.8</u>	<u>8,008.4</u>
Current assets			
Debtors:			
Amounts falling due within one year	10	133.5	400.0
Cash at bank and in hand	11	-	0.1
		<u>133.5</u>	<u>400.1</u>
Creditors: amounts falling due within one year	12	(171.8)	(400.0)
Net current (liabilities) / assets		<u>(38.3)</u>	<u>0.1</u>
Total assets less current liabilities		8,018.5	8,008.5
Creditors: amounts falling due after more than one year	13	(1,171.5)	-
Net assets		<u>6,847.0</u>	<u>8,008.5</u>
Capital and reserves			
Called up share capital	16	0.1	0.1
Profit and loss account		6,846.9	8,008.4
Total equity		<u>6,847.0</u>	<u>8,008.5</u>

The notes on pages 17 to 28 are an integral part of these financial statements.

These financial statements on pages 14 to 28 were approved and authorised for issue by the Board of directors on 26 October 2020.


Amanda James
Director

Registered in England & Wales, no. 11118708

Statement of Changes in Equity
for the 52 week period ended 25 January 2020

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
At 19 December 2017	-	-	-
Profit and total other comprehensive income for the period	-	600.0	600.0
Total comprehensive income for the period	-	600.0	600.0
Proceeds from shares issued	8,008.5	-	8,008.5
Share capital reduction	(8,008.4)	8,008.4	-
Equity dividends paid	-	(600.0)	(600.0)
At 26 January 2019	0.1	8,008.4	8,008.5
Loss and total other comprehensive expense for the period	-	(34.7)	(34.7)
Total comprehensive income for the period	-	(34.7)	(34.7)
Non-cash dividend	-	(1,126.8)	(1,126.8)
At 25 January 2020	0.1	6,846.9	6,847.0

On 31 January 2019 Next Group Plc became the primary obligor under all existing debt obligations from its parent NEXT Plc. The consideration issued in respect of taking on this debt was in the form of a non-cash dividend measured at the fair value of the debt at the date of transfer to Next Group Plc.

No final dividend is proposed.

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

1. General information

Next Group plc was incorporated on 19 December 2017 as a direct, wholly-owned subsidiary of NEXT plc and as an intermediate holding company between NEXT plc and its other subsidiaries.

The company is a public limited company and is wholly incorporated and domiciled in the UK. The address of its registered office is Desford Road, Enderby, Leicester, LE19 4AT.

2. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS101").

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. The financial statements are for the 52 weeks to 25 January 2020 and the principal accounting policies adopted are set out below. The accounting policies have been applied consistently, other than where new policies have been adopted.

The Company's financial statements are presented in Pounds Sterling and all values are rounded to the nearest one hundred thousand pounds except where otherwise indicated.

The financial statements contain information about Next Group Plc as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, NEXT plc, a company registered in England and Wales.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10 (d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Disclosure requirements of IFRS 7
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs for fair value measurement of assets and liabilities)

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

2. Accounting policies (continued)

Investments

Investments in subsidiary companies and equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost, subject to review for impairment.

Impairment

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the Profit and Loss Account.

Trade and other debtors

Trade and other debtors are amounts due from other Group companies.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade and other payables

Trade and other payables are amounts owed to other Group companies. The classification under IFRS 9 is amortised cost and they are recognised initially at fair value.

Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the Profit and Loss Account unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries and associates where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Tax provisions are recognised when there is a potential exposure under changes to international tax legislation. Management uses professional advisers and in-house tax experts to determine the amounts to be provided.

Cash at bank and in hand

This comprises cash at bank and in hand and short term deposits with an original maturity of three months or less.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Financial instruments

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

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

2. Accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- the Company's business model for managing the assets; and
- whether the instruments' contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

A summary of the Company's financial assets is as follows:

Financial assets	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair value through profit or loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Customer and other receivables	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits	Amortised cost

Under IFRS 9 the Company initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Income Statement.

Subsequent measurement

A summary of the subsequent measurement of financial assets is set out below.

Financial assets at FVPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents recovery of part of the cost of investment, in which case they are recognised in OCI. Other net gains and losses are recognised in OCI and never reclassified to profit or loss.

Derecognition

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

2. Accounting policies (continued)

Impairment – financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Company are its intercompany receivables, which are referred to as “Amounts owed by other Group undertakings”. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Financial liabilities

Initial recognition and measurement

The Company has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Derivatives not designated as hedging instruments	Fair value through profit or loss
Derivatives designated as hedging instruments	Fair value – hedging instrument
Interest-bearing loans and borrowings:	
Corporate bonds	Amortised cost – designated in hedge relationships
Bank loans and overdrafts	Amortised cost
Trade and other payables at amortised cost	Amortised cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below.

