

ASSOCIATED INDEPENDENT STORES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



ASSOCIATED INDEPENDENT STORES LIMITED

CONTENTS

	Page
Company information	1
Chairman's statement	2
Group strategic report	3 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 10
Consolidated statement of comprehensive income	11
Consolidated balance sheet	12
Company balance sheet	13
Consolidated statement of changes in equity	14
Company statement of changes in equity	15
Consolidated statement of cash flows	16
Notes to the financial statements	17 - 38

ASSOCIATED INDEPENDENT STORES LIMITED

COMPANY INFORMATION

Directors	J S Carlile M S Jenkins S J Kemp N K Moore S Potter-Price E M Roy D V Simpson E T Harvey S M Walker R C Lee C R Milton
Company secretary	S Potter-Price
Registered number	00912655
Registered office	Cranmore Park Cranmore Avenue Shirley Solihull West Midlands B90 4LF
Independent auditor	Cooper Parry Group Limited Statutory Auditor Cubo Birmingham 3rd Floor Two Chamberlain Square Birmingham B3 3AX

ASSOCIATED INDEPENDENT STORES LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

The Chairman presents his statement for the period.

2022/23 was a successful year for Associated Independent Stores Limited with the net surplus achieved being up on budget. The Cenpac throughput budget had been created with the expectation of a downturn due to the economic climate but our largest category, furniture, outperformed its budget. The total throughput for the year was £360m which was 11% lower than 2021/22 and 0.4% higher than the budget. Event income was a key area of income growth over the previous year and a welcome increase of 24% in income was experienced. This remains a very important income stream for the Group.

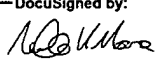
The profit before tax for the year (excluding the loss from change in fair value of investment property) was £1.8m which was a decrease of just over 44% on the previous year.

I am pleased to report that during the last quarter of the financial year £2.5m (£2.25m in 2021/22) of rebates were distributed to the members for merchandise purchased in the calendar year to 31 December 2022.

The AIS team, led by Managing Director Sue Kemp, is committed to supporting members and trying to ensure that they maximise all of the benefits available to them. Following the delivery of the vision, strategy and values to the members in 2022, work continues to develop the strategy further and to encourage closer engagement throughout the membership. The leadership team is comprised of highly skilled and experienced people who work hard to make progress on the achievement of the Group's objectives as planned. On behalf of the members I would like to thank all of the employees for their valued contributions.

The Annual General Meeting was held in June this year. Liz Lawson, Mike Murray and Ed Webb all completed their terms of office as non-executive directors of AIS and resigned as directors at the AGM. I am grateful to them all for their contribution to the Association. Robert Lee and Carl Milton were appointed as non-executive directors at the same meeting and I look forward to working with them. Jim Carlile, having served his first three year term as a non-executive director and being eligible for re-election was duly re-elected to serve for a further one year term.

The support of members is crucial for the success of the Association particularly during the times of economic stress that we have experienced in the last couple of years due to the effects of unprecedented utility bills, increasing inflation and rising interest rates. The vast majority of the independently owned businesses within the Group have remained resilient in the face of the economic pressures and that continues to contribute to AIS's stability. I am confident that the strategy AIS is following will ensure that it continues to thrive and to provide an excellent level of service for its members.

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N K Moore
Chairman

Date: 21 November 2023

ASSOCIATED INDEPENDENT STORES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

Principal activity and review of the business

During the year the Group continued to operate its activities as a joint buying association and paying agent for member stores in respect of suppliers in the home and fashion product categories as well as flooring, sporting goods and toys. These activities are supported by an exhibition and events centre. The Group also has a subsidiary company which owns an investment property adjacent to the registered office.

The result for the year is shown in the attached consolidated statement of comprehensive income.

The Group has a wide portfolio of members operating in several markets. At 30 June 2023 the Group had 265 members with a combined retail value of over £1.5bn. This member mix, in addition to the diversity of the group activities, is a significant benefit in spreading the commercial risks of the Group.

The directors agree that the most important performance indicators are the Cenpac throughput figures, profit for the year and rebates paid to members. The total value of invoices processed through Cenpac during the year was £360m (net of VAT). Whilst a decrease against the previous year this was higher than budget. Profit on ordinary activities before taxation was £1.8m, in line with the budget. Merchandise rebates increased to £2.5m from £2.25m in 2021/22 and were distributed to members in the last quarter of the financial year. The members received this in addition to enhanced settlement discount, the benefit of exclusive product, specially negotiated prices and procurement savings.

