REGISTERED NUMBER: 02321869 (England and Wales)

ALDI STORES LIMITED

GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ALDI STORES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021

ALDI STORES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors:	G Hurley D Ronald O King N O'Connor
Secretary:	K P Jansen
Registered office:	Holly Lane Atherstone Warwickshire England CV9 2SQ
Registered number:	02321869 (England and Wales)
Auditors:	KPMG LLP Statutory Auditor and Chartered Accountants St Nicholas House Park Row Nottingham NG1 6FQ

ALDI STORES LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

Business review

Despite the continuing impact of the Covid-19 outbreak, the period under review was another year of growth and investment for Aldi in the UK and Ireland in which the group made progress in line with its long-term strategy. The group further believes its activities have continued to benefit its stakeholders, including its employees, customers, suppliers and communities, whilst preparing it for further growth.

As shown in the consolidated statement of comprehensive income on page 17, the group's turnover increased by £115m (2020: £1.25bn) representing growth of 1% (2020: 10%). The comparatively lower rate of turnover growth reflects the adverse impact of Covid-19 restrictions which significantly disrupted normal shopping patterns throughout the period under review.

The profit for the year after taxation amounted to £5m (2020: £202m). The reduction in profit reflects the group's resolute focus on putting colleagues and customers before profits. The group made substantial investments to keep prices low for customers, in addition to further investment in staffing and remuneration.

The group invested cash of £507m (2020: £520m) in the acquisition of tangible fixed assets to improve and increase the group's store and distribution network, resulting in the opening of 52 new stores (2020: 44) in the UK and Ireland during the year.

This expansion created significant employment opportunities, with the average number of employees increasing by over 1,500 during 2021 to 43,259.

The group made net UK and Ireland corporation tax payments totalling £25m (2020: £81m) during the year, as shown in the consolidated statement of cash flows on page 22.

Principal risks and uncertainties

Competitive pressure in the United Kingdom and Ireland is a continuing risk for the group. The group manages this risk by continually improving the quality and value of its products, focusing on operational efficiency, investing in its employees and increasing customer numbers by opening more stores in both the UK and Ireland.

The group is subject to foreign currency exchange risk which impacts on purchases made in foreign currencies and translation of the Irish operation. The directors believe the current treasury management policy to be appropriate. Following the UK's departure from the European Union the group is continuing to manage the effect on its operations and future financial performance, assisted by significant forward-planning already completed in the period leading up to 'Brexit'.

It is acknowledged that the unprecedented challenges and uncertainties of the Covid-19 outbreak continue to present operational risk to the group, although to a significantly lesser extent than in 2020 and 2021 due to the easing of restrictions and increased vaccination levels. The directors are committed to ensuring business continuity and fulfilling the group's role in feeding the nation.

The group is partly financed by long-term loans from group undertakings, which have a set repayment date. The directors believe that the group has the ability to service the ongoing finance costs.

Financial Key Performance Indicators

The consolidated statement of financial position on page 19 of the financial statements shows that the group's financial position at the year end has decreased from last year's net assets total of £3.09bn (as restated) to £3.04bn. The directors believe the group's strong financial position will help support future growth of the business.

As shown in the consolidated statement of cash flows on page 22, the group has generated net cash from operating activities of £178m (2020: £580m). Net cash of £474m (2020: £514m) was used in investing activities, primarily reflecting the group's investment in its store and distribution network.

Section 172 companies act 2006 statement
The directors believe that they, individually and collectively, have acted, in good faith, in a way they consider to have promoted the long-term success of the group for the benefit of its shareholders, whilst serving the interests of its stakeholders and the environment (in accordance with section 172 of the Companies Act 2006).

The directors have performed in line with the group's Core Purpose, Operating Principles, Values, Code of Conduct, Management System and Corporate Responsibility Principles.

Acting in the long-term interest
Each year the directors deliver a business plan which includes a five-year plan prepared in accordance with the overarching long-term business strategy.

The strategy is predicated on sustained investment in its stores and infrastructure in order to gain market share, alongside the preservation of low operating costs in order to achieve price leadership and to optimise profit for continued investment, whilst maintaining competitive product quality for its customers and excellent working conditions, pay and benefits for its employees.

The directors have also acted in the long-term interests of the group by supporting policies, behaviours and actions which promote the interests of people, customers and other stakeholders.

Prioritising employees
The directors have prioritised the group's employees by acting in accordance with its Operating Principles, specifically:

- to believe in the potential of everyone and provide an environment that supports personal development;

- to offer a working environment and the appropriate level of remuneration that allows the group to attract, retain and develop the best talent;

- to follow the Aldi Management System, which forms the basis of the group's culture and its dealings with people and is further supported by the Aldi Code of Conduct and the Aldi Corporate Responsibility Principles, all of which are clearly defined and applied without exception; and

- to constantly seek to learn from each other within the group worldwide and identify, share, and develop best practices.

Further information on the directors' engagement with employees can be found on pages 8 and 9.

Working in partnership with suppliers, customers and other stakeholders
The directors have worked in partnership with the group's suppliers by acting in accordance with its Operating Principles, specifically:

- to partner with suppliers that meet the group's product specifications, provide consistent and reliable supply, and comply with its social and environmental standards;

- to closely collaborate with suppliers on developing innovative products and on ensuring the supply chain is as efficient as possible;

- to balance the disadvantages of being dependent on any particular supplier with the advantages of close collaboration and higher buying volumes / lower cost prices; and

- to keep price negotiations simple and reliable.

Further information on the group's engagement with its suppliers can be found on pages 9 and 10.

Further information on the group's compliance programmes can be found on pages 10 and 11.

Section 172 Companies Act 2006 Statement - continued
The directors have promoted positive relationships with the group's customers by acting in accordance with the group's Operating Principles, specifically:

- *to constantly seek to earn and justify customers' trust;*

- to have a strong customer focus but also understand that the best service we can offer our customers is to deliver the best value; and

- to balance profits with expanding the business, therefore offering more people the advantages of shopping with Aldi while guaranteeing low prices for existing customers.

Further information on the group's engagement with its customers can be found on pages 9 and 10.

In addition, the directors have sponsored or promoted the group's continued collaboration with numerous government, charity and industry campaigns and bodies whose aims have been to improve public health, community wellbeing, supplier relationships, environmental outcomes and employee satisfaction and wellbeing.

Further information on the group's engagement with these stakeholders can be found on page 9 and 10.

Managing impact on the community
The directors have promoted and acted in accordance with the group's Corporate Responsibility Principles, specifically across the areas of community and environment.

The stated objective of the group's community activities is to deliver a positive societal impact, achieved by engaging in long-term partnerships with charitable organisations and focussing on key issues and target groups. This strategic investment in the public good has been supplemented by funding local and regional initiatives within our communities.

Managing impact on the environment - Streamlined Energy and Carbon Reporting (SECR)
The stated objective of the group is to minimise the ecological footprint of its entire business through the continuous reduction of energy usage and greenhouse gas (GHG) emissions.

