NEXT Manufacturing Limited
Reports and Financial Statements

29 January 2022

Registered No: 02570801

Report and Financial Statements

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Registered in England & Wales

Next Plc
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Strategic Report

The directors present their reports and financial statements for the period ended 29 January 2022.

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

Results

The loss for the 52 weeks ended 29 January 2022 after taxation, amounted to £1,452,170 (period ended 30 January 2021: £4,242,449 loss). Net liabilities at 29 January 2022 were £11,387,776 (30 January 2021: £9,935,606).

Key Performance Indicators

The directors use a number of key performance indicators to assess the business performance. Principal amongst these are turnover and net liabilities which are reported in the financial statements.

	2022	*2021*	*Variance*
	£'000	*£'000*	*%*
Turnover	*11,617*	*7,782*	*49%*
Net Liabilities	*11,388*	*9,936*	*15%*

Principal activities and review of the business

The Company's principal activity is the manufacturing of furniture for sale through NEXT retail stores and online; it acts to secure the supply chain for various furniture product lines in order to achieve profitable trading for the wider Group.

NEXT Manufacturing Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom.

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 Holdings Ltd. Its purpose is to manufacture furniture for sale in store and online. Therefore the Company considers that, indirectly, its key stakeholders reflect those of NEXT plc. The relationships of direct relevance and importance to the long term success of the Company are as follows:

Relationship and engagement with stakeholders

Employees

Both directors joined NEXT as employees over 25 years ago, prior to being promoted to the NEXT plc board. This gives them extensive knowledge of the business as well as an acute insight into the mood, culture and views of their colleagues. Both are based at NEXT Head Office and have a high degree of personal oversight and engagement in the business. The Board also engages in the following ways:

- Annual Recruit, Reward and Retain forums.
- Discussing the output of employee engagement surveys and agreeing follow up actions.
- Presentations on performance and strategy from the Chief Executive and the Group Finance Director following the announcements of our trading results.
- Visits to stores and warehouses.
- Online performance, development and feedback tools.

Strategic Report (continued)

Engagement with our employees has never been more vital to the success of our business. In another year of uncertainty, we continued to engage with our workforce about their health and safety as COVID restrictions were lifted and workers were encouraged back to their usual work locations.

Recruit, Reward and Retain forums
During the year NEXT held its annual Recruit, Reward and Retain (RRR) workforce forums. These meetings offer its employees the chance to voice their opinions on the issues that are important to them. Following discussion on the key issues in different parts of the business, actions were agreed and feedback was reviewed by the Board. Agreed actions from matters raised in the year included:

- Phased return of staff engagement activities and rewards which were paused through our early navigation of the pandemic.
- Internal communications and support for return to work with enhanced safety measures and promotion of vaccination.
- Analysis of engagement surveys and exit interview data to better understand our culture and identify areas for improvement.

The matters raised in the prior year forums have been addressed, including new training for interviewers to improve candidates' experience of video interviews. Our RRR forums are supplemented by Communication In Action (CIA) meetings which take place regularly throughout the year. Each business function and area has a nominated CIA representative, and employees are able to submit question to RRR forums via CIA meetings. One purpose of CIA meetings is to agree initiatives coming out of the RRR forums.

Employee engagement surveys
In 2021, an employee engagement survey was issued across the majority of the NEXT Group. The survey was sent to nearly 40,000 employees and response rates were very good. Respondents overwhelmingly told us they felt proud to work for the NEXT Group, and that they felt safe at work. Employee sentiment was positive about expressing ideas and beliefs at work, and being recognised for doing a job well. We received feedback that the quality of coaching and development of employees varied. There are HR initiatives underway to address the matters raised, such as plans to increase headcount in the Training and Development teams to strengthen our offering in this area.

Continuous performance management and feedback
Our online performance and development tool provides a forum for positive and constructive feedback by individuals, peers and managers. The Group HR Director attended a meeting of the NEXT plc Board to brief the directors on employee-related matters, including workforce demographics, engagement activities, the results of employee engagement, staff retention rates, diversity, whistleblowing, disciplinary and grievance procedures, learning and development activity, pay and reward including gender pay gap and HR initiatives.

The directors consider that, taken together, these arrangements deliver an effective means of ensuring they stay alert to the views of the workforce. With regard to health, safety and wellbeing, during the year the NEXT plc Audit Committee received an update from the Group Health and Safety Manager on safety performance, safety risk management and mental health wellbeing initiatives.

Suppliers
Throughout the year the NEXT plc board approved major contract renegotiations and strategy with regard to key suppliers, new warehouse suppliers, providers of freight forwarding services, and with certain landlords. We balanced the benefits of maintaining strong partnerships with key suppliers alongside the need to obtain value for money for our investors and excellent quality and service for our customers.