Cranmore Park Exhibition Centre was established in 2005 and over the years the space has been extended and enhanced with smaller meeting rooms created to increase capacity, flexibility and quality for our internal and external customers. In 2022/23 this income stream showed excellent growth driven by higher footfall over the previous year with an increase in income of 24%. Investment has continued during the year to ensure that the quality of the offering within the Centre remains high.

Cranmore Place, the Group's 40,000 sq ft investment property, makes a positive contribution to Group profits. The investment property is currently used to secure a CBILS loan.

Merchandise is a key focus for the Group with new opportunities continually being sought to increase buying power and extend the range. Cenpac throughput was slightly up on budget for the year with fashion showing good growth on the previous year. Furniture remains the largest merchandise category and represented 57% of total throughput in the year.

Flooring One had 108 members trading from 170 outlets at the end of the year. Cenpac throughput was just below £30m for the year.

plaY-room, the Group's toy division, had 75 members with 187 outlets at 30 June 2023. Cenpac turnover for 2022/23 showed a slight reduction against the previous year which had seen exceptional growth. The Far East imports programme remains an important part of the offer providing exclusivity as well as competitive prices to members.

Other services offered by the association are all aimed at improving members' profitability and include marketing, procurement and training.

ASSOCIATED INDEPENDENT STORES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Principal risks and uncertainties

Risk management remains a high priority for the Group and the directors are well aware that the ongoing economic uncertainty has affected and will continue to impact the group's profitability. However, the varied nature of the business and the underlying strength of members ensures that the organisation is well hedged. This combined with the day to day involvement of the executive directors ensures that business risks are quickly identified and appropriate strategies are put in place to mitigate any impact on the business. The directors have budgeted a reduced level of profit for 2023/24 but believe that the Group has the necessary resources to deal with future challenges as they arise and have put in place policies and procedures designed to identify, mitigate and manage business risks and uncertainties.

The foreign currency exposure of the Group is low because the majority of foreign purchases are made on behalf of members with any exchange rate movements passed on to them. Wherever possible currency is purchased in advance to enable the price for members to be fixed in advance of payment for the goods.

The pension liability of the Group is under continual review and the directors are actively managing the position.

A number of actions are undertaken to ensure that the Group is able to meet its obligations as they fall due. Cash flows and available balances are checked on a daily basis and forecasts prepared to ensure sufficient funds are available. In addition compliance with banking covenants is monitored on a regular basis. The Group is able to operate well within its overdraft limit and has continued to make repayments on the £3m CBILS loan taken out during the pandemic. The outstanding balance as at 30 June 2023 was £1.9m.

The company has procedures in place to review the financial performance of members on a regular basis and takes appropriate steps should the financial status of a member change. In addition, prospective members must satisfy formal financial criteria prior to joining.

The company is mindful of its social responsibilities and works to reduce its carbon footprint wherever possible. Costs are closely monitored and savings made where appropriate by management to maintain and increase profitability and cash flow. It is by achieving this that the Group's members, employees and suppliers will continue to prosper for the long term.

Future Outlook

The directors are mindful that the continuing economic uncertainty, particularly around interest rates and inflation, could lead to reduced levels of Cenpac throughput in the 2023/24 financial year. The budget for 2023/24 is cautious due to this potential decrease in Cenpac throughput and also the increased costs expected to be incurred from payroll in particular. However, it is expected that the growth seen in event income will continue and the results in the first quarter of the new financial year support that view.

The Group's diverse business model has continued to prove to be robust and the majority of members have proved to be resilient during the period. A number of the larger members are still seeking expansion opportunities and independent retailers continue to be attracted to join AIS due to the increased margins on offer to them from the Group and the operational support that membership brings.

The Board continues to develop the strategy, vision and values of the Group to ensure that they are appropriate to support its future outlook.

By Order of the Board

DocuSigned by:

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S J Kemp
Director

Date: 21 November 2023

ASSOCIATED INDEPENDENT STORES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 the Group and of the the consolidated statement of comprehensive income of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

J S Carlile
M S Jenkins
S J Kemp
E L Lawson (resigned 20 June 2023)
S J McCammon (resigned 17 December 2022)
N K Moore
M D Murray (resigned 20 June 2023)
S Potter-Price
E M Roy
D V Simpson
E A B Webb (resigned 20 June 2023)
E T Harvey
S M Walker (appointed 15 February 2023)
R C Lee (appointed 20 June 2023)
C R Milton (appointed 20 June 2023)

ASSOCIATED INDEPENDENT STORES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Going concern

At the balance sheet date the Group had a strong net asset position of £14,895,000 (2022: £15,566,000) with net current liabilities of £1,010,000 (2022: £561,000).