As part of its commitment to the Climate Action Roadmap (published by the British Retail Consortium in November 2020), the UK business aims to become a net zero company by 2040.

The Group is pleased to report that total emissions (Scope 1 and 2; Scope 3 limited to indirect operations) decreased by 0.8% versus 2020, outlined below.

UK Energy & Transport Fuel Consumed

	2021 MWh's	2020 MWh's	Change %
UK Operations	798,298	795,826	0.3%

Section 172 Companies Act 2006 Statement - continued

UK Greenhouse Gas (GHG) emissions

	2021 tCO2e	2020 tCO2e	Change %
Scope 1 Emissions (Direct)	105,622	106,812	-1.1%
Scope 2 Emissions (Indirect from Electricity)*	96,358	101,734	-5.3%
Scope 1 & 2 Emissions (Location Based)	**201,980**	**208,547**	**-3.1%**
Scope 1 & 2 Intensity Ration tC02e/m2 Sales Area (Location Based)	**0.188**	**0.206**	**-8.9%**
Procured renewable energy*			
Scope 1 & 2 GHG Emissions (Market Based)	**105,622**	**106,812**	**-1.1%**
Scope 3 (Haulier Transport Fuels & Refrigeration)	29,044	24,410	19.0%
Scope 1-3 Emissions (Location Based)	**231,024**	**232,957**	**-0.8%**
Scope 1-3 Emissions (Market Based)	**134,666**	**131,223**	**2.6%**
Scope 1-3 Intensity Ratio tC02e/m2 Sales Area (Location Based)	**0.215**	**0.230**	**-6.7%**
Scope 1-3 Intensity Ratio tCO2e/m2 Sales Area (Market Based)	**0.125**	**0.130**	**-3.4%**
Scope 1 & 2 Intensity Ratio tCO2e/£m Sales (Location Based)	0.0164	0.0170	-3.5%
Scope 1 - 3 Intensity Ratio tCO2e/£m Sales (Location Based)	0.0187	0.0190	-1.2%
Scope 1 - 3 Intensity Ratio tCO2e/£m Sales (Market Based)	0.0109	0.0107	2.3%

**100% of electricity procured is green, generated by renewable sources such as solar and wind power
This report uses the Greenhouse Gas (GHG) methodology.*

To achieve its goals, the group has continued to decarbonise its business by increasing energy efficiency, minimising the impact of refrigerants on global warming, improving logistics efficiency, using renewable energies and supporting climate protection projects, while adopting zero-waste business practices.

The following projects demonstrate the progress which the group is making on its net zero journey:

- Greener Everyday Colleague Engagement Programme - the group operates a colleague engagement initiative which provides communications, guidance and training on the actions all employees can take to reduce energy, waste, transport and water in their day-to-day activities. Following its trial in 2018 and subsequent launch in 2019, all regions had joined the programme by Summer 2020. Since launch, it has saved over 19.7 million kWhs electricity, which is the equivalent of powering over 40 Stores for a whole year.

- Energy Optimisation - following a significant investment in energy sub-metering, the group has introduced an ongoing programme to identify opportunities to reduce energy across its estate, including weekly diagnostic tests using store-level energy data. A monthly league table ranks all stores in terms of energy efficiency and stores are advised on how to continually reduce their energy use.

- Sustainable Transport Strategy - the group has an ongoing programme to reduce GHG emissions from transport logistics. Developments during 2021 have included continued rollout of lighter vehicles with improved aerodynamics and more fuel efficient tyres, increased use of double deck trailers to reduce the volume of journeys, further training of drivers to drive more efficiently with the use of monitoring software and the introduction of new vehicles to the group's fleet offering maximum efficiency. In addition, the group no longer purchases new diesel HGVs in favour of low carbon alternative fuels. From Q2 2021 the group commenced transition to electric company cars.

- Renewable Energy - 100% of the electricity purchased since 2015 has been generated by green, renewable energy sources such as solar and wind power. Over 400 UK stores and 1 Irish store, as well as all 11 UK Regional Distribution Centres now have solar panel installations, totalling over 100,000 panels.

Section 172 Companies Act 2006 Statement - continued
- Refrigeration - the group has continued to roll out environmentally friendly refrigeration systems across its existing store estate, with a target to convert all stores by the end of 2029. In new stores, heat produced by chillers are also used to provide heating for the store.

- LED Lighting - the group has continued to instal more efficient LED lighting - which use up to 60% less energy - as part of its store refurbishment programme.

The group also recognises the importance of reducing the plastic and packaging footprint of its operations in the UK and Ireland. As a result, the group has committed to ensuring all own-label packaging is recyclable, reusable, or compostable by 2022 and to half the volume of plastic packaging used by 2025. Since 2018, the group has removed more than 13,800 tonnes of plastic and replaced almost 10,000 tonnes of unrecyclable material with recyclable alternatives.

Maintaining high standards of business conduct
The directors have promoted high standards of business conduct by acting in accordance with the Aldi Management System which forms the basis of its company culture and its dealings with people. This is further supported by a Code of Conduct and Corporate Responsibility Principles, all of which are clearly defined and applied without exception.

Acting fairly between members of the company
The group has continued to work in partnership with its shareholders via its immediate parent company, Hofer KG.

Approved by the board and signed on its behalf by:

....
G Hurley - Director

Date: 28 March 2022

ALDI STORES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

Principal activity
The group's principal activity is the retailing of grocery products in the United Kingdom and Ireland.

Dividends
No dividends will be distributed for the year ended 31 December 2021.

The profit for the year after taxation amounted to £5m (2020: £202m).

The directors do not recommend the payment of a final dividend. The profit for the year will be transferred to reserves.

Directors
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

G Hurley
D Ronald
O King
N O'Connor

J Hutcheson and J Ashfield are alternate directors to the directors.

Corporate governance arrangements
Aldi Stores Limited has applied The Wates Corporate Governance Principles for Large Private Companies 2018. A summary of its activities and policies in relation to its founding six principles follows.

Purpose
The directors have promoted a singular, clearly defined Core Purpose, which is to offer the best value for its customers.

To deliver its Core Purpose, the directors have managed the group with regard to a set of Operating Principles which explain its business strategy and model, including product range, procurement, store operations, customer management, employees and future business operations.

The Aldi Management System - which outlines its organisational, national and international structures, culture, values, policies and guidelines, management information and feedback channels - has also facilitated the directors in aligning the group behind this purpose.

The group's organisational and national structures, including the operation of multiple independent national committees, and formal employee engagement surveys, have enabled the directors to monitor the effectiveness of its culture and respond accordingly.

Board Composition
The company's board of directors comprises Giles Hurley, Chief Executive Officer; Dan Ronald, Group Managing Director; Oliver King, Group Managing Director; and Niall O'Connor, Group Managing Director. Collectively, the board considers it has the necessary skills, knowledge, experience and objectivity to deliver the group's strategy, appropriate to its scale and structure.

