

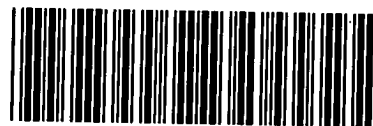
# **Next Group Plc**

## **Report and Financial Statements**

28 January 2023

Registered No: 11118708

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## Reports and Financial Statements

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Registered in England & Wales

NEXT PLC  
Desford Road  
Enderby  
Leicester  
LE19 4AT

## Strategic Report

The directors present their reports and audited financial statements for the 52 week period ended 28 January 2023 (2022: 52 weeks to 29 January 2022).

### Business review

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 (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 October 2021 the Company repaid £325m of bonds out of existing cash, while maintaining sufficient liquidity to meet its ongoing liabilities.

The Company has continued with no change in its purpose going forward.

The profit for the 52 week period, after taxation, amounted to £375.9m (2022: £285.6m).

### Key performance indicators:

	2023	2022
	£m	£m
Operating profit	6.5	11.2
Profit before tax	370.0	271.4
Net assets	6,772.8	6,796.9

The directors consider the results to have been satisfactory – the profit before tax in the year is primarily driven by dividends received from a subsidiary. Next Group Plc is a public company limited by shares.

## Strategic Report (continued)

### 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.

The Company is a wholly owned subsidiary of NEXT Plc ("the Group"). 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. 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 sustainable way that generates value for them.

The Group Finance Director and the Group 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 ("the Board") on these activities including the Company's access to liquidity, monitoring the headroom and maturity schedules of our primary credit facilities and future financing plans. The Board approves the Group'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.

The Company 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](http://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 Group's in-house tax team of qualified tax professionals. The Group Finance Director provides regular updates to the Board on tax matters.

## 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 Group's principal risks and uncertainties relating to the Company 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
<b>Business strategy development and implementation</b> If the 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> <p>A detailed plan to manage the Group going forward and its longer term direction of travel exists and is clearly articulated to the Group's stakeholders in the Group's annual and half yearly reports.</p>
<b>Financial, treasury, liquidity and credit risks</b> The Company's ability to meet its financial obligations and to support the operations of the business is dependent on having sufficient liquidity over the short, medium and long term.  The Company and the wider Group is reliant on the availability of adequate financing from banks and capital markets to meet its liquidity needs.  The Group is exposed to foreign exchange risk and profits may be adversely affected by unforeseen moves in foreign exchange rates.  The Company might suffer financial loss if a counterparty with which it has transacted fails and is unable to fulfil its contract.	<p>The Group 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 the Group'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> <p>The Group has a Treasury Committee which includes the Group Finance Director. The Treasury Committee usually meets weekly to review the Group's treasury and liquidity risks including foreign exchange exposures.</p>

## Strategic Report (continued)

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
<p><b>Management of long term liabilities and capital expenditure</b></p> <p>Poor management of the Group's longer term liabilities and capital expenditure could jeopardise the long term sustainability of the Group and hence Next Group Plc. It is important to ensure that the business continues to be responsive and flexible to meet the challenges of a rapidly changing Retail sector.</p>	<p>The Board and senior management teams regularly review the alignment of forecast cash inflows and outflows across the Group alongside the Group's ability to repay its existing bond, lease debt obligations and any other long term liabilities and planned capital expenditure.</p>

By order of the Board



**Ian Blackwell**  
Secretary

18 July 2023

## Directors' Report

### Dividends

Dividends of £400.0m were declared in the year (2022: £300.0m); 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, financial risk management and position are set out in the Strategic Report.

The Company participates in the 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 Group. Therefore any reference to "Group" in the following text incorporates both Group and Company.

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities including the Group's principal risks and uncertainties. The Board also considered the Group's current cash position, intercompany balances within the Group, the repayment profile of its obligations and the resilience of its 12 month cash flow forecasts to a series of severe but plausible downside scenarios such as further enforced store closures. These included how Company liquidity requirements can be met by cash being provided via intercompany dividends from trading subsidiaries. Having considered these factors the Board is satisfied that the Company has adequate resources to continue in operational existence and therefore it is appropriate to adopt the going concern basis in preparing the financial statements for the 52 weeks ended 28 January 2023.

### Climate change

The directors' have considered climate risk relevant to the company but do not believe there is a material impact from climate change on the company. This includes having considered the impact of climate on its subsidiaries, which the directors also believe is not material.

### Outlook

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 have expressed their willingness to continue in office and are deemed reappointed.