In light of the above with the continued support of the Group's bankers and availability of overdraft facility, the directors consider that the Group will meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Matters covered in the Group strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013 to set out in the company's strategic report information required by the large and medium-sized companies and Groups (accounts and reports) Regulations Schedule 7 to be contained in the directors' report.

Disclosure of information to auditor


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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S Potter-Price
Director

Date: 21 November 2023

ASSOCIATED INDEPENDENT STORES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INDEPENDENT STORES LIMITED

Opinion

We have audited the financial statements of Associated Independent Stores Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2023, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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.

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

ASSOCIATED INDEPENDENT STORES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INDEPENDENT STORES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

ASSOCIATED INDEPENDENT STORES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INDEPENDENT STORES LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group 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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions; and
- reviewed certain nominal codes for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties.

ASSOCIATED INDEPENDENT STORES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED INDEPENDENT STORES LIMITED (CONTINUED)

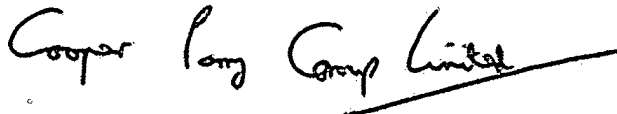
Auditor's responsibilities for the audit of the financial statements (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Cooper Parry Group Limited', with a long horizontal line extending from the end of the signature.

Paul Rowley BA ACA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Statutory Auditor

Cubo Birmingham
3rd Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 22 November 2023

ASSOCIATED INDEPENDENT STORES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
Turnover	3	13,757	13,198
Cost of sales		(3,028)	(2,326)
Gross profit		10,729	10,872
Administrative expenses		(8,952)	(7,617)
Loss from change in fair value of investment property	15	(1,350)	-
Operating profit	4	427	3,255
Interest receivable and similar income		30	-
Interest payable and similar expenses	9	(161)	(109)
Other finance expenses	22	(26)	(36)
Profit before taxation		270	3,110
Tax on profit	10	145	66
Profit for the financial year		415	3,176
Actuarial (loss)/gain on defined benefit pension scheme	22	(1,086)	541
Total comprehensive (expense)/income for the year		(671)	3,717

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.


The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED
REGISTERED NUMBER: 00912655

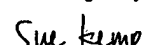
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	549	463
Tangible assets	13	12,748	12,029
Investment property	15	5,250	6,600
		<u>18,547</u>	<u>19,092</u>
Current assets			
Debtors: amounts falling due within one year	16	1,339	1,599
Cash at bank and in hand		3,490	7,323
		<u>4,829</u>	<u>8,922</u>
Creditors: amounts falling due within one year	17	<u>(5,839)</u>	<u>(9,483)</u>
Net current liabilities		<u>(1,010)</u>	<u>(561)</u>
Total assets less current liabilities		<u>17,537</u>	<u>18,531</u>
Creditors: amounts falling due after more than one year	18	<u>(1,188)</u>	<u>(1,938)</u>
Net assets excluding pension liability		<u>16,349</u>	<u>16,593</u>
Pension liability	22	<u>(1,454)</u>	<u>(1,027)</u>
Net assets		<u><u>14,895</u></u>	<u><u>15,566</u></u>
Capital and reserves			
Revaluation reserve	21	3,689	5,039
Profit and loss account	21	11,206	10,527
		<u><u>14,895</u></u>	<u><u>15,566</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

E46E54C3F58C4CB...
N K Moore
Director

Date: 21 November 2023

DocuSigned by:

15C8AE78D12B4D1...
S J Kemp
Director

Date: 21 November 2023

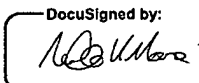
The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED
REGISTERED NUMBER: 00912655