The company is a UK subsidiary of Hofer KG, an Austrian partnership. The company's board is overseen by Hofer KG, which is responsible for ensuring its accountability to shareholders, effectiveness and governance.

Appointments to the board are made in line with the group's diversity policy whilst directors undergo professional development in support of their duties and responsibilities.

Corporate Governance arrangements - continued

Responsibilities

The organisational structure defines the relationship between the group's centralised functions and the regional business units.

The national structure defines the specific responsibilities of all leadership roles and their reporting lines within the organisational structure, ensuring accountability, communication and coordination of activities, policies and procedures, effective decision-making and the collection of essential management information.

Within its organisational structure, the group also operates multiple national committees which are separate from its centralised functions with their own decision-making authority. These committees are formed by a group of employees taken from different roles and levels to work together to solve particular problems, identify opportunities and share best practice. Each committee is led by at least one managing director.

All committees follow a set of procedures regarding the preparation and circulation of agendas, time and frequency of meetings and the publication and circulation of minutes on a central platform.

Certain matters relating to subsidiaries are reviewed and decided upon by subsidiary boards.

Opportunities and risk

The directors review the group's long-term strategic plan and expected financial performance by assessing both opportunities and risks arising from its activities.

The national structure outlined above, and the existence of its independent committees, provides for the identification and exploration of new sources of value, including growth and cost reduction initiatives.

The same structure is responsible for identifying, assessing and implementing strategies to manage areas of risk, whether new or existing, driven by internal or external factors and financial or non-financial.

A key function of the management meetings is to assign clear accountability for all opportunities and risks which are material to the delivery of its strategy and the establishment of appropriate controls, including the collection and review of corresponding management information.

Remuneration

Remuneration for board directors and key management personnel is commensurate with securing and retaining high-performing individuals and supports the long-term success of the business.

Stakeholders

The directors ultimately oversee engagement with all stakeholders impacted by the group's activities, with specific regard to its employees.

An annual announcement regarding the group's performance against financial and non-financial metrics is communicated and made available to all stakeholders.

Engagement with employees

The directors have supported or sponsored a number of structures, initiatives and commitments designed to engage the group's employees to ensure their interests are both understood and considered in their decision making. These include:

- Providing oversight to the group's internal committees, which comprise of employees from different roles and levels and operate separately from the group's centralised departments but with decision making authority. These committees work together to solve specific problems, identify opportunities and share best practice, taking full account of the views of employees;

- Supporting the continued roll-out, expansion and adoption of MyAldi, an application which provides employees with access to regular news updates on matters of concern to them as well as essential information on rotas, payslips, health and wellbeing support and benefits, direct to their personal devices;

Engagement with employees - continued

- Ensuring that all colleagues have access to a competitive employee benefits package including discounts, a free will writing service and financial health checks;

- Ensuring that our workplace is Covid-19 secure and that colleagues are fully supported throughout the pandemic;

- Ensuring that all colleagues are paid at least equivalent to, and in the majority of roles, higher than, the Real Living Wage rate recommended by the Living Wage Foundation;

- Supporting initiatives to encourage the recruitment of individuals from a diverse range of backgrounds, including participation in Birmingham Pride to support the group's LGBTQ+ agenda;

- Launching a comprehensive diversity and inclusion strategy to ensure the group makes positive progress in reflecting the communities it serves whilst providing a diverse, inclusive and supportive place to work for everyone;

- Supporting the group's Apprenticeship Programme and Industrial Placement Programme alongside several career progression initiatives;

- Supporting the group's Employee Assistance Programme which provides confidential support on a range of issues affecting its workforce, including free short term counselling and financial hardship grants;

- Supporting several health, wellbeing and charitable initiatives, including maintaining a mental health charity partnership, holding face to face and virtual wellbeing events throughout the year, and launching a mental health eLearning module for all colleagues;

- Supporting the introduction or adoption of several training initiatives designed to improve career learning and development across all functions of the group, including all Leaders attending a full day course on 'Supporting Mental Wellbeing';

The outcome of these activities is monitored via an employee engagement survey every three years, the results of which are reviewed and acted upon.

Details of the number of employees and employment costs can be found in note 4 to the financial statements. The average monthly number of people employed by the group in the year to 31 December 2021 was 43,259 (2020: 41,707).

The group recognises the importance of regular communication and working relationships, and the group's policy is to keep all employees informed upon matters relating to their employment.

The group is an equal opportunities employer and offers equal treatment and equal opportunities to all employees and job applicants.

Engagement with suppliers, customers and other stakeholders

The directors have supported or sponsored a number of initiatives and commitments designed to engage the group's suppliers, customers and other relevant stakeholders to ensure their interests are both understood and reflected in their decision making. These include:

- Supporting positive engagement and collaboration with several initiatives concerned with the promotion of improved business practices in the food supply chain, including the Groceries Code Adjudicator's Survey and the Grocery Goods Regulations (see Compliance Programmes below);

- Supporting positive engagement with customers via the group's online customer satisfaction survey which captures feedback from thousands of customers across the UK and Ireland, both in our bricks and mortar business and online channel;

Engagement with suppliers, customers and other stakeholders - continued
- Supporting positive engagement and collaboration with several bodies concerned with the promotion of sustainable practices in the food supply chain, including Red Tractor, RSPCA Assured, National Farmers Union, Sustainable Fisheries Partnership, Forestry Stewardship Council, WRAP, Roundtable on Sustainable Palm Oil, Retail Soy Group, WWF and Cruelty Free International;

- Supporting positive engagement and collaboration with several bodies concerned with the promotion of public health, including Public Health England's Salt, Sugar and Calorie Reduction programmes, in support of the Government's Obesity Strategy, Change4Life campaign for more no or low-sugar alternatives and Drinkaware and Challenge25 campaigns to promote a culture of responsible drinking in the UK;

- Supporting positive engagement and collaboration with several bodies concerned with the prevention of modern slavery, including Slave-Free Alliance for reviewing our practices in our business and supply chains, Stronger Together for raising awareness of and mitigating risk of modern slavery in our supply chains, the Wilberforce Institute for conducting modern slavery risk assessments in our supply chains, the Modern Slavery Helpline for the effective reporting of allegations; and

- Supporting communities and colleagues through our partnerships with Teenage Cancer Trust, Mental Health UK, Fairtrade, Rainforest Alliance, Prince's Countryside Fund and Neighbourly food donations.

Compliance programmes
Aldi Stores Limited remains fully committed to the compliance programmes described below. They are considered entirely consistent with Aldi's core values of consistency, simplicity and responsibility, and supportive of building the long-term relationships valued with suppliers.

Groceries supply code of practice
The Groceries Supply Code of Practice (GSCOP) applies to all retailers with grocery sales over £1 billion in the UK and requires them to submit an annual compliance report to the Competition and Markets Authority and the Groceries Code Adjudicator (GCA). Aldi's annual report covering the period 1 January 2021 to 31 December 2021 will be submitted in April 2022.