Financial liabilities at FVPL	Subsequently measured at fair value. Gains and losses are recognised in the Income Statement.
Loans and borrowings	Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement.
Corporate bonds	Subsequently measured at amortised cost and adjusted where hedge accounting applies (see interest rate derivatives). Accrued interest is included within other creditors and accruals.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other Financial Assets and Liabilities: Derivative Financial Instruments

Derivative financial instruments (“derivatives”) are used to manage risks arising from changes in foreign exchange rates impacting the transactions of the wider Group. In accordance with its treasury policy, the Company does not enter into derivatives for speculative purposes. Foreign exchange derivatives are stated at their fair value, being

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

2. Accounting policies (continued)

the estimated amount that the Company would receive or pay to terminate them at the balance sheet date based on prevailing interest rates.

The company does not designate derivative financial instruments within hedge relationships.

Major sources of uncertainty and judgement

The directors have not identified any areas of critical accounting estimates or judgements.

New standards, amendments and IFRIC interpretations

For the period ended 25 January 2020 new accounting standard IFRS 16 has been adopted for the first time and amendments to IFRS 9, IAS 39 and IFRS 7 have been adopted early; none of these have had an impact on the Company.

3. Directors' emoluments and auditor fee

None of the directors, who are the only employees of the Company, received any remuneration for their services as directors of the Company for the period ended 25 January 2020 and for the prior period ended 26 January 2019. The directors are also directors of the ultimate parent company, NEXT plc, and their emoluments for services to the Group are disclosed in the report and financial statements of that company. The directors believe that it is not practicable to apportion their remuneration between qualifying services for this company and other Group companies in which they hold office.

In both the current and prior period the audit fee for the Company of £7k is borne by NEXT Plc and not recharged to the Company.

4. Income from shares in Group undertakings

	2020 £m	2019 £m
Dividends from subsidiary undertakings	-	600.0

5. Interest payable and similar expenses

	2020 £m	2019 £m
Other interest payable	42.8	-

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

6. Tax on (loss) / profit

	2020 £m	2019 £m
<i>Current tax:</i>		
UK corporation and overseas tax on (losses) / profits of the period	8.1	-
Total current tax	8.1	-
Tax credit reported in the Profit and Loss Account	8.1	-

The tax rate for the current year varied from the standard rate of corporation tax in the UK due to the following factors:

	2020 %	2019 %
UK corporation tax rate	(19.0)	19.0
Non-taxable income	-	(19.0)
Effective total tax rate on (loss) / profit before taxation	(19.0)	-

7. Dividends

	2020 £m	2019 £m
Equity dividends received from Next Holdings Limited	-	600.0

8. Investments

	Subsidiary undertakings £m	Total £m
<i>Cost:</i>		
At 27 January 2019	8,008.4	8,008.4
At 25 January 2020	8,008.4	8,008.4
<i>Amortisation and impairment:</i>		
At 27 January 2019	-	-
At 25 January 2020	-	-
<i>Carrying amount:</i>		
At 25 January 2020	8,008.4	8,008.4

Next Group Plc (formerly Next Group Limited)

Notes to the Financial Statements for the 52 week period ended 25 January 2020

8. Investments (continued)

A full list of the Company's related undertakings is contained in the table below. Direct holdings are suffixed with an asterisk.

Company name	Registered office address	% held
AgraTech Limited	Glen House, 200-208 Tottenham Court Road, London, W1T 7PL	100
Belvoir Insurance Company Limited	Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Brecon Debt Recovery Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Cairns Limited	14/F Cityplaza 1, 1111 King's Road, Taikoo Shing, Quarry Bay, Hong Kong	100
Callscan Inc.	McSwiney, Semple, Hankin-Birke & Wood PC, PO Box 2450, 280 Main Street, New London, NH 03257, USA	100
Choice Discount Stores Limited	14-14A Rectory Road, Hadleigh Benfleet, Essex, SS7 2ND, UK	49
Custom Gateway Limited	c/o Sedulo, 62-66 Deansgate, Manchester M3 2EN	30
Lipsy Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
LLC Next	7 Dolgorukovskaya Street, 127006, Moscow, Russian Federation	100
Next (Asia) Limited	14/F Cityplaza 1, 1111 King's Road, Taikoo Shing, Quarry Bay, Hong Kong	100
Next Sourcing Limited Shanghai Office	9F, Building 1, Highstreet loft, No.508 Jiashan Road, Shanghai	100
Next AV s.r.o.	Pribinova 8, 811 09, Bratislava, Slovakia	100
Next Brand Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Distribution Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Financial Services Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Germany GmbH	Landsberger Stra. 155, 80687 München	100
Next Holdings Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100*
Next Holding Wholesale Private Limited	2 nd Floor, Unit No 201, Alpha Hiranandani Gardens, Powai, Mumbai, 400076 India	100
Next Manufacturing (Pvt) Limited	Phase 1, Ring Road, 2,E.P.Z, Katunayake, Sri Lanka	100
Marie Claire Beauty Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next-E-NA Portugal, Unipessoal LDA	R. dos Transitários 182 RCH, 4455-565 Matosinhos, Portugal	100
Next Europe & North Africa Morocco SARL	Jean Jaures SARL, 49 rue Jean Jaurès, Quartier Gauthier, 6ème étage, Apt N° 12, Casablanca, Morocco	100