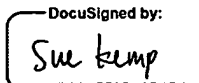
COMPANY BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	549	463
Tangible assets	13	12,577	11,802
		<u>13,126</u>	<u>12,265</u>
Current assets			
Debtors: amounts falling due within one year	16	7,325	1,771
Cash at bank and in hand		1,552	5,746
		<u>8,877</u>	<u>7,517</u>
Creditors: amounts falling due within one year	17	<u>(5,187)</u>	<u>(3,420)</u>
Net current assets		<u>3,690</u>	<u>4,097</u>
Total assets less current liabilities		<u>16,816</u>	<u>16,362</u>
Creditors: amounts falling due after more than one year	18	<u>(1,188)</u>	<u>(1,938)</u>
Net assets excluding pension liability		<u>15,628</u>	<u>14,424</u>
Pension liability	22	<u>(1,454)</u>	<u>(1,027)</u>
Net assets		<u><u>14,174</u></u>	<u><u>13,397</u></u>
Capital and reserves			
Revaluation reserve	21	1,947	1,947
Profit and loss account	21	12,227	11,450
		<u><u>14,174</u></u>	<u><u>13,397</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

E46E54C3F58C4CB...
N K Moore
Director

Date: 21 November 2023

DocuSigned by:

15C8AE79D12B4D1...
S J Kemp
Director

Date: 21 November 2023

The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2021	5,039	6,810	11,849
Comprehensive income for the year			
Profit for the year	-	3,176	3,176
Actuarial gain	-	541	541
At 1 July 2022	<u>5,039</u>	<u>10,527</u>	<u>15,566</u>
Comprehensive income for the year			
Profit for the year	-	415	415
Actuarial loss	-	(1,086)	(1,086)
Transfer from profit and loss account	(1,350)	1,350	-
At 30 June 2023	<u><u>3,689</u></u>	<u><u>11,206</u></u>	<u><u>14,895</u></u>

The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2021	1,947	8,003	9,950
Comprehensive income for the year			
Profit for the year	-	2,906	2,906
Actuarial gain	-	541	541
At 1 July 2022	1,947	11,450	13,397
Comprehensive income for the year			
Profit for the year	-	1,863	1,863
Actuarial loss	-	(1,086)	(1,086)
At 30 June 2023	1,947	12,227	14,174

The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the financial year	415	3,176
Adjustments for:		
Amortisation of intangible assets	41	31
Depreciation of tangible assets	415	342
Interest paid	161	109
Interest credit	(30)	-
Taxation credit	(145)	(66)
Decrease/(increase) in debtors	260	(475)
Increase/(decrease) in creditors	1,836	(2,527)
Net interest expense on pension liability	26	36
Corporation tax received	145	66
Net fair value losses/(gains) recognised in P&L	1,350	-
Contributions made to defined benefit pension scheme	(685)	(685)
Net cash generated from operating activities	3,789	7
Cash flows from investing activities		
Purchase of intangible fixed assets	(127)	(240)
Purchase of tangible fixed assets	(1,134)	(363)
Interest received	30	-
Net cash used in investing activities	(1,231)	(603)
Cash flows from financing activities		
Repayment of bank loans	(750)	(313)
Interest paid	(161)	(109)
Net cash used in financing activities	(911)	(422)
Net increase/(decrease) in cash and cash equivalents	1,647	(1,018)
Cash and cash equivalents at beginning of year	1,843	2,861
Cash and cash equivalents at the end of year	3,490	1,843
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,490	7,323
Bank overdrafts	-	(5,480)
	3,490	1,843

The notes on pages 17 to 38 form part of these financial statements.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

Associated Independent Stores Limited is a private company limited by guarantee incorporated and domiciled in the United Kingdom. According to the Memorandum and Articles of the company the liability of members is limited to £1,000 but members agree on higher levels of guarantee which are commensurate with the commercial activities of the business. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in GBP, rounded to the nearest £1,000 unless where otherwise indicated, and are for the year ended 30 June 2023 (2022: year ended 30 June 2022).

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

At the balance sheet date the Group had a strong net asset position of £14,895,000 (2022: £15,566,000) with net current liabilities of £1,010,000 (2022: £561,000).

In light of the above with the continued support of the Group's bankers and availability of overdraft facility, the directors consider that the Group will meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Group turnover comprises the following:

- a. Subscription income from member stores - recognised in the period in which services are provided to members.
- b. Income retained from processing transactions on behalf of members - turnover includes only the element of income retained by the Group from sales to member stores where the Group acted as agent, rather than principal, in the transaction.
- c. Merchandise purchased on a direct basis and subsequently invoiced to member stores – recognised when all of the following conditions are satisfied:
 - the Group has transferred the significant risks and rewards of ownership to the buyer;
 - the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - the amount of turnover can be measured reliably;
 - it is probable that the Group will receive the consideration due under the transaction; and
 - the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- d. Event income - recognised in the period in which the event takes place.
- e. Property rental income – recognised on a straight line basis over the term of the lease.
- f. Miscellaneous income - relates to income from Tradeland subscriptions and fashion retail. Turnover from Tradeland subscriptions is recognised in the same way as subscription income described above.