The role of the GCA was formally established in June 2013 and regular meetings between the GCA and Aldi take place throughout the year. The current GCA was appointed on 31 October 2020 and has continued a collaborative approach to highlight and address GSCOP-related issues experienced by suppliers across all grocery retailers. This is an effective approach welcomed by Aldi, facilitating continuous improvement and enabling shared learning to be included in our GSCOP compliance programme.

The GCA commissions a supplier survey assessing retailers' compliance with GSCOP on an annual basis. In the 2021 survey, Aldi demonstrated a year-on-year improvement and placed third overall, supporting the continued upward trend of compliance across all designated retailers since the introduction of the Code.

Aldi has provided a summary of its approach to GSCOP on the Aldi website since 2013. This summary is updated annually with the next update due in April 2022. The contact details of the Aldi Code Compliance Officer (CCO) are made available on the Aldi website and have also been passed to the GCA for inclusion on their official website.

Suppliers receive a regular newsletter from the Aldi CCO promoting key developments related to GSCOP, such as the GCA annual survey, guidance provided by the GCA, and the benefits of suppliers obtaining further training to fully understand their protections under GSCOP. All new suppliers are informed of the existence of the GCA, and their rights under GSCOP, prior to commencing a supply relationship with Aldi.

Groceries Supply Code of Practice - continued
All relevant colleagues are trained on GSCOP as part of their new starter induction process, and annual refresher training is carried out to ensure that these colleagues remain up to date on Aldi's commitments. During 2021, the GSCOP training material was refreshed and 597 colleagues completed this updated training.

There were four instances in which a supplier raised an alleged a breach of GSCOP during 2021. Whilst confident that Aldi's actions remained in compliance with the Code, three of these were resolved within the reporting period. The fourth remained under discussion with the relevant supplier at the end of the year, having been raised towards the end of 2021.

Grocery Goods Regulations
The Grocery Goods Regulations were enacted in Ireland in October 2014, becoming operational with effect from 30 April 2016.

Initial training on the Grocery Goods Regulations is conducted for all colleagues recruited into relevant roles as part of their new starter induction process in accordance with the specified deadlines. Grocery Goods Regulations Refresher training is also undertaken for all colleagues holding relevant roles. During 2021, 55 colleagues received training on the Grocery Goods Regulations.

The Annual Compliance Report for 2021 was provided to the Competition and Consumer Protection Commission (CCPC) in March 2022, as required under the legislation. No disputes were raised in respect of the Grocery Goods Regulations during 2021.

Unfair Trading Practices
The Unfair Trading Practices (UTP) regulations were adopted into Irish law via Statutory Instrument 198/2021 - European Union (Unfair Trading Practices in the Agricultural and Food Supply Chain) Regulation 2021 on 28 April 2021. Steps have been taken to align Aldi practices where required, and Aldi is committed to maintaining compliance with this new regulation.

Statement of directors' responsibilities
The directors are responsible for preparing the strategic report, the directors' report and the group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities - continued
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Approved by the board and signed on its behalf by:

....
G Hurley - Director

Date: 28 March 2022...............

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALDI STORES LIMITED

Opinion

We have audited the financial statements of Aldi Stores Limited ("the company") for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 2.

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 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group's and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the group's and company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the group's and company's available financial resources over this period were:

- Consumer confidence and shopping preferences;
- Retention and recruitment of suitably experienced employees;
- Logistical challenges in the group's supply chain and the associated costs.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the group's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's or company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors and internal audit, and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud and the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because we have not identified any significant third-party expectations in relation to revenue. In addition, sales are simple revenue transactions and therefore the nature of operations provides limited opportunities to engage in fraudulent revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments for all full scope components to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: food safety, health and safety and employment law, recognising the nature of the group's activities as a grocery retailer. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Fraud and breaches of laws and regulations - ability to detect - continued

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 11 and 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALDI STORES LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.

Gareth Woods

Gareth Woods (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor and Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

29 March 2022

ALDI STORES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	**13,645,779**	13,530,861
Cost of sales		**(13,299,104)**	(12,998,223)
Gross profit		**346,675**	532,638
Administrative expenses		**(303,239)**	(244,924)
Gain on revaluation of investment property	13	**16,758**	-
Operating profit		**60,194**	287,714
Interest receivable and similar income	5	**807**	672
Interest payable and similar expenses	6	**(25,265)**	(23,579)
Profit before taxation	7	**35,736**	264,807
Taxation on profit	8	**(30,670)**	(62,333)
Profit for the financial year		**5,066**	202,474
Other comprehensive (loss)/income			
Currency translation differences		**(46,203)**	36,965
Remeasurement of employee benefit obligation		**(1,431)**	-
Change in fair value of cash flow hedges		**(18,841)**	42,580
Reclassification to profit and loss of cash flow hedges		**8,230**	(10,350)
Income tax relating to components of other comprehensive (loss)/income		**2,759**	(5,602)
Other comprehensive (loss)/income for the year, net of income tax		**(55,486)**	63,593
Total comprehensive (loss)/income for the year		**(50,420)**	266,067

Continuing operations

All amounts relate to continuing operations

The notes form part of these financial statements

ALDI STORES LIMITED (Registered number: 02321869)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000 (restated - see note 2)
Fixed assets			
Intangible assets	10	**18,574**	18,698
Tangible assets	11	**4,735,942**	4,622,241
Investments	12	**-**	-
Investment property	13	**79,359**	-
		4,833,875	4,640,939
Current assets			
Inventories	14	**545,354**	458,356
Debtors	15	**224,876**	431,130
Cash at bank		**103,090**	110,710
		873,320	1,000,196
Creditors: amounts falling due within one year	16	**(1,636,499)**	(1,985,731)
Net current liabilities		**(763,179)**	(985,535)
Total assets less current liabilities		**4,070,696**	3,655,404
Creditors: amounts falling due after more than one year	17	**(884,120)**	(469,086)
Provisions for liabilities	20	**(145,239)**	(94,561)
Net assets		**3,041,337**	3,091,757
Capital and reserves			
Called up share capital	21	**1,061,429**	1,061,429
Capital reserve	22	**130,247**	130,247
Cash flow hedge reserve	22	**(18,292)**	(10,162)
Redenomination reserve	22	**428**	428
Retained earnings	22	**1,867,525**	1,909,815
Shareholders' funds		**3,041,337**	3,091,757

The financial statements were approved by the Board of Directors and authorised for issue on ..28 March 2022............. and were signed on its behalf by:

....