Strategic Report (continued)

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, 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.

Risks and uncertainties

The directors have overall responsibility for risk management, the supporting system of internal controls and for reviewing their effectiveness. The Company, through the wider NEXT Group structure, operates a policy of continuous identification and review of business risks. This includes the monitoring of key risks, identification of emerging risks and consideration of risk mitigations after taking into account risk appetite and the impact of how those risks may affect the achievement of business objectives.

The risks and uncertainties that the business faces evolve over time and executive directors and senior management are delegated the task of implementing and maintaining controls to ensure that risks are managed appropriately. The Group's risk management framework is designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
Business strategy development and implementation 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 the Company's stakeholders.	The Board reviews business strategy on a regular basis to determine how sales and profit can be maximised, and business operations made more efficient. 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. 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.

Strategic Report (continued)

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
Financial, treasury, liquidity and credit risks	
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 is part of the Group's 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.
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'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.
The Group is exposed to foreign exchange risk and profits may be adversely affected by unforeseen moves in foreign exchange rates.	The early stages of the pandemic led to a very significant focus on the Group's liquidity position. The Board continues to keep under review the cash generation levers available to it, including the potential quantum and timescales of initiatives to reduce debt and realise cash. Net debt was significantly reduced during 2020 to strengthen the liquidity of the business.
The Company might suffer financial loss if a counterparty with which it has transacted fails and is unable to fulfil its contract.	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.

Strategic Report (continued)

Description of risk or uncertainty	How the risk or uncertainty is managed or mitigated
Key suppliers and supply chain management Reliance on our supplier base to deliver products on time and to our quality standards is essential. Failure to do so may result in an inability to service customer demand or adversely affect NEXT's reputation.	Stock availability is reviewed on an ongoing basis and appropriate action taken where service or delivery to customers may be negatively impacted. Management continually seeks ways to develop our supplier base to reduce overreliance on individual suppliers and to maintain the quality and competitiveness of our offer. The Group's supplier risk assessment procedures establish contingency plans in the event of key supplier failure.
Changes in global manufacturing capacity and costs may impact profit margins.	
Non-compliance by suppliers with the Group's Code of Practice may increase reputational risk or undermine our reputation as a responsible retailer.	Existing and new sources of product supply are developed in conjunction with the Group's sourcing division, external agents and/or direct suppliers. The Group's in-house global Code of Practice team carry out regular audits of our product related suppliers' operations to ensure compliance with the standards set out in the Group's Code. These standards cover supplier production methods, employee working conditions, quality control and inspection processes. The Group trains relevant employees and communicates with suppliers regarding expectations in relation to responsible sourcing, anti-bribery, human rights and modern slavery. The Audit Committee for the Group receives Code of Practice and modern slavery updates from senior management during the year. The Audit Committee for the Group receives modern slavery and anti-bribery training progress updates together with whistleblowing reports at each meeting. Significant matters are reported to the Board.

By order of the Board

Seonna Anderson
Secretary
25 October 2022

Directors' Report

Dividends
No dividend was paid in the period (2021: £nil). The directors do not propose payment of a final dividend.

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 during the year are also directors of NEXT plc, and their interests in the ordinary shares of NEXT plc are shown in the financial statements of that company.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, 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.

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 Group has adequate resources to continue in operational existence. In addition, as part of this review, a letter of support for the Company for at least 12 months from the date of signing has been agreed by the directors of NEXT plc. Therefore it is appropriate to adopt the going concern basis in preparing the financial statements for the 52 weeks ended 29 January 2022.

Outlook
The Company will continue to focus on managing its overall financial position, cash flows and liquidity while providing manufactured product to the wider Group.

By order of the Board

Seonna Anderson

Seonna Anderson
Secretary
25 October 2022

Directors' Responsibilities Statement

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Profit and Loss Account

for the 52 week period ended 29 January 2022

	Note	*52 weeks to 29 January 2022* £	*53 weeks to 30 January 2021* £
Turnover	2	11,617,221	7,782,429
Cost of sales		(11,179,326)	(7,771,843)
Gross profit		437,895	10,586
Administrative expenses		(2,371,358)	(5,176,494)
Loss before tax	3	(1,933,463)	(5,165,908)
Tax on loss	6	481,293	923,459
Loss for the financial period		(1,452,170)	(4,242,449)

All amounts relate to continuing operations.

Statement of Comprehensive Income

for the 52 week period ended 29 January 2022

There was no other comprehensive income for the current or preceding period other than the loss for the financial period of £1,452,170 (period ended 30 January 2021: loss of £4,242,449).