1.5 Government grants

Government grants are recognised under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.6 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

1.7 Operating leases: the Group as lessor

Rental income from operating leases is credited to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

1.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

1.9 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.10 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.11 Taxation

Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

1.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is amortised on a straight-line basis over its estimated useful life of 4 years. This amortisation method is reviewed at each balance sheet date and the effects of any revision are recognised in the consolidated statement of comprehensive income when the changes arises.

1.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 5 - 10%
Motor vehicles	- 25%
Fixtures and fittings	- 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.14 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the consolidated statement of comprehensive income.

1.15 Investment property

Investment property is carried at fair value determined every 3 years by external valuers, with directors' valuations in the intervening periods, derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

1.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost, less any impairment.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income. Any impairment loss is based on the difference between the asset's carrying value and the best estimate of its recoverable value at the balance sheet date.

1.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies (continued)

1.20 Finance leases: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.21 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains/(losses) on defined benefit pension schemes arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the consolidated statement of comprehensive income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****1. Accounting policies (continued)****1.21 Pensions (continued)**

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the consolidated statement of comprehensive income as a 'finance expense'.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of properties

The Group carries its investment and freehold properties at fair value, with changes in the fair value being recognised in the consolidated statement of comprehensive income. The directors take advice from independent valuation specialists to determine the fair value. The key assumptions used to determine fair value of the freehold and investment properties are further explained in note 13 and 15.

Recoverability of trade debtors

The Group reviews the recoverability of trade debtors and makes allowances for doubtful debts where considered appropriate.

Pension deficit

The Company carries a deficit on the defined benefit pension scheme. An independent actuary was employed to provide a valuation of the scheme as at the year end using assumptions agreed by the directors chosen from a range of possible actuarial assumptions.

3. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

Analysis of turnover by country of destination:

	2023	2022
	£000	£000
United Kingdom	12,889	12,467
Rest of Europe	816	681
Rest of the world	52	50
	13,757	13,198

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****4. Operating profit**

The operating profit is stated after charging:

	2023	2022
	£000	£000
Amortisation of intangible fixed assets	41	31
Depreciation of tangible fixed assets	415	342
Other operating lease rentals	37	70
Defined contribution pension cost	639	590
	<u>639</u>	<u>590</u>

5. Auditor's remuneration

During the year, the Group obtained the following services from the company's auditor:

	2023	2022
	£000	£000
Fees payable to the company's auditor for the audit of the Group's annual financial statements	24	21
The auditing of accounts of associates of the Group pursuant to legislation	18	15
Taxation compliance services	15	14
All other services	6	5
	<u>6</u>	<u>5</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
	£000	£000	£000	£000
Wages and salaries	4,235	3,811	4,184	3,753
Social security costs	483	431	480	428
Pension costs	639	590	635	586
	<u>5,357</u>	<u>4,832</u>	<u>5,299</u>	<u>4,767</u>

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6. Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Full-time	94	87	86	85
Part-time	27	30	27	27
	<u>121</u>	<u>117</u>	<u>113</u>	<u>112</u>

7. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	296	308
Contributions to defined contribution pension schemes	82	81
	<u>378</u>	<u>389</u>

During the year retirement benefits were accruing to 2 directors (2022: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £242,000 (2022: £229,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £42,000 (2022: £40,000).

8. Interest receivable

	2023 £000	2022 £000
Bank interest receivable	<u>30</u>	<u>-</u>

9. Interest payable and similar expenses

	2023 £000	2022 £000
Bank interest payable	<u>161</u>	<u>109</u>

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****10. Taxation**

The tax credit for the year in Group and the company is £145,000 (2022: £66,000), which relates to adjustments to the tax charge in respect of the prior period. There is no provision for deferred tax in the company or the Group.

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	270	3,110
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	51	591
Effects of:		
Fixed asset differences	74	62
Non taxable mutual trading	(154)	(592)
Movement in unrecognised deferred tax asset	265	(61)
Adjustments to tax charge in respect of prior periods	(145)	(66)
Capital losses	(277)	-
Other differences leading to an increase (decrease) in the tax charge	41	-
Total tax credit for the year	(145)	(66)

Factors that may affect future tax charges

The company is treated as a mutual trading company by HM Revenue & Customs. The consequence is that the company does not pay corporation tax on the income it derives from trading activities with members or on any substantiated charges to subsidiary companies. The subsidiaries remain liable to corporation tax in the normal way.