## Directors' Report (continued)

### 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.

Further details on specific risks and uncertainties and how they are managed are set out in the Strategic Report.

### 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



**Ian Blackwell**  
Secretary

18 July 2023



## **Directors' Responsibilities Statement**

The directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. 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, 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 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 also 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.

# Independent auditors' report to the members of Next Group Plc

## 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 28 January 2023 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 28 January 2023; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the 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 Audit Committee of NEXT plc.

### 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.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

Audit scope

- We have conducted a full scope audit of the entity to materiality disclosed below.

Key audit matters

- Recoverability of investments

## Materiality

- Overall materiality: £96,945,000 (2022: £90,000,000) based on 1% of total assets.
- Performance materiality: £72,708,750 (2022: £67,500,000).

## 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.

## 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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Recoverability of investments</i></p> <p>Refer to Note 2 for Accounting Policies and Note 9 for Investments. In accordance with IAS 36 (Impairment of assets), the investments balance of £8,008.4m (Jan-22: £8,008.4m) should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use.</p>	<p>We evaluated management's assessment as to whether any indicators of impairment were present in relation to the Company's investments balance with specific consideration given to the following:</p> <ul style="list-style-type: none"><li>- the market capitalisation of the NEXT plc group is in excess of the investments balance held by Next Group plc at the balance sheet date, noting that substantially all of the market capitalisation is considered to be in relation to one indirect subsidiary (NEXT Retail Limited) of the Company;</li><li>- the trading results of NEXT Retail Limited are no worse than expected and are not expected to be worse in future periods; and</li><li>- any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which NEXT Retail Limited operates, noting that there were no such changes.</li></ul> <p>We consider management's conclusion that there are no indicators of impairment to be appropriate.</p>

## 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.

The Company is a standalone entity with all processes and controls being based in one location and audited by a single audit team.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

## 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:

<i>Overall company materiality</i>	£96,945,000 (2022: £90,000,000).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	As the Company is an intermediate holding company and is not profit-orientated, we believe total assets is the most appropriate benchmark in assessing the performance of the entity.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £72,708,750 (2022: £67,500,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee of NEXT plc that we would report to them misstatements identified during our audit above £4,886,950 (2022: £4,500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed management's going concern assessment and considered the assumptions within this assessment. Management used the going concern assessment for Next plc as at March 2023, which includes the company, and updated this assessment to July 2023 to consider the going concern basis of accounting for the company; and
- We assessed the sufficiency of disclosures provided in the financial statements in respect of the directors' going concern assessment.

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the

company's ability to continue as a going concern.

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

## **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 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 28 January 2023 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting inappropriate journal entries to manipulate profit and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management in respect of instances of non-compliance with laws and regulation or fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Challenging estimates made by management in their more significant accounting estimates and judgements, in particular in relation to recoverability of the investment.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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](http://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 obtained all the information and explanations we require for our audit; or
- 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

Following the recommendation of the Audit Committee of NEXT plc, 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 five years, covering the years ended 26 January 2019 to 28 January 2023.



Mark Skedgel (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
18 July 2023

## Profit and Loss Account

for the 52 week period ended 28 January 2023

	Note	52 weeks to 28 January 2023 £m	52 weeks to 29 January 2022 £m
<b>Revenue</b>	3	9.9	6.0
Cost of sales		(3.3)	(1.8)
<b>Gross profit</b>		6.6	4.2
Administrative expenses		(5.7)	(0.6)
Other income		5.6	7.6
<b>Operating profit</b>	4	6.5	11.2
Income from shares in Group undertakings	5	400.0	300.0
Interest receivable and similar income	6	0.4	1.5
Interest payable and similar expenses	7	(36.9)	(41.3)
<b>Profit before taxation</b>		370.0	271.4
Tax on profit	8	5.9	14.2
<b>Profit for the financial period</b>		375.9	285.6

All amounts relate to continuing operations.

## Statement of Comprehensive Income

for the 52 week period ended 28 January 2023

There was no other comprehensive income for the period other than the profit of £375.9m (2022: profit £285.6m).