G Hurley - Director

The notes form part of these financial statements

ALDI STORES LIMITED (Registered number: 02321869)

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000 (restated - see note 2)
Fixed assets			
Intangible assets	10	**13,780**	14,033
Tangible assets	11	**4,036,113**	3,891,824
Investments	12	**385,784**	385,784
Investment property	13	**73,899**	-
		4,509,576	4,291,641
Current assets			
Inventories	14	**473,287**	388,990
Debtors	15	**184,546**	375,818
Cash at bank		**85,150**	91,719
		742,983	856,527
Creditors			
Amounts falling due within one year	16	**(1,442,171)**	(1,766,299)
Net current liabilities		**(699,188)**	(909,772)
Total assets less current liabilities		**3,810,388**	3,381,869
Creditors			
Amounts falling due after more than one year	17	**(884,120)**	(469,086)
Provisions for liabilities	20	**(129,773)**	(79,967)
Net assets		**2,796,495**	2,832,816
Capital and reserves			
Called up share capital	21	**1,061,429**	1,061,429
Capital reserve	22	**130,247**	130,247
Cash flow hedge reserve	22	**(22,331)**	(8,938)
Redenomination reserve	22	**428**	428
Retained earnings	22	**1,626,722**	1,649,650
Shareholders' funds		**2,796,495**	2,832,816
Company's (loss)/profit for the financial year		**(21,855)**	189,249

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2022 and were signed on its behalf by:

....

G Hurley - Director

The notes form part of these financial statements

ALDI STORES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £'000	Retained earnings £'000	Capital reserve £'000
Balance at 1 January 2020	1,061,429	1,650,578	130,247
Effect of change in accounting policy (see note 2)	-	20,091	-
Balance at 1 January 2020 (restated)	1,061,429	1,670,669	130,247
Changes in equity			
Profit for the year	-	202,474	-
Other comprehensive income/(loss)	-	36,672	-
Total comprehensive income/(loss)	-	239,146	-
Balance at 31 December 2020 (restated)	1,061,429	1,909,815	130,247
Changes in equity			
Profit for the year	-	5,066	-
Other comprehensive income/(loss)	-	(47,356)	-
Total comprehensive income/(loss)	-	(42,290)	-
Balance at 31 December 2021	1,061,429	1,867,525	130,247

	Cash flow hedge reserve £'000	Redenomination reserve £'000	Total equity £'000
Balance at 1 January 2020	(37,083)	428	2,805,599
Effect of change in accounting policy (see note 2)	-	-	20,091
Balance at 1 January 2020 (restated)	(37,083)	428	2,825,690
Changes in equity			
Profit for the year	-	-	202,474
Other comprehensive income/(loss)	26,921	-	63,593
Total comprehensive income/(loss)	26,921	-	266,067
Balance at 31 December 2020 (restated)	(10,162)	428	3,091,757
Changes in equity			
Profit for the year	-	-	5,066
Other comprehensive income/(loss)	(8,130)	-	(55,486)
Total comprehensive income/(loss)	(8,130)	-	(50,420)
Balance at 31 December 2021	(18,292)	428	3,041,337

The notes form part of these financial statements

ALDI STORES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £'000	Retained earnings £'000	Capital reserve £'000
Balance at 1 January 2020	1,061,429	1,442,798	130,247
Effect of change in accounting policy (see note 2)	-	17,603	-
Balance at 1 January 2020 (restated)	1,061,429	1,460,401	130,247
Changes in equity			
Profit for the year	-	189,249	-
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	-	189,249	-
Balance at 31 December 2020 (restated)	1,061,429	1,649,650	130,247
Changes in equity			
Deficit for the year	-	(21,855)	-
Other comprehensive income/(loss)	-	(1,073)	-
Total comprehensive income/(loss)	-	(22,928)	-
Balance at 31 December 2021	1,061,429	1,626,722	130,247

	Cash flow hedge reserve £'000	Redenomination reserve £'000	Total equity £'000
Balance at 1 January 2020	(42,252)	428	2,592,650
Effect of change in accounting policy (see note 2)	-	-	17,603
Balance at 1 January 2020 (restated)	(42,252)	428	2,610,253
Changes in equity			
Profit for the year	-	-	189,249
Other comprehensive income/(loss)	33,314	-	33,314
Total comprehensive income/(loss)	33,314	-	222,563
Balance at 31 December 2020 (restated)	(8,938)	428	2,832,816
Changes in equity			
Deficit for the year	-	-	(21,855)
Other comprehensive income/(loss)	(13,393)	-	(14,466)
Total comprehensive income/(loss)	(13,393)	-	(36,321)
Balance at 31 December 2021	(22,331)	428	2,796,495

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	1	**202,926**	661,488
Tax paid		**(25,319)**	(81,476)
Net cash from operating activities		**177,607**	580,012
Cash flows from investing activities			
Purchase of intangible fixed assets		**(7,426)**	(12,787)
Purchase of tangible fixed assets		**(507,258)**	(520,347)
Purchase of investment property		**(1,820)**	-
Sale of tangible fixed assets		**38,961**	18,040
Sale of investment property		**2,690**	-
Interest received		**807**	672
Net cash from investing activities		**(474,046)**	(514,422)
Cash flows from financing activities			
Net payments to group undertakings		**204,340**	(52,716)
Loan advances from group undertakings		**110,000**	45,000
Interest paid		**(24,267)**	(22,243)
Net cash from financing activities		**290,073**	(29,959)
(Decrease)/increase in cash and cash equivalents		**(6,366)**	35,631
Cash and cash equivalents at beginning of year	2	**110,710**	74,060
Effect of foreign exchange rate changes		**(1,254)**	1,019
Cash and cash equivalents at end of year	2	**103,090**	110,710

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2021 £'000	2020 £'000
Profit for the financial year	**5,066**	202,474
Depreciation, amortisation and impairment expenses	**239,795**	182,232
Loss on disposal of fixed assets	**2,392**	8,779
Gain on revaluation of investment property	**(16,758)**	-
Increase in provisions	**29,491**	6,048
Foreign exchange differences	**5,284**	(3,349)
Finance costs	**25,265**	23,579
Finance income	**(807)**	(672)
Taxation on profit	**30,670**	62,333
	320,398	481,424
Increase in inventories	**(86,998)**	(31,459)
(Increase)/decrease in trade and other debtors	**(17,647)**	15,454
(Decrease)/increase in trade and other creditors	**(12,827)**	196,069
Cash generated from operations	**202,926**	661,488

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2021

	31.12.21 £'000	1.1.21 £'000
Cash and cash equivalents	**103,090**	**110,710**

Year ended 31 December 2020

	31.12.20 £'000	1.1.20 £'000
Cash and cash equivalents	110,710	74,060

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.21 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.12.21 £'000
Net cash				
Cash at bank	110,710	(6,366)	(1,254)	103,090
	110,710	(6,366)	(1,254)	103,090
Debt				
Debts falling due within 1 year	(305,000)	-	305,000	-
Debts falling due after 1 year	(465,000)	(110,000)	(305,000)	(880,000)
	(770,000)	(110,000)	-	(880,000)
Total	(659,290)	(116,366)	(1,254)	(776,910)

Other non-cash changes represent the long-term re-financing of amounts owed to group undertakings during the year.