The Group has tax losses carried forward of £3,635,000 (2022: £3,784,000) and available capital allowances of £362,000 (2022: £567,000) which have not been recognised in deferred tax, as the Group does not anticipate being able to use the losses in the foreseeable future. Incidentally, the Group has not recognised a deferred tax liability of £342,000 in relation to potential capital gains arising on the sale of investment properties, as there are sufficient losses available to offset these gains.

The company and the Group have a potential deferred tax asset at 25% in respect of the pension deficit of £364,000 (2022: £257,000 at 25%) which has not been recognised as there is no expectation that this will be recovered in the foreseeable future.

11. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £1,863,000 (2022: £2,906,000).

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12. Intangible assets

Group

	Computer software £000
Cost	
At 1 July 2022	2,254
Additions	127
At 30 June 2023	<u>2,381</u>
Amortisation	
At 1 July 2022	1,791
Charge for the year	41
At 30 June 2023	<u>1,832</u>
Net book value	
At 30 June 2023	<u>549</u>
At 30 June 2022	<u>463</u>

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****12. Intangible assets (continued)****Company**

	Computer software £000
Cost	
At 1 July 2022	1,944
Additions	127
At 30 June 2023	<u>2,071</u>
Amortisation	
At 1 July 2022	1,481
Charge for the year	41
At 30 June 2023	<u>1,522</u>
Net book value	
At 30 June 2023	<u><u>549</u></u>
At 30 June 2022	<u><u>463</u></u>

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. Tangible fixed assets

Group

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 July 2022	11,625	18	4,987	16,630
Additions	-	-	1,134	1,134
Disposals	-	-	(49)	(49)
At 30 June 2023	11,625	18	6,072	17,715
Depreciation				
At 1 July 2022	257	18	4,326	4,601
Charge for the year	116	-	299	415
Disposals	-	-	(49)	(49)
At 30 June 2023	373	18	4,576	4,967
Net book value				
At 30 June 2023	11,252	-	1,496	12,748
At 30 June 2022	11,368	-	661	12,029

Included in freehold property is land with a value of £2,800,000 (2022: £2,800,000) that is not depreciated.

All freehold properties are carried at fair value.

In 2020, valuations were undertaken by Carters Chartered Surveyors, on an open market value for existing use basis and the directors consider that the fair value of the freehold properties remain materially consistent with this valuation at the balance sheet date.

Cost or valuation at 30 June 2023 is as follows:

	Land and buildings £000
At cost	10,742
At valuation:	
June 2020	883
	<u>11,625</u>

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2023 £000	2022 £000
Group		
Cost	10,742	10,742
Accumulated depreciation	(1,473)	(1,357)
Net book value	<u>9,269</u>	<u>9,385</u>

Company

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 July 2022	11,625	18	3,674	15,317
Additions	-	-	1,134	1,134
At 30 June 2023	<u>11,625</u>	<u>18</u>	<u>4,808</u>	<u>16,451</u>
Depreciation				
At 1 July 2022	257	18	3,240	3,515
Charge for the year	116	-	243	359
At 30 June 2023	<u>373</u>	<u>18</u>	<u>3,483</u>	<u>3,874</u>
Net book value				
At 30 June 2023	<u>11,252</u>	<u>-</u>	<u>1,325</u>	<u>12,577</u>
At 30 June 2022	<u>11,368</u>	<u>-</u>	<u>434</u>	<u>11,802</u>

All freehold properties are carried at fair value.

In 2020, valuations were undertaken by Carters Chartered Surveyors, on an open market value for existing use basis and the directors consider that the fair value of the freehold properties remain materially consistent with this valuation at the balance sheet date.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. Tangible fixed assets (continued)

Cost or valuation at 30 June 2023 is as follows:

	Land and buildings £000
At cost	10,742
At valuation:	
June 2020	883
	<u>11,625</u>

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 July 2022 and 30 June 2023	<u>1</u>
Impairment	
At 1 July 2022 and 30 June 2023	<u>1</u>
Net book value	
At 30 June 2023	<u>-</u>
At 30 June 2022	<u>-</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
AIS Property Limited	Ordinary	100%
Cenpac (A.I.S.) Limited	Ordinary	100%
Cranmore Park Ltd	Ordinary	100%

The registered office of the above subsidiaries is the same as that of Associated Independent Stores Limited as shown on the Company Information page.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

15. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 July 2022	6,600
Deficit on revaluation	(1,350)
At 30 June 2023	5,250

The company's investment property is valued annually at fair value. In the current financial year, the value was determined by an independent professionally qualified valuer, Avison Young. The valuation was undertaken in accordance with the latest version of the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book").