Balance Sheet
at 29 January 2022

	Note	29 January 2022 £	30 January 2021 £
Fixed assets			
Tangible assets	7	-	-
Deferred tax asset	6	472,497	382,315
		472,497	382,315
Current assets			
Stock	8	793,827	720,560
Debtors	9	6,997,008	857,092
Cash at bank and in hand		2,150,247	403,106
		9,941,082	1,980,758
Creditors: amounts falling due within one year	10	(21,801,355)	(12,298,679)
Net current liabilities		(11,860,273)	(10,317,921)
Total assets less current liabilities		(11,387,776)	(9,935,606)
Net liabilities		(11,387,776)	(9,935,606)
Capital and reserves			
Share capital	12	375,100	375,100
Profit and loss account		(11,762,876)	(10,310,706)
Total equity		(11,387,776)	(9,935,606)

For the year ending 29 January 2022 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.

These financial statements on pages 8 to 20 were approved and authorised for issue by the Board of directors on 25 October 2022.

A James

Amanda James
Director

Registered in England & Wales, no. 02570801

Statement of Changes in Equity
for the 52 week period ended 29 January 2022

	Called up share capital £	*Profit and loss account* £	*Total equity* £
At 26 January 2020	375,100	(6,068,257)	(5,693,157)
Loss and total comprehensive expense for the period	-	(4,242,449)	(4,242,449)
At 30 January 2021	375,100	(10,310,706)	(9,935,606)
Loss and total comprehensive expense for the period	-	(1,452,170)	(1,452,170)
At 29 January 2022	375,100	(11,762,876)	(11,387,776)

Notes to the Financial Statements

for the 52 week period ended 29 January 2022

1. Accounting policies

General information

The company is a private limited company and is incorporated, registered and domiciled in the UK.

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 period to 29 January 2022 (prior period to 30 January 2021) and the principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company's financial statements are presented in Pounds Sterling.

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
for the 52 week period ended 29 January 2022

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 Group has adequate resources to continue in operational existence. In addition, as part of this review, a letter of support for the Company for at least 12 months from the date of signing has been agreed by the directors of NEXT plc. Therefore it is appropriate to adopt the going concern basis in preparing the financial statements for the 52 weeks ended 29 January 2022.

Turnover
Turnover represents the fair value of amounts receivable and is stated net of sales taxes and returns. Sales of goods are recognised on delivery. Income from rendering of services is recognised when the services have been performed.

Tangible assets
Property, plant and machinery are stated at cost less accumulated depreciation and impairment.

Depreciation is charged so as to write down the cost of assets to their estimated residual values over their remaining useful lives on a straight line basis. Estimated useful lives and residual values are reviewed at least annually.

The depreciation period applicable to plant and machinery ranges from two to fifteen years.

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.

Stock
Stock is valued at the lower of standard cost or net realisable value. Net realisable value is based on estimated selling prices less further costs to be incurred to sell.

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

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

1. Accounting policies (continued)

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
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 Profit and Loss Account.

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.

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 other Group undertakings". ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

1. Accounting policies (continued)

Financial liabilities

Initial recognition and measurement

The Company has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
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.

Loans and borrowings	Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Profit and Loss account.

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 Profit and Loss Account.

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.

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.

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

1. Accounting policies (continued)

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.

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 29th January 2022 has taken into consideration the effect of this increase as the increase was substantively enacted pre the balance sheet date.

Government grants
Grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Employee benefits
The Company participates in a group pension plan which has both a defined benefit section sharing risks between Group entities under common control and a defined contribution section. The plan is funded under supervision of a board of trustees.

The Trustee of the defined benefit scheme is a limited company, NEXT Pension Trustees Limited (the "Trustee"). The Board of the Trustee currently comprises of six directors. Four of these directors are members of the 2013 Plan, and two directors (including the Chairman) are independent have no other connection to the NEXT Group. Two of these directors are member nominated directors and cannot be removed by NEXT. The other four directors, including the two independent, are appointed by and can be removed by NEXT. All directors of the Trustee receive a fee for their services, including those directors who are also employees of NEXT. No director of the Company is a director of the Trustee.

The Plans' investments are kept separate from the business of the NEXT Group and the Trustee holds them in separate trusts. Responsibility for investment of the Plans' funds has been delegated to professional investment managers.

The net defined benefit cost is allocated between Group entities based on participating scheme members associated with each entity.

Full details of the scheme are available in NEXT plc annual financial statements.

New standards, amendments and IFRIC interpretations
There are no new standards and amendments applied for the first time in these 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.