**Balance sheet**

as at 28 January 2023

	Note	28 January 2023 £m	29 January 2022 £m
<b>Fixed assets</b>			
Investments	9	8,008.4	8,008.4
Right-of-use assets	10	41.9	38.3
		<u>8,050.3</u>	<u>8,046.7</u>
<b>Current assets</b>			
Debtors:			
Amounts falling due after one year	11	-	18.0
Amounts falling due within one year	12	1,641.0	663.1
Cash at bank and in hand	13	0.3	319.9
		<u>1,641.3</u>	<u>1,001.0</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(1,968.9)	(1,356.9)
Lease liabilities	10	(3.3)	(1.2)
		<u>(1,972.2)</u>	<u>(1,358.1)</u>
<b>Net current liabilities</b>		<u>(330.9)</u>	<u>(357.1)</u>
<b>Total assets less current liabilities</b>		7,719.4	7,689.6
Creditors: amounts falling due after more than one year	15	(800.2)	(815.7)
Lease liabilities	10	(144.4)	(77.0)
Provisions	18	(2.0)	-
<b>Net assets</b>		<u>6,772.8</u>	<u>6,796.9</u>
<b>Capital and reserves</b>			
Called up share capital	19	0.1	0.1
Profit and loss account		<u>6,772.7</u>	<u>6,796.8</u>
<b>Total equity</b>		<u>6,772.8</u>	<u>6,796.9</u>

The notes on pages 17 to 34 are an integral part of these financial statements.

These financial statements on pages 14 to 34 were approved and authorised for issue by the Board of directors on 18 July 2023



**Amanda James**  
Director

Registered in England & Wales, no. 11118708

## Statement of Changes in Equity

for the 52 week period ended 28 January 2023

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
At 30 January 2021	0.1	6,811.2	6,811.3
Profit and total other comprehensive income for the period	-	285.6	285.6
Total comprehensive income for the period	-	285.6	285.6
Transactions with owners recognised directly in equity - Equity dividends paid	-	(300.0)	(300.0)
At 29 January 2022	0.1	6,796.8	6,796.9
Profit and total other comprehensive income for the period	-	375.9	375.9
Total comprehensive income for the period	-	375.9	375.9
Transactions with owners recognised directly in equity - Equity dividends paid	-	(400.0)	(400.0)
At 28 January 2023	0.1	6,772.7	6,772.8

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 1. General information

Next Group plc is a wholly-owned subsidiary of NEXT plc and 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 NEXT Plc, 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 ("FRS 101").

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 28 January 2023 (2022: 52 weeks to 29 January 2022) 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)

The Company participates in the 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 Group. Therefore any reference to "Group" in the following text incorporates both Group and Company.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities including the Group's principal risks and uncertainties. The Board also considered the Group's current cash position, intercompany balances within the Group, the repayment profile of its obligations, and the resilience of its 12 month cash flow forecasts to a series of severe but plausible downside scenarios such as further enforced store closures. These included how Company liquidity requirements can be met by cash being provided via intercompany dividends from trading subsidiaries.

Having considered these factors the Board is satisfied that the Company has adequate resources to continue in operational existence and therefore it is appropriate to adopt the going concern basis in preparing the financial statements for the 52 weeks ended 28 January 2023.

#### **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.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

#### **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. Amounts held in money market funds are held at fair value through the profit and loss.

#### **Turnover**

Rental income arising from operating leases on property subleases is recognised on a straight-line basis over the lease term and is included in revenue in the Profit and Loss Account.

#### **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.

#### **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.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

#### *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.

#### *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 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.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

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

The Company does not designate derivative financial instruments held to manage foreign exchange risk within hedge relationships.

#### ***Interest rate derivatives – fair value hedges***

The Company uses interest rate derivatives to hedge part of the interest rate risk associated with the Company's corporate bonds. The carrying values of the relevant bonds are adjusted only for changes in fair value attributable to the interest rate risk being hedged. The adjustment is recognised in the Income Statement and is offset by movements in the fair value of the derivatives.

For fair value hedges relating to items carried at amortised cost, any adjustment to the carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

#### **Lease Accounting**

##### ***Company as lessee***

At inception of a contract the Company assesses whether the contract is or contains a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration. Where a lease term ends and the Company remains within the site on holdover terms, the rental costs associated with this arrangement are recognised in the Income Statement as incurred.

Where a lease is identified the Company recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

#### *Lease liability – initial recognition*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Company is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet, split between current and non-current liabilities.

#### *Lease liability – subsequent measurement*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

#### *Lease liability – remeasurement*

The lease liability is remeasured where:

- there is a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Where the lease liability is denominated in a foreign currency it is retranslated at the Balance Sheet date with foreign exchange gains and losses recognised in profit or loss.