Next Group Plc (formerly Next Group Limited)

Notes to the Financial Statements for the 52 week period ended 25 January 2020

8. Investments (continued)

Company name	Registered office address	% held
Next Manufacturing Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Near East Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Pension Trustees Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next PK s.r.o.	Rohanské nábřeží 671/15, Karlín, Prague 8, 186 00, Czech Republic	100
Next Procurement (Private) Limited	House No.680, Safari Villas, Sector B Bahria Town, Lahore, Pakistan	100
Next Properties Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Retail Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Retail (Ireland) Limited	13-18 City Quay, Dublin 2, D02 ED70, Ireland	100
Next Sourcing Company Limited	2nd Floor S.I. Building, No. 93 Preash Sihanouk Blvd, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh, Cambodia	100
Next Sourcing (UK) Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Sourcing Limited	14/F Cityplaza 1, 1111 King's Road, Taikoo Shing, Quarry Bay, Hong Kong	100
Next Sourcing Limited Domestic and/or Foreign Trade Liability Company	Kemankes Karamustafapasa Mahallesi Tophane Iskele Cad. No: 12/5 Beyoglu, Istanbul, Turkey	100
Next Sourcing Services Limited	Giant Business Tower, Level 4 & 5, Plot #3, Sector-3, Dhaka Mymensingh Road, Uttara Commercial Area, Dhaka, 1230 Bangladesh	100
Next Sourcing Services (India) Private Limited	207 Jaina Tower, 1 District Centre, Janakpuri, New Delhi, 110058, India	100
Next Sourcing VM Limited	14/F Cityplaza 1, 1111 King's Road, Taikoo Shing, Quarry Bay, Hong Kong	100
Next Sweden AB	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Commercial Trading (Shanghai) Co Limited	Room 301, Building No.4, No.58 Ruixing Lu, Shanghai FTC, PRC, 201306	100
NSL Limited	14/F Cityplaza 1, 1111 King's Road, Taikoo Shing, Quarry Bay, Hong Kong	100
Project Norwich Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Perimeter Technology Inc.	McSwiney, Semple, Hankin-Birke & Wood PC, PO Box 2450, 280 Main Street, New London, NH 03257, USA	100
Retail Restaurants Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	50
The Next Directory Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
The Paige Group Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Ventura Group Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Ventura Network Distribution Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

9. Financial assets

Financial assets consist of interest rate swaps which are used to manage the fixed and floating interest rate risk associated with the corporate bonds.

10. Debtors: amounts falling due within one year

	2020 £m	2019 £m
Amount owed by parent undertaking	86.5	-
Derivative financial instruments	34.3	-
Prepayments	4.6	-
Corporation tax receivable	8.1	-
Amounts owed by other Group undertakings	-	400.0
	<u>133.5</u>	<u>400.0</u>

Amounts owed by parent and Group undertakings are repayable on demand and no interest is charged on outstanding amounts.

Derivative financial instruments comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US Dollars and Euros.

11. Cash at bank and in hand

	2020 £m	2019 £m
Cash at bank and in hand	-	0.1

Cash at bank earns interest at floating rates based on daily bank deposit rates.

12. Creditors: amounts falling due within one year

	2020 £m	2019 £m
Bank loans and overdrafts	55.0	-
Amounts owed to other Group undertakings	63.8	-
Other creditors and accruals	18.7	-
Derivative financial instruments	34.3	-
Amounts owed to parent undertaking	-	400.0
	<u>171.8</u>	<u>400.0</u>

Derivative financial instruments comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US Dollars and Euros.

Amounts owed to parent and Group undertakings are repayable on demand and no interest is charged on outstanding amounts.