1. COMPANY INFORMATION

Aldi Stores Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on page 1.

2. ACCOUNTING POLICIES

Basis of preparation
These consolidated and individual financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis, modified by the recognition of certain fixed assets and financial assets and liabilities measured at fair value.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Change in accounting policy
Following the issue of the IFRIC agenda decision 'IAS 19 - Attributing benefit to periods of service' the group has reconsidered the appropriate period for recognition of certain post-employment awards, resulting in a change in accounting policy. This has resulted in a reduction to provisions for liabilities as at 1 January 2020 of £20.091m (Company: £17.603m) with a corresponding increase in retained earnings at 1 January 2020 and 31 December 2020. The reduction to provisions for liabilities comprises an amount of £24.575m (Company: £21.732m) in respect of employee benefits offset by £4.484m (Company: £4.129m) of deferred taxation. This change in accounting policy had no effect on profit or cash flows for the year ended 31 December 2020.

Basis of consolidation
The consolidated financial statements incorporate the company and its subsidiary undertakings at 31 December 2021. The results of the subsidiary undertakings are included from the date at which they became subsidiaries and all intra-group transactions, balances, income and expenses and profits and losses are eliminated on consolidation.

All acquisitions are accounted for using the acquisition method of accounting.

Going concern
Notwithstanding net current liabilities of £763.179m as at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the company will have sufficient funds, through funding from its ultimate parent company, Hofer KG, to meet its liabilities as they fall due for that period. The forecasts include possible downside outcomes that may result from Brexit and Covid-19, specifically considering reduced sales and increased capital expansion costs.

Those forecasts are dependent on Hofer KG not seeking repayment of the amounts currently due by the group, which at 31 December 2021 amounted to £880m, and providing additional financial support during that period. Hofer KG has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the reporting date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

continued...

2. ACCOUNTING POLICIES - continued

Going concern - continued

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exemptions

The company has taken advantage of the exemption under FRS 102 (paragraph 1.12) from preparing a statement of cash flows on the grounds the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

The company is a qualifying entity and has also taken advantage of the financial instrument and key management personnel compensation disclosure exemptions conferred by FRS 102 (paragraph 1.12), as the information is provided in the consolidated financial statement disclosures.

Turnover

Turnover is wholly attributable to activities undertaken in the United Kingdom and Ireland and represents amounts receivable (excluding value added tax and trade discounts) for goods supplied in the period. Revenue on retail store sales of goods is recognised when goods are sold to the customer and title has passed. An analysis of turnover by geographical and segmental market or class of business has not been disclosed in these financial statements as the directors consider this would be prejudicial to the group's interests.

Taxation

The taxation expense is based on the result for the year as adjusted for disallowable items.

Full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing difference is expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Sterling using the closing rate.

Exchange differences arising from trading are included in arriving at the operating result.

The results of the Irish subsidiary enterprises are translated into Sterling at the average rates of exchange for the year except for material exceptional items which are translated at the rate ruling on the date of transaction. The assets and liabilities of the Irish subsidiary enterprises are translated into Sterling at the closing exchange rate.

The exchange differences arising on the retranslation of the opening net assets of the Irish subsidiary enterprises and from the translation of profits or losses at average rates are recognised in other comprehensive income.

Operating lease expenses

Payments made under operating leases are expensed to the statement of comprehensive income on a straight line basis over the lease term.

continued...

2. ACCOUNTING POLICIES - continued

Pensions
The group contributed to defined contribution group pension schemes during the year. The assets of the schemes are held separately from those of the group in independently administered funds.

Pension contributions are expensed to the statement of comprehensive income in the period to which they relate.

Intangible fixed assets and amortisation
Intangible fixed assets are stated at cost less amortisation and any recognised impairment in value.

Amortisation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives using the following rates or bases:

Software	3 years
Other Intangibles	20 years

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation and any recognised impairment in value.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives using the following rates or bases:

Freehold and long leasehold buildings	33 - 50 years
Additions and improvements to buildings	16.5 years
Equipment, fixtures and fittings	3 - 33 years
Motor vehicles - vehicles and trailers	8 - 10 years
- cars	4 years

Leasehold buildings are depreciated on a straight line basis over 33 years or, if shorter, the period of the lease. Freehold and long leasehold land are not depreciated.

Expenditure on new buildings is included in capital work in progress until the buildings achieve practical completion, at which point they are transferred to the appropriate fixed asset category and depreciated accordingly

Impairment of tangible and intangible assets
At each period end date, the group considers whether there is any indication that its tangible and intangible assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of net realisable value and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investment property
Investment properties are properties which are held to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost and are subsequently remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period in which they arise.

Fixed asset investments
Investments are stated at cost less provisions for any diminution in value.

continued...

2. ACCOUNTING POLICIES - continued

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bring the inventory to its present location and condition. Inventories held for the group's own use valued by reference to their original cost.

Financial instruments
The group has adopted sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets
Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ii) Financial liabilities
Basic financial liabilities, including trade and other payables and bank and other loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value of derivatives is calculated by reference to current derivative instrument contracts with similar maturity profiles. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. Derivatives are carried as asset when the fair value is positive and as liabilities when the fair value is negative.

iii) Hedging arrangements
The group has applied hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in profit or loss.

continued...

2. ACCOUNTING POLICIES - continued

Financial instruments - continued

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable or the hedging instrument is terminated.

Cash
Cash in the statement of financial position consists of cash at bank, in hand and on-demand deposits with banks.

Cash pooling
The group is part of a cash pooling arrangement with treasury companies within the Hofer KG group. Under this arrangement certain of the group's cash balances are pooled to the central treasury companies as part of the group's day-to-day cash management strategy. Cash is deposited in the pool for terms which are variable and depend on the group's expected future working capital requirements. Balances deposited in the cash pool are classified as amounts owed by group undertakings. Balances borrowed from the cash pool are classified as amounts owed to group undertakings. Interest receivable and payable on balances held with the cash pool are recognised in the statement of comprehensive income in the period to which they relate.

Provisions
Provisions are recognised when the group has a present obligation as a result of past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions when measuring provisions are expensed or credited to profit or loss or other comprehensive income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. These are continually evaluated and are based on historical experience and reasonable expectations of future events.

The items in the financial statements where judgements and estimates have been made include:

Useful economic lives of tangible fixed assets
The useful economic lives and residual values of tangible fixed assets are estimated based on economic utilisation and physical condition of the assets and are amended when necessary resulting in changes to the annual depreciation expense. The directors consider that the useful economic lives and residual values are appropriate.

Impairment of tangible fixed assets
The group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset (or cash-generating unit). The value in use calculation is based on a discounted cash flow model. The amount and timing of the cash flows and the discount rate used in the model require management's judgement.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Valuation of investment property
Investment property was valued by independent external valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuations are carried out with reference to current market valuations and rental yields.