#### *Right-of-use asset – initial recognition*

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease incentives received, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Company has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use asset is presented as a separate line in the Balance Sheet.



## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

#### *Right-of-use asset – subsequent measurement*

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

#### *Impairment*

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

#### *Short term leases and low value assets*

For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *Sale and leaseback*

A sale and leaseback transaction is where the Company sells an asset and immediately reacquires the use of the asset by entering into a lease with the counterparty. A sale is recognised when control of the underlying asset passes to the counterparty. The asset sold is derecognised and a lease liability and right-of-use asset recognised in relation to the lease. Any gain or loss arising on the transaction is recognised in the Income Statement and relates to the rights transferred to the counterparty.

#### *The Company as lessor*

The Company enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### *Provisions*

A provision is recognised where the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### *Major sources of uncertainty and judgement*

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

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 2. Accounting policies (continued)

#### New standards, amendments and IFRIC interpretations

The Company has applied the following interpretations and amendments for the first time in these financial statements:

- Reference to Conceptual Framework – amendments to IFRS 3
- Annual Improvements to IFRS Standards 2018-2020

The application of these new interpretations and amendments did not have a material impact on the financial statements. Certain new accounting standards and interpretations have been published that are not yet effective and have not been adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3. Revenue

	2023 £m	2022 £m
Rental income	<u>9.9</u>	<u>6.0</u>

All of the above income has been generated in the United Kingdom.

### 4. Operating profit

In both the current and prior period the audit fee for the Company of £10,000 (2022: £10,000) is borne by NEXT Plc and not recharged to the Company. The Company is exempt from disclosing non-audit services as it is included in UK consolidated accounts that reveal the various statutory amounts for non-audit remuneration; the group accounts are required to comply with this statutory disclosure requirement.

The Company received cash proceeds of £5.8m in respect of a contingent consideration arising from a sale and leaseback transaction which occurred in the period ended 2021 which gave rise to a net gain of £5.6m recognised within Other Income. In the prior period a gain of £6.4m is included within in Other Income from contingent consideration received on the same sale and leaseback transaction.

Depreciation charged on right-of-use assets was £2.7m in the period (2022: £1.7m).

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 28 January 2023 and for the prior period ended 29 January 2022. 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.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 5. Income from shares in Group undertakings

	2023 £m	2022 £m
Dividends from subsidiary undertakings	<u>400.0</u>	<u>300.0</u>

### 6. Interest receivable and similar income

	2023 £m	2022 £m
Other interest receivable	<u>0.4</u>	<u>1.5</u>

### 7. Interest payable and similar expenses

	2023 £m	2022 £m
Other interest payable	30.3	35.9
Finance costs on leases	6.6	5.4
	<u>36.9</u>	<u>41.3</u>

### 8. Tax on profit

	2023 £m	2022 £m
<i>Current tax:</i>		
UK corporation and overseas tax on profits of the period	(5.8)	(6.6)
Total current tax	<u>(5.8)</u>	<u>(6.6)</u>
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(0.1)	(7.6)
Tax credit reported in the Profit and Loss Account	<u>(5.9)</u>	<u>(14.2)</u>

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 8. Tax on profit (continued)

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

	2023 £m	2022 £m
Profit before taxation	370.0	271.4
Profit multiplied by standard rate of tax in UK of 19% (2022: 19%)	70.3	51.6
Effects of:		
Income not taxable	(76.1)	(58.2)
Adjustments in respect of prior periods	(0.1)	(7.6)
Tax credit	<u>(5.9)</u>	<u>(14.2)</u>

#### Deferred taxation

	2023 £m	2022 £m
Other temporary differences	<u>-</u>	<u>(7.6)</u>
	<u>-</u>	<u>(7.6)</u>

The movement in deferred tax in the year is as follows:

	2023 £m	2022 £m
Opening position	-	7.6
Charged to the Profit and Loss Account:		
Other temporary differences	<u>-</u>	<u>(7.6)</u>
Closing position	<u>-</u>	<u>-</u>

#### Factors affecting tax charges in future years

The company's tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On 3rd March 2021 the Chancellor confirmed an increase in the main CT rate from 19 to 25 percent with effect from 1st April 2023. The Company's tax expense for the financial year ended 28th January 2023 has taken into consideration the effect of this increase as the increase was substantively enacted before the balance sheet date.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 9. Investments