The investment property has been used to secure a £3m CBILS loan. At the balance sheet date, £1.9m (2022: £2.7m) of this loan remains outstanding.

16. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	926	1,074	882	517
Amounts owed by Group undertakings	-	-	6,079	729
Other debtors	-	525	-	525
Prepayments and accrued income	413	-	364	-
	1,339	1,599	7,325	1,771

An impairment loss of £52,000 (2022: £187,000) was recognised in administrative expenses against debtors during the year due to irrecoverable debts.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank overdrafts	-	5,480	-	-
Bank loans	750	750	750	750
Trade creditors	1,241	954	1,243	570
Amounts owed to Group undertakings	-	-	355	-
Other taxation and social security	310	159	310	159
Other creditors	1,764	566	932	566
Accruals and deferred income	1,774	1,574	1,597	1,375
	<u>5,839</u>	<u>9,483</u>	<u>5,187</u>	<u>3,420</u>

Bank overdrafts were secured by a debenture over all assets of the Group.

18. Creditors: Amounts falling due after more than one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank loans	<u>1,188</u>	<u>1,938</u>	<u>1,188</u>	<u>1,938</u>

Bank loans are secured by a fixed and floating charge over the assets of the Group.

The bank loan balance outstanding at 30 June 2023 is £1,938,000 (2022: £2,688,000). The bank loan balance is made up of the Coronavirus Business Interruption Loan which is repayable in equal monthly installments of £62,500 until January 2026. Interest is payable at base rate plus 1.95%.

19. Loans

Bank loan repayments are due as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Amounts falling due within one year				
Bank loans	750	750	750	750
Amounts falling due 1-2 years				
Bank loans	750	750	750	750
Amounts falling due 2-5 years				
Bank loans	438	1,188	438	1,188
	<u>1,938</u>	<u>2,688</u>	<u>1,938</u>	<u>2,688</u>

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****20. Analysis of net debt**

	At 1 July 2022 £000	Cash flows £000	Other non- cash changes £000	At 30 June 2023 £000
Cash at bank and in hand	7,323	(3,833)	-	3,490
Bank overdrafts	(5,480)	5,480	-	-
Bank loans due after one year	(1,938)	-	750	(1,188)
Bank loans due within one year	(750)	750	(750)	(750)
	<u>(845)</u>	<u>2,397</u>	<u>-</u>	<u>1,552</u>

21. Reserves**Revaluation reserve**

The revaluation reserve represents cumulative revaluation surpluses which are net of any subsequent reductions in value.

Profit and loss account

The profit and loss account includes all current and prior periods retained profits and losses.

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £639,000 (2022: £590,000). Contributions totalling £48,000 (2022: £47,000) were payable to the fund at the balance sheet date.

The Group operates a defined benefit pension scheme which was closed to future accruals in 2009.

The Scheme's assets are held completely separately from the Group in a separate trust fund which is looked after by Trustees on behalf of the members.

The assets are invested to meet the benefits promised under the Scheme by a combination of investment returns and future contributions. Under the normal course of events, actuarial valuations are undertaken every three years to confirm whether the assets are expected to be sufficient to provide the benefits. If there is a shortfall, a recovery plan is put in place under which the company is required to pay additional contributions over a period of time agreed with the Trustees.

The latest triennial actuarial valuation as at 31 March 2023 indicates the Scheme has a shortfall. The company agreed to maintain its contributions to the Scheme at £685,000 per year through to the next triennial valuation in 2026.

The accounting disclosures are based on different assumptions from the Scheme's funding assumptions. This is because the funding and accounting valuations may be carried out at different dates and so are based on different marketing conditions.