Provisions
Provision is made for employee benefit cost obligations. These provisions require management's best estimate of the costs that will be incurred based on contractual requirements.

4. EMPLOYEES AND DIRECTORS

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

	2021	2020
Group	**£'000**	**£'000**
Wages and salaries	**1,042,159**	997,078
Social security costs	**89,050**	86,471
Pension costs	**36,612**	34,653
	1,167,821	1,118,202

The average monthly number of employees, including part-time staff and directors was 43,259 (2020: 41,707).

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in separately administered funds. Contributions payable by the group to the schemes during the year amounted to £33.264m (2020: £31.922m).

	2021	2020
Company	**£'000**	**£'000**
Wages and salaries	**906,619**	864,569
Social security costs	**75,332**	73,048
Pension costs	**33,325**	31,838
	1,015,276	969,455

The average monthly number of employees, including part-time staff and directors was 38,515 (2020: 37,247).

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in a separately administered fund. Contributions payable by the company to the scheme during the year amounted to £30.984m (2020: £29.604m).

continued...

4. EMPLOYEES AND DIRECTORS - continued

Directors' remuneration

	2021 £'000	2020 £'000
Aggregate emoluments	**5,755**	5,378
Company contributions to defined contribution pension schemes	**189**	182
	5,944	5,560

Retirement benefits were accruing to four directors under a defined contribution pension scheme (2020: four) and an early retirement scheme.

Highest paid director	2021 £'000	2020 £'000
Aggregate emoluments	**2,211**	2,210
Company contributions to defined contribution pension schemes	**3**	4
	2,214	2,214

Key management personnel
Key management include the directors and members of senior management. Total compensation payable to key management for employee services is £17.186m (2020: £16.639m).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Bank interest	**39**	29
Interest receivable from group undertakings	**137**	374
Other interest receivable	**631**	269
Total interest receivable and similar income	**807**	672

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Bank interest payable	**2**	9
Interest payable to group undertakings	**23,091**	22,007
Finance expense on provisions	**113**	116
Other interest payable	**1,174**	485
Total interest expense on financial liabilities not measured at fair value through profit or loss	**24,380**	22,617
Net interest payable on employee benefit obligations	**885**	962
Total interest payable and similar expenses	**25,265**	23,579

continued...

7. PROFIT BEFORE TAXATION

The profit is stated after including:

	2021 £'000	2020 £'000
Operating lease expenses	**122,236**	106,235
Depreciation - owned assets	**200,649**	177,434
Loss on disposal of fixed assets	**2,392**	8,806
Other intangibles amortisation	**228**	228
Software amortisation	**6,646**	4,570
Auditors' remuneration for audit of the parent company and consolidated accounts	**302**	300
Auditors' remuneration for audit of the company's subsidiaries	**62**	67
Auditors' remuneration for other assurance and advisory fees	**14**	286
Foreign exchange differences	**65,791**	(3,273)
Tangible fixed asset impairment expense	**32,809**	-
Tangible fixed asset impairment reversal	**(537)**	-

Tangible asset impairment expense of £nil (2020: £9.181m) and reversal of £nil (2020: £0.960m) have been recognised within Loss on disposal of fixed assets based on changes in the independent external valuation of the group's individual property assets at 31 December 2021 compared to previous valuations. The impairment reversal partially reverses impairment losses previously recognised.

The amount of foreign exchange differences arising during the year and classified in equity at 31 December 2021 is a loss of £111.994m (2020: £40.239m gain).

8. TAXATION ON PROFIT

Analysis of expense for the year

	2021 £'000	2020 £'000
Corporation tax		
UK Corporation tax at 19% (2020: 19%)	**1,186**	45,927
UK Corporation tax adjustments in respect of previous periods	**(186)**	(3,461)
Overseas tax	**7,090**	9,384
Overseas tax adjustments in respect of previous periods	**(54)**	171
Total current tax	**8,036**	52,021
Deferred tax		
Origination and reversal of timing differences	**26,510**	7,664
Adjustments in respect of previous periods	**(3,876)**	2,648
Total deferred tax	**22,634**	10,312
Taxation on profit	**30,670**	62,333

continued...

8. TAXATION ON PROFIT - continued

Factors affecting tax expense for the year

The tax assessed differs from that arrived at by applying the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	**35,736**	264,807
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**6,790**	50,313
Effects of:		
Ineligible depreciation	**16,614**	12,857
Expenses not deductible for tax purposes	**1,954**	2,115
Profit / loss on disposal of fixed assets	**(592)**	-
Adjustments to tax expense in respect of previous periods	**(4,116)**	(642)
Difference in tax rates	**13,883**	2,780
Income taxed at higher rates	**(19)**	(4)
Effects of overseas tax rates	**(3,844)**	(5,086)
Total tax expense for the year	**30,670**	62,333

Factors that may affect future tax expenses

An increase in the main rate of corporation tax from 19% to 25% (effective from 1st April 2023) was substantively enacted on 24 May 2021. Therefore, 25% has been applied, where applicable, to the UK deferred tax balances as at 31 December 2021.

The group has capital losses of £205.796m (2020: £198.114m) available indefinitely for carry forward against future capital profits. A deferred tax asset of £52.471m (2020: £39.564m) relating to the capital losses has not been recognised due to uncertainty over whether sufficient profits against which these losses could be offset will be generated in the foreseeable future.

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

continued...

10. INTANGIBLE FIXED ASSETS

Group

	Other Intangibles £'000	Software £'000	Totals £'000
COST			
At 1 January 2021	14,858	36,552	51,410
Additions	202	7,224	7,426
Disposals	-	(437)	(437)
Exchange differences	(971)	(290)	(1,261)
At 31 December 2021	14,089	43,049	57,138
AMORTISATION			
At 1 January 2021	11,753	20,959	32,712
Amortisation for year	228	6,646	6,874
Eliminated on disposal	-	(66)	(66)
Exchange differences	(768)	(188)	(956)
At 31 December 2021	11,213	27,351	38,564
NET BOOK VALUE			
At 31 December 2021	2,876	15,698	18,574
At 31 December 2020	3,105	15,593	18,698

Of the total amortisation for the year £6.874m is recognised within cost of sales in the statement of comprehensive income.

Company

	Software £'000
COST	
At 1 January 2021	32,113
Additions	5,845
Disposals	(435)
At 31 December 2021	37,523
AMORTISATION	
At 1 January 2021	18,080
Amortisation for year	5,728
Eliminated on disposal	(65)
At 31 December 2021	23,743
NET BOOK VALUE	
At 31 December 2021	13,780
At 31 December 2020	14,033

continued...

