

NEXT Brand Limited

Report and Financial Statements

28 January 2023

Registered No: 02570797



Report and Financial Statements

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Registered in England & Wales

NEXT Plc
Desford Road
Enderby
Leicester
LE19 4AT

Directors' Report

The directors present their Annual Report and unaudited financial statements for NEXT Brand Limited (the "Company") for the 52 week period ended 28 January 2023 (prior year refers to 52 week period ended 29 January 2022).

References to Group refer to the wider NEXT plc Group structure (hereafter the "Group" or "NEXT").

Results and dividends

The profit for the period, after taxation, amounted to £25,340,937 (2022: £34,009,802). No interim dividends were paid during the period (2022: £nil). The directors do not propose a final dividend.

Principal activities and review of the business

The principal activity of the Company is to act as an investment company. The Company received dividends of £25,575,565 from its subsidiary undertakings during the period (2022: £34,325,123). In the prior year, there was also dividend in specie of £1,276,411 received upon liquidation of the Company's investment Callscan Inc. NEXT Brand Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom.

Directors

The directors who served the Company during the period 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 interests in the ordinary shares of NEXT plc are shown in the accounts of that company.

Going concern

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.

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. 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.

Directors' Report (continued)

Outlook

The Company will continue to focus on managing its overall financial position, cash flows and liquidity while acting as an investment company.

The Company has taken the exemption for small companies in relation to the Strategic Report provided by Section 414B of the Companies Act 2006.

By order of the Board



Ian Blackwell

Secretary

12 October 2023

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the unaudited 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.

Profit and Loss Account

for the 52 week period ended 28 January 2023

		52 weeks to 28 January 2023	52 weeks to 29 January 2022
	Note	£	£
Income from shares in Group undertakings	4	25,575,565	35,601,534
<i>Profit before interest and taxation</i>		25,575,565	35,601,534
Interest receivable	5	1	1
<i>Profit before taxation</i>		25,575,566	35,601,535
Tax on profit	6	(234,629)	(1,591,733)
<i>Profit for the financial period</i>		25,340,937	34,009,802

All amounts relate to continuing operations.

Statement of Comprehensive Income

for the 52 week period ended 28 January 2023

There was no comprehensive income or expense other than the profit for the period of £25,340,937 attributable to the shareholders for the period ended 28 January 2023 (2022: £34,009,802).

Balance Sheet

at 28 January 2023

	Note	28 January 2023 £	29 January 2022 £
Fixed assets			
Investments	7	3,338,968	3,338,968
Current assets			
Debtors	8	97,478,481	73,414,544
Cash at bank and in hand	9	2,190	2,189
		97,480,671	73,416,733
Current liabilities			
Creditors	10	(7)	(1,277,006)
		97,480,664	72,139,727
Net current assets			
		100,819,632	75,478,695
Capital and reserves			
Share capital	11	500,000	500,000
Profit and loss account		100,319,632	74,978,695
Total equity			
		100,819,632	75,478,695

For the year ended 28 January 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 4 to 15 were approved and authorised for issue by the Board of Directors on 12 October 2023 and signed on its behalf by



Amanda James
Director

Registered in England & Wales, no. 02570797

Statement of Changes in Equity

for the 52 week period ended 28 January 2023

	Share capital £	Profit and loss account £	Total equity £
At 30 January 2021	500,000	40,968,893	41,468,893
Profit and total comprehensive income for the period	-	34,009,802	34,009,802
At 29 January 2022	500,000	74,978,695	75,478,695
Profit and total comprehensive income for the period	-	25,340,937	25,340,937
At 28 January 2023	500,000	100,319,632	100,819,632

Notes to the Financial Statements

for the 52 week period ended 28 January 2023

1. Accounting policies

General information

The Company is registered and domiciled in the United Kingdom.

Basis of preparation

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

The financial statements have been prepared on the historical cost basis. The financial statements are for the 52 weeks to 28 January 2023 (last period 52 weeks to 29 January 2022) and the principal accounting policies adopted, which have been applied consistently, are set out below.

The Company was incorporated and is domiciled in the United Kingdom.

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

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
 - ii. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- 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 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- 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).
- 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.

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

1. Accounting policies (continued)

Going concern

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.

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. 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 subsidiaries 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.

Debtors

Debtors are stated at invoice value less any allowance for impairment; see below for our policy over the impairment of financial assets.

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
Amounts due from parent company	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits	Amortised cost

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

1. Accounting policies (continued)

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 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.
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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 impairment methodology applied depends on whether there has been a significant increase in credit risk. The most significant financial assets of the Company are its amounts due from parent undertaking. 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. For trade and customer debtors the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

1. Accounting policies (continued)

Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the profit and loss account unless it relates to items 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 subsidiaries and associates where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future.

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

Cash at bank

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

Significant areas of estimation and judgement

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation. The significant area of estimation uncertainty and judgement for the Company is over the carrying value of investments held on the balance sheet. Sensitivities to the assumptions for expected future cash flows related to investments are not expected to result in a material change in the carrying amount. These are reviewed regularly and updated to reflect management's latest best estimates.

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

1. 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
- Property, Plant and Equipment – Proceeds before Intended Use – amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – amendments to IAS 37
- 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 early adopted by the Company. 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.