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2023 £000	2022 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	15,979	20,584
Interest cost	591	384
Actuarial gains	(1,717)	(4,192)
Benefits paid	(847)	(797)
At the end of the year	14,006	15,979

Reconciliation of present value of plan assets:

	2023 £000	2022 £000
Reconciliation of present value of plan assets		
At the beginning of the year	14,952	18,367
Interest income	565	348
Actuarial losses	(2,803)	(3,651)
Contributions	685	685
Benefits paid	(847)	(797)
At the end of the year	12,552	14,952

Composition of plan assets:

	2023 £000	2022 £000
Managed fund	12,550	14,911
Cash	2	41
Total plan assets	12,552	14,952
	2023 £000	2022 £000
Fair value of plan assets	12,552	14,952
Present value of plan liabilities	(14,006)	(15,979)
Net pension scheme liability	(1,454)	(1,027)

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

22. Pension commitments (continued)

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2023 £000	2022 £000
Interest expense on net pension liability	(26)	(36)

The actual loss on scheme assets was £2,238,000 (2022: £3,303,000).

The company expects to contribute £685,000 to its defined benefit scheme in 2023/24.

	2023 £000	2022 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actuarial losses less interest income included in net interest income	(2,803)	(3,651)
Experience losses arising on the scheme liabilities	(718)	(268)
Changes in assumptions underlying the present value of the scheme liabilities	2,435	4,460
	<u>(1,086)</u>	<u>541</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	5.2	3.8
Future salary increases	3.2	3.2
Future pension increases	2.2	2.2
Proportion of employees opting for early retirement	nil	nil
Inflation assumption	3.4	3.5
Mortality rates		
- for a male aged 65 now	86.8	86.8
- at 65 for a male aged 45 now	87.8	87.8
- for a female aged 65 now	89.7	89.6
- at 65 for a female member aged 45 now	90.8	90.7

The mortality assumptions are based on the SAPS Series 3 tables S3PA with long term rates of improvements of 1.0%.

ASSOCIATED INDEPENDENT STORES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023****22. Pension commitments (continued)**

A UK High Court ruling issued on 26 October 2018 in the case of Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank plc clarified the benefits due to members of certain UK defined benefit pension schemes under the provisions of 'Guaranteed Minimum Pension' (GMP), which led to enhanced benefits in some circumstances. The Scheme's actuary had estimated that the potential GMP equalisation cost as at 30 June 2019 was £367,000. There has been no change to this estimate as at 30 June 2023. This reflects a best estimate of the likely additional benefits that will be due to members and was recognised as a past service cost within the consolidated statement of comprehensive income in the prior period. This estimate is subject to change in future periods, and additional work will be carried out by the Scheme's actuary to finalise the charge in subsequent financial periods. The final amount will be subject to agreement of the relevant pension trustees.

23. Commitments under operating leases

At 30 June 2023 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Company 2023 £000	Company 2022 £000
Not later than 1 year	12	57
Later than 1 year and not later than 5 years	-	16
	<u>12</u>	<u>73</u>

24. Rent receivable under operating leases

The Group lets the units in Cranmore Place to a variety of tenants, there is no undue reliance on one particular tenant. The terms are varied but are tenant repairing and based on normal commercial letting principles, there are no contingent rents or unusual restrictions.

At 30 June 2023 the Group had future minimum lease income receivable under non-cancellable operating leases as follows:

	Group 2023 £000	Group 2022 £000
Not later than 1 year	267	312
Later than 1 year and not later than 5 years	629	745
Later than 5 years	119	202
	<u>1,015</u>	<u>1,259</u>

ASSOCIATED INDEPENDENT STORES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. Other financial commitments

The company has guaranteed the bank loans and overdrafts of other Group undertakings, the balances at 30 June 2023 were £Nil (2022: £5,480,000). The overdraft facilities of the company and all trading subsidiaries are subject to unlimited cross guarantees. The bank also has a first charge on the freehold property, Cranmore Place, and a charge over all the other assets of all trading subsidiaries.

The company has a joint and several potential liability under a Group VAT registration at the year end which amounted to £171,000 (2022: potential debtor £523,000).

The bank holds a guarantee in favour of HM Revenue and Customs for import duty to the value of £60,000 (2022: £60,000).

26. Related party transactions

During the year the company undertook transactions on an arm's length basis with member companies in which the directors have an interest. The aggregate value of transactions processed was £219,000 (2022: £355,000) and the aggregate value of the outstanding balances at the year end was £4,000 (2022: £4,000).

As at the year end members had given guarantees to the company amounting to £660,000 (2022: £687,000).

Key management personnel of the company have the responsibility for planning, directing and controlling the activities of the Group directly or indirectly. During the year, the key management personnel remuneration was £376,000 (2022: £389,000).