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

13. Creditors: amounts falling due after more than one year

	2020 £m	2019 £m
Corporate bonds	1,163.7	-
Derivative financial instruments	7.8	-
	<u>1,171.5</u>	<u>-</u>

Derivative financial instruments consist of interest rate swaps which are used to manage the fixed and floating interest rate risk associated with the corporate bonds.

14. Corporate bonds

	<i>Balance sheet value</i>		<i>Nominal value</i>	
	2020 £m	2019 £m	2020 £m	2019 £m
Corporate bond 5.375% repayable 2021	327.0	-	325.0	-
Corporate bond 3.000% repayable 2025	250.0	-	250.0	-
Corporate bond 4.375% repayable 2026	286.7	-	250.0	-
Corporate bond 3.625% repayable 2028	300.0	-	300.0	-
	<u>1,163.7</u>	<u>-</u>	<u>1,125.0</u>	<u>-</u>

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

14. Corporate bonds (continued)

The Group uses interest rate derivatives to manage the interest rate risk associated with its listed bonds, the profile of which is shown below:

	2020		2019	
	Nominal value £m	Aggregate interest rate	Nominal value £m	Aggregate interest rate
<i>2021 bonds</i>				
Fixed	150.0	5.375%	-	-
Fixed	50.0	5.200%	-	-
Fixed	50.0	5.150%	-	-
Fixed	50.0	5.050%	-	-
Floating	25.0	6m LIBOR + 1.9%	-	-
	<u>325.0</u>		<u>-</u>	
<i>2025 bonds (new in year)</i>				
Fixed	250.0	3.0%	-	-
	<u>250.0</u>		<u>-</u>	
<i>2026 bonds</i>				
Floating	250.0	6m LIBOR + 1.4%	-	-
	<u>250.0</u>		<u>-</u>	
<i>2028 bonds</i>				
Fixed	300.0	3.625%	-	-
	<u>300.0</u>		<u>-</u>	
Total	<u><u>1,125.0</u></u>		<u><u>-</u></u>	

15. Contingent liability

The Company has entered into cross guarantee arrangements with Barclays Bank plc and HSBC Bank plc in respect of bank set-off arrangements with its parent undertaking NEXT plc, and certain fellow subsidiary undertakings. The guarantees are limited to the credit balances held on the Company's bank accounts.

Notes to the Financial Statements

for the 52 week period ended 25 January 2020

16. Called up share capital

	<i>Authorised</i>			
	<i>No.</i>	<i>2020</i>	<i>No.</i>	<i>2019</i>
	<i>'000</i>	<i>£m</i>	<i>'000</i>	<i>£m</i>
Ordinary shares of £1 each	50	0.1	50	0.1
<i>Allotted, called up and fully paid</i>				
	<i>No.</i>	<i>2020</i>	<i>No.</i>	<i>2019</i>
	<i>'000</i>	<i>£m</i>	<i>'000</i>	<i>£m</i>
Ordinary shares of £1 each	50	0.1	50	0.1

On 22 January 2018 8,008,413,154 ordinary shares were issued in consideration for the transfer of NEXT plc's investment in Next Holdings Limited to Next Group Plc.

On 24 January 2018 8,008,413,154 ordinary shares were cancelled and the reserve thereby created was treated as realisable profit.

On 20 December 2018 49,999 ordinary shares were issued for £49,999

All shares rank *pari passu* in all respects.

17. Ultimate parent company and controlling party

The Company's immediate and ultimate parent company is NEXT plc, which is registered in England & Wales. NEXT plc is the only group preparing financial statements which include Next Group Plc. Copies of its Group financial statements are available from its Company Secretary at its registered office, Desford Road, Enderby, Leicester, LE19 4AT.

18. Post Balance Sheet Events

Covid 19

Subsequent to the balance sheet date the spread of Covid 19 has adversely impacted on the operations of the wider business. In particular the Retail and Online operations temporarily ceased to trade at the end of March 2020. While these operations have subsequently reopened they have not yet reached the levels of pre-Covid 19 trade. As a result of the closure, and our updated forecast, we have assessed assets across the Group for potential impairment. As a result of these reviews no impairment has been identified for assets held by the Company.

Sale and leaseback transaction

In April 2020 the Company purchased the freehold title to warehouse site from a fellow group subsidiary, Next Holdings Limited. Subsequently, the Company sold the freehold title to a third party for cash proceeds of £97m and then immediately leased it back for a term of 26 years. As a result of these transactions the Company recognised a Right-of-use asset of £50m and lease liability of £80m. The cash has been used to improve the Company and Group's liquidity and financial headroom during the Covid 19 pandemic.