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

1. Accounting policies (continued)

Major sources of uncertainty and judgement

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets on the Company's balance sheet are in relation to the assessment of asset impairment. As shown in Note 7 fixed asset additions were impaired in full during the period following a review of historical and expected forecast losses of the Company, therefore all existing fixed assets held by the Company were impaired in full during the prior period.

2. Turnover

	2022 £	*2021* £
Sale of goods	11,617,221	7,782,429
Total	11,617,221	7,782,429

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

3. Loss before taxation

This is stated after charging:

	2022 £	*2021* £
Depreciation on assets	-	212,903
Impairment of assets	15,628	2,959,360
Cost of inventories recognised as an expense	5,866,902	3,422,751
Write down of inventories to net realisable value	472,301	295,872
Receipt of government grant (JRS)	-	(1,000,274)

In the prior year, receipts associated with the Job Retention Scheme were recognised in Cost of sales (£850,687) and administrative expenses (£149,587) based on where the associated staff payroll costs are recognised. All receipts from the Job Retention Scheme were paid in full to staff on furlough.

Notes to the Financial Statements

for the 52 week period ended 29 January 2022

4. Staff costs

	2022 £	*2021* £
Wages and salaries	4,891,796	4,967,297
Social security costs	408,604	396,107
Other pension costs	263,885	246,046
	5,564,285	5,609,450

The monthly average number of employees during the period was as follows:

	2021 *No.*	*2020* *No.*
Manufacturing staff	207	226

If the number of hours worked were converted on the basis of a full working week, the equivalent average number of full-time employees would have been 205 (2021: 226).

5. Directors' emoluments

None of the directors received any remuneration from the Company for the period ended 29 January 2022 (2021: £nil). All of the directors were also directors of the ultimate parent company, NEXT plc, and their emoluments for services to the Group are disclosed in the Annual 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.

6. Tax on Loss

	2022 £	*2021* £
Current tax:		
UK corporation tax on loss for the period	391,111	451,165
Deferred tax:		
Origination and reversal of temporary differences	89,561	481,237
Adjustments in respect of previous periods	621	(8,943)
Tax credit reported in the Profit and Loss Account	481,293	923,459

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

	2022 %	*2021* %
UK corporation tax rate	19.0	19.0
Prior year adjustments	-	(0.2)
Deferred tax rate change	5.9	(0.2)
Non-deductible expenses	-	(0.7)
Effective total tax rate on loss before taxation	24.9	17.9

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

6. Tax on Loss (continued)

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 29th January 2022 has taken into consideration the effect of this increase as the increase was substantively enacted pre the balance sheet date.

Deferred tax asset

	2022	*2021*
	£	*£*
Accelerated capital allowances	437,395	382,315
Other temporary differences	35,102	-
	472,497	382,315

The movement in the year is as follows:

	2022	*2021*
	£	*£*
Opening Position	382,315	(89,979)
Charged to the Profit and Loss Account:		
Accelerated capital allowances	55,080	472,294
Other temporary differences	35,102	-
Closing Position	472,497	382,315

7. Tangible assets

	Plant and machinery
	£
Cost:	
At 30 January 2021	4,746,301
Additions	15,628
At 29 January 2022	4,761,929
Accumulated depreciation:	
At 30 January 2021	4,746,301
Impairment during the year	15,628
At 29 January 2022	4,761,929
Carrying amount:	
At 30 January 2021	-
At 29 January 2022	-

At 29 January 2022 the Company had entered into no contractual commitments for the acquisition of property, plant and equipment (2021: £nil).

Notes to the Financial Statements

for the 52 week period ended 29 January 2022

8. Stock

	2022 £	2021 £
Work in progress and raw materials	793,827	720,560
	793,827	720,560

9. Debtors

	2022 £	2021 £
Amounts owed by Group companies	6,555,230	365,858
Prepayments and accrued income	38,423	31,199
Corporation tax	391,111	451,165
Other taxes and social security	12,244	8,870
	6,997,008	857,092

Amounts owed by Group Companies are repayable on demand and do not bear interest.

The corporation tax current asset held is receivable from a fellow Group subsidiary.

10. Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to Group companies	21,407,357	11,764,704
Accruals and deferred income	393,998	533,975
	21,801,355	12,298,679

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

11. Contingent Liabilities

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

Notes to the Financial Statements
for the 52 week period ended 29 January 2022

12. Share capital

Authorised	*2022*		*2021*	
	No.	*£*	*No.*	*£*
Ordinary shares of £1 each	50,000,000	50,000,000	50,000,000	50,000,000

Allotted, called up and fully paid	*2022*		*2021*	
	No.	*£*	*No.*	*£*
Ordinary shares of £1 each	375,100	375,100	375,100	375,100

13. 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 Manufacturing 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.