	<i>Subsidiary undertakings</i> <i>£m</i>	<i>Total</i> <i>£m</i>
<i>Cost:</i>		
At 29 January 2022	8,008.4	8,008.4
At 28 January 2023	<u>8,008.4</u>	<u>8,008.4</u>
<i>Amortisation and impairment:</i>		
At 29 January 2022	-	-
At 28 January 2023	<u>-</u>	<u>-</u>
<i>Carrying amount:</i>		
At 28 January 2023	<u>8,008.4</u>	<u>8,008.4</u>

The value of this investment is reviewed at each balance sheet date to determine whether there are any potential impairment triggers. None have been identified in the current or prior year.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 9. Investments (continued)

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

Company name	Registered office address	% held
Agratech Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Aubin and Wills Holdings Limited	1110 Elliott Court, Coventry Business Park, Herald Avenue, Coventry CV5 6UB	28
Belvoir Insurance Company Limited	Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey GY1 1AJ, Guernsey	100
Brecon Debt Recovery Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Choice Discount Stores Limited	14-14A Rectory Road, Hadleigh Benfleet, Essex, SS7 2ND, UK	49
VS Brands Holdings UK Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	51
Lipsy Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
LLC Next	7 Dolgorukovskaya Street, 127006, Moscow, Russian Federation	100
Next Beauty Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next (Asia) Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	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-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 Europe & North Africa Tunisia SARL	Centre le Millennium, B30, 2046 Sidi Daoud, La Marsa, Tunis	100
Next Financial Services Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Next Germany GmbH	C/O BDO AG Wirtschaftsprüfungsgesellschaft, Landaubogen 10, 81373, Munich, Germany	100
Next Holdings Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100*
Next Holding Wholesale Private Limited	915, Unit No. 9, Corporate Park II, 9th floor, VN Purav Marg, Near Swastik, Chambers, Chembur, Mumbai, Maharashtra-MH, 400071, India	100
Next Manufacturing (Pvt) Limited	Phase 1, Ring Road, 2,E.P.Z, Katunayake, Sri Lanka	100
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 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	House No. 14, St. No. 106, Phoum 8, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia	100
Next Sourcing (UK) Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 9. Investments (continued)

Company name	Registered office address	% held
Next Sourcing Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100
Next Sourcing Limited Shanghai Office	Room 901-902, 908-921, 9th Floor, Bldg. 3, No. 283 West Jianguo Road, Xuhui District, Shanghai	100
Next Sourcing İç Ve Dış Ticaret Limited Şirket	Esentepe Mah. Büyükdere Cad. Ferko Signature Blok No: 175 İç Kapi No: 69 Şişli/İstanbul	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 (US) LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100
NSL Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100
Project Norwich Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
The Next Directory Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	100
Paige Group Limited (The)	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
West Apparel UK Holdings Limited	Desford Road, Enderby, Leicester, LE19 4AT, UK	51
Pink Topco Limited	22 Grenville Street, St Helier, Jersey, JE4 8PX, UK	51
Swoon Editions Limited	7 Bell Yard, London, WC2A 2JR, UK	25
Regent Bidco 1 Limited	C/O Alter Domus (UK) Limited, 10th Floor, 30 St Mary Axe, London EC3A 8BF, UK	44
The Harborough Hare Holdings Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	74
The Harborough Hare Limited	Desford Road, Enderby, Leicester LE19 4AT, UK	100

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 10. Leases

Right-of-use assets:

	2023 £m	2022 £m
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Buildings	41.9	38.3
	<u>41.9</u>	<u>38.3</u>

Lease liabilities:

	2023 £m	2022 £m
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Current	3.3	1.2
Non-current	144.4	77.0
	<u>147.7</u>	<u>78.2</u>

Additions to right-of-use assets	5.2	-
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During the prior year the right-of-use asset was amended by £7.1m and lease liability was amended by £8.4m following a change in index linked lease payments. There was no equivalent amendment in the current year.

Depreciation charged on right-of-use assets:

	2023 £m	2022 £m
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Buildings	1.6	1.7
	<u>1.6</u>	<u>1.7</u>

	2023 £m	2022 £m
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Finance costs on leases	6.6	5.4
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The total cash outflow for leases was £8.2m (2022: £5.8m).

Gains recognised, and cash proceeds received in the period related to sale and leaseback transactions and are set out in Note 4.



## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 11. Debtors: amounts falling due after one year

Debtors: amounts falling due after one year consist of interest rate swaps which are used to manage the fair value risk associated with the fixed interest rate risk on the 2026 bonds.