2. Average number of employees

The average number of persons employed by the company in the financial year is nil (2022: nil).

3. Directors emoluments

None of the directors received any remuneration from the Company for the period ended 28 January 2023 (2022: £nil). The directors of the Company were also directors of the ultimate parent company, NEXT plc, and their emoluments for services to the Group are disclosed in the report and accounts 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.

4. Income from shares in group undertakings

	2023	2022
	£	£
Dividends from subsidiary undertakings	25,575,565	34,325,123
Dividend in specie upon liquidation of subsidiary	-	1,276,411
Total	<u>25,575,565</u>	<u>35,601,534</u>

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

5. Interest receivable

	2023	2022
	£	£
Interest receivable on bank deposits	<u>1</u>	<u>1</u>

6. Tax on profit

	2023	2022
	£	£
<i>Current tax:</i>		
UK corporation tax	234,629	1,276,999
Overseas tax	-	314,734
Total current tax	<u>234,629</u>	<u>1,591,733</u>

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

	2023	2022
	£	£
Profit before taxation	<u>25,575,566</u>	<u>35,601,535</u>
Profit before taxation at standard rate of UK corporation tax 19% (2022: 19%)	4,859,358	6,764,292
Non-taxable income	(4,859,358)	(6,764,292)
Prior year adjustment	234,629	-
Chargeable gains arising	-	1,276,999
Foreign tax suffered at source	-	314,734
Tax charge reported in the profit and loss account	<u>234,629</u>	<u>1,591,733</u>

During the prior year chargeable gains were transferred under s171A TCGA 1992 from other entities within the group to utilise all of the capital losses brought forward. As there are limitations on the utilisation of capital losses, this resulted in profits chargeable to corporation tax at the rate of 19%.

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

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

7. Investments

	2023	2022
	£	£
Opening position	3,338,968	3,338,961
Additions	-	7
Closing position	<u>3,338,968</u>	<u>3,338,968</u>

Additions in the prior period comprise the investment of a 100% shareholding in NEXT (US) LLC, a new company incorporated in the period.

A full list of the Company's investments is contained in the table below.

Company name	Registered office address	Percentage held	Direct/ Indirect holding
Belvoir Insurance Company Limited	Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ Guernsey	100	Direct
Next Germany GmbH	c/o BDO AG Wirtschaftsprüfungsgesellschaft, Zielstattstr. 40,81379, Munich, Germany	100	Direct
Next Sourcing Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Direct
LLC Next	7 Dolgorukovskaya Street, 127006, Moscow, Russian Federation	100	Direct
Next Manufacturing (PVT) Limited	Phase 1, Ring Road, 2, Export Processing Zone, Katunayake, Sri Lanka	50	Direct
Next Europe & North Africa Morocco SARL	Jean Jaures SARL, 49 rue Jean Jaurès, Quartier Gauthier, 6ème étage, Apt N° 12, Casablanca, Morocco	1	Direct
Next Europe & North Africa Tunisia SARL	Residence "El Bechir", 155 Avenue Habib Bouguiba, Office A3.1, 2036 La Soukra-Ariani, Tunisia	1	Direct
Next Sourcing Limited Shanghai Office	Room 901-902, 908-921, 9 th Floor, Bldg. 3, No. 283 West Jianguo Road, Xuhui District, Shanghai	100	Indirect
NSL Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect
Next (Asia) Limited	Suites 1404 to 1413 & Pt14, 1111 King's Road, Taikoo Shing, Hong Kong	100	Indirect
Next Sourcing Services (India) Pvt Limited	207 Jaina Tower, 1 District Centre, Janakpuri, New Delhi, 110058, India	100	Indirect
Next Sourcing İç Ve Dış Ticaret Limited Şirketi	Esentepe Mah. Büyükdere Cad. Ferko Signature Blok No: 175İç Kapi No: 69 Şişli / Istanbul	100	Indirect
Next Sourcing Company Limited	House No 14, St No. 106, Phoum 8, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia	100	Indirect
Next Sourcing Services Limited	Giant Business Tower, Level 4 & 5, Plot #3, Sector-3, Dhaka Mymensingh Road, Uttara Commercial Area, Dhaka, 1230 Bangladesh	100	Indirect
NEXT (US), LLC	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States	100	Direct

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

8. Debtors

	2023	2022
	£	£
Amounts due from parent undertaking	<u>97,478,481</u>	<u>73,414,544</u>

Amounts due from the parent undertaking are repayable on demand and do not bear interest.

9. Cash at bank and in hand

	2023	2022
	£	£
Cash at bank	<u>2,190</u>	<u>2,189</u>

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

10. Creditors

	2023	2022
	£	£
Corporation tax payable	-	1,276,999
Amounts owed to Group undertakings	<u>7</u>	<u>7</u>
	<u>7</u>	<u>1,277,006</u>

Amounts owed to Group undertaking are repayable on demand and do not bear interest.

11. Share capital

	2023	2023	2022	2022
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	500,000	<u>500,000</u>	500,000	<u>500,000</u>

Notes to the Financial Statements (continued)

for the 52 week period ended 28 January 2023

12. Ultimate parent company and controlling party

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