### 12. Debtors: amounts falling due within one year

	2023 £m	2022 £m
Amount owed by parent undertaking	798.3	529.4
Amounts owed by group undertakings	775.1	70.4
Amounts owed by joint venture	-	11.0
Derivative financial instruments	57.8	42.0
Prepayments	3.6	3.5
Corporation tax receivable	6.0	6.8
Other debtors	0.2	-
	<u>1,641.0</u>	<u>663.1</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, primarily denominated in US Dollars and Euros, which are used to hedge exchange risk arising from the Group's overseas purchases.

### 13. Cash at bank and in hand

	2023 £m	2022 £m
Cash at bank and in hand	0.3	269.9
Short term deposits	-	50.0
	<u>0.3</u>	<u>319.9</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Company and earn interest at short term market deposit rates.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 14. Creditors: amounts falling due within one year

	2023 £m	2022 £m
Amounts owed to group undertakings	1,884.7	1,300.2
Other creditors and accruals	18.9	14.7
Derivative financial instruments	57.8	42.0
Bank overdrafts	7.5	-
	<u>1,968.9</u>	<u>1,356.9</u>

Derivative financial instruments comprise forward contracts, primarily denominated in US Dollars and Euros, which are used to hedge exchange risk arising from the Group's overseas purchases. Amounts owed to parent and group undertakings are repayable on demand and no interest is charged on outstanding amounts.

### 15. Creditors: amounts falling due after more than one year

	2023 £m	2022 £m
Corporate bonds	790.7	815.7
Derivative financial instruments	9.5	-
	<u>800.2</u>	<u>815.7</u>

Derivative financial instruments comprise interest rate swaps which are used to manage the interest rate risk associated with the fixed interest rate risk on the 2026 bonds.

### 16. Corporate bonds

	<i>Balance sheet value</i>		<i>Nominal value</i>	
	2023 £m	2022 £m	2023 £m	2022 £m
Corporate bond 3.000% repayable 2025	250.0	250.0	250.0	250.0
Corporate bond 4.375% repayable 2026	240.7	265.7	250.0	250.0
Corporate bond 3.625% repayable 2028	300.0	300.0	300.0	300.0
	<u>790.7</u>	<u>815.7</u>	<u>800.0</u>	<u>800.0</u>

Corporate bonds are held at amortised cost, and where hedged, adjusted for the fair value changes attributable to the interest rate risk being hedged.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 16. Corporate bonds (continued)

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

	2023		2022	
	Nominal value £m	Aggregate interest rate	Nominal value £m	Aggregate interest rate
<b>2025 bonds</b>				
Fixed	250.0	3.0%	250.0	3.0%
<b>2026 bonds</b>				
Floating	250.0	SONIA +1.7%	250.0	6m LIBOR +1.4%
<b>2028 bonds</b>				
Fixed	300.0	3.625%	300.0	3.625%
<b>Total</b>	<b>800.0</b>		<b>800.0</b>	

The hedged 2026 Bonds, with effect from the fixing date April 2022, accrue interest by reference to the Sterling Overnight Index Average ("SONIA"). Prior to this, they accrued interest based on LIBOR. The main difference between LIBOR rates and SONIA rates is that SONIA does not incorporate any credit risk/liquidity premium which is inherent in the calculation of LIBOR. This change does not have a significant impact on the finance costs or cash flows on the 2026 bond.

### 17. Contingent liability

The Company has entered into cross guarantee arrangements with Barclays 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. Overdrawn bank accounts held with Barclays Bank plc across the Group at 28 January 2023 totalled £83.4m. At the same date, total positive cash balances with Barclays Bank plc across the Group, including balances in this Company, totalled £23.1m.

### 18. Provisions

Provision is made for the committed cost or estimated exit costs of properties occupied by the Company.

## Notes to the Financial Statements

for the 52 week period ended 28 January 2023

### 19. Called up share capital

	<i>No.</i> <i>'000</i>	<i>Authorised</i> <i>2023</i> <i>£m</i>	<i>No.</i> <i>'000</i>	<i>2022</i> <i>£m</i>
Ordinary shares of £1 each	50	<u>0.1</u>	50	0.1
<i>Allotted, called up and fully paid</i>				
	<i>No.</i> <i>'000</i>	<i>2023</i> <i>£m</i>	<i>No.</i> <i>'000</i>	<i>2022</i> <i>£m</i>
Ordinary shares of £1 each	50	<u>0.1</u>	50	0.1

### 20. 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.