11. TANGIBLE FIXED ASSETS

Group

	Land and buildings £'000	Capital work in progress £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1 January 2021	5,090,941	92,700	723,749	101,203	6,008,593
Additions	125,288	252,868	114,473	9,491	502,120
Disposals	(59,769)	-	(38,859)	(3,918)	(102,546)
Exchange differences	(58,973)	(987)	(7,013)	(133)	(67,106)
Transfers	(98,566)	-	-	-	(98,566)
Reclassifications	229,287	(229,477)	190	-	-
At 31 December 2021	5,228,208	115,104	792,540	106,643	6,242,495
DEPRECIATION AND IMPAIRMENT					
At 1 January 2021	992,740	-	348,692	44,920	1,386,352
Expense for year	118,065	-	67,953	14,631	200,649
Eliminated on disposal	(22,854)	-	(35,189)	(3,521)	(61,564)
Impairments	32,272	-	-	-	32,272
Exchange differences	(11,764)	-	(4,186)	(111)	(16,061)
Transfers	(35,095)	-	-	-	(35,095)
Reclassifications	(12)	-	12	-	-
At 31 December 2021	1,073,352	-	377,282	55,919	1,506,553
NET BOOK VALUE					
At 31 December 2021	4,154,856	115,104	415,258	50,724	4,735,942
At 31 December 2020	4,098,201	92,700	375,057	56,283	4,622,241

Included within the cost of land and buildings are amounts relating to freehold land and long leasehold land of £1,831.234m and £107.681m (31 December 2020: £1,836.941m and £108.859m) respectively. Freehold and long leasehold land are not depreciated.

The net book value of land and buildings consists of freehold property, long leasehold property and short leasehold property of £3,848.171m, £191.827m and £114.858m (31 December 2020: £3,804.277m, £193.537m and £100.387m) respectively.

The net book value at 31 December 2020 included impairment provisions against land and buildings of £31.415m. During the year £6.253m of this provision was released, due to the properties against which the provisions were made having been sold or which would have been adjusted for in an earlier period if more accurate information had been available. The provisions have also been subject to an exchange rate gain of £0.262m. Further impairment provisions of £32.809m have been made and £21.928m has been transferred on assets moved to investment properties. The cumulative amount of the provision at 31 December 2021 is £35.781m (31 December 2020: £31.415m) based on independent external valuations.

During the year the directors have re-assessed the classification of certain fixed assets and made the appropriate transfers to investment property.

continued...

11. **TANGIBLE FIXED ASSETS - continued**

Company

	Land and buildings £'000	Capital work in progress £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST					
At 1 January 2021	**4,194,537**	**77,599**	**616,447**	**99,162**	**4,987,745**
Additions	**104,046**	**229,231**	**100,322**	**9,218**	**442,817**
Disposals	**(57,714)**	**-**	**(32,667)**	**(3,697)**	**(94,078)**
Transfers	**(78,624)**	**-**	**-**	**-**	**(78,624)**
Reclassifications	**207,795**	**(207,985)**	**190**	**-**	**-**
At 31 December 2021	**4,370,040**	**98,845**	**684,292**	**104,683**	**5,257,860**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2021	**768,058**	**-**	**284,647**	**43,216**	**1,095,921**
Expense for year	**101,819**	**-**	**59,110**	**14,535**	**175,464**
Eliminated on disposal	**(21,470)**	**-**	**(29,366)**	**(3,302)**	**(54,138)**
Impairments	**27,324**	**-**	**-**	**-**	**27,324**
Transfers	**(22,824)**	**-**	**-**	**-**	**(22,824)**
Reclassifications	**(12)**	**-**	**12**	**-**	**-**
At 31 December 2021	**852,895**	**-**	**314,403**	**54,449**	**1,221,747**
NET BOOK VALUE					
At 31 December 2021	**3,517,145**	**98,845**	**369,889**	**50,234**	**4,036,113**
At 31 December 2020	3,426,479	77,599	331,800	55,946	3,891,824

Included within the cost of land and buildings are amounts relating to freehold land and long leasehold land of £1,507.451m and £99.851m (31 December 2020: £1,480.698m and £100.435m) respectively. Freehold and long leasehold land are not depreciated.

The net book value of land and buildings consists of freehold property, long leasehold property and short leasehold property of £3,233.740m, £179.261m and £104.144m (31 December 2020: £3,157.473m, £179.805m and £89.201m) respectively.

The net book value at 31 December 2020 included impairment provisions against land and buildings of £17.789m. During the year £6.253m of this provision was released, due to the properties against which the provisions were made having been sold or which would have been adjusted for in an earlier period if more accurate information had been available. Further impairment provisions of £27.861m were made and £10.254m was transferred on assets moved to investment property. The cumulative amount of the provision at 31 December 2021 is £29.143m (31 December 2020: £17.789m) based on independent external valuations.

During the year the directors have re-assessed the classification of certain fixed assets and made the appropriate transfers to investment property.

continued...

12. FIXED ASSET INVESTMENTS

Company	Investment in capital in subsidiary undertakings £'000
Cost or valuation	
At 1 January 2021	385,784
At 31 December 2021	385,784
Net book value	
At 31 December 2020 and 31 December 2021	385,784

The principal subsidiaries of the company are as follows:

	Principal activity	Class of shares	% holding	Country of registration
Aldi Stores (Ireland) Limited	Grocery retail	Ordinary	100%	Ireland (4)
Aldi Stores (Ireland) Developments Limited	Property development	Ordinary	100% (1)	Ireland (4)
Aldi Stores (Ireland) Retirement Benefits Trustee Company Limited	Dormant	Ordinary	100% (1,2)	Ireland (4)
Aldi Limited	Dormant	Ordinary	100% (3)	England and Wales (5)

1 Investment is held through a subsidiary company
2 Subsidiary has claimed exemption from audit under Section 365 of Irish Companies Act 2014
3 Subsidiary has claimed exemption from audit under Section 480 of Companies Act 2006
4 Registered office: 67-68 Fitzwilliam Square, Dublin 2, Ireland
5 Registered office: Holly Lane, Atherstone, Warwickshire, CV9 2SQ

All of the above subsidiaries are included in the consolidation.

13. INVESTMENT PROPERTY

Group

	Total £'000
FAIR VALUE	
Transfers	63,471
Additions	1,820
Disposals	(2,690)
Fair value adjustments	16,758
At 31 December 2021	79,359
NET BOOK VALUE	
At 31 December 2021	79,359

continued...

13. INVESTMENT PROPERTY - continued

Group

The comparable historical cost net book value of investment property stated at fair value is £77.914m (2020: £nil).

The fair value of all investment property is based on valuation by external, independent valuers, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

Company

	Total £'000
FAIR VALUE	
Additions	**1,820**
Disposals	**(2,690)**
Fair value adjustments	**18,969**
Transfers	**55,800**
At 31 December 2021	**73,899**
NET BOOK VALUE	
At 31 December 2021	**73,899**

The comparable historical cost net book value of investment property stated at fair value is £60.762m (2020: £nil).

The fair value of all investment property is based on valuation by external, independent valuers, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

14. INVENTORIES

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goods for resale	**540,295**	451,547	**468,285**	382,197
Goods for own use	**5,059**	6,809	**5,002**	6,793
	545,354	458,356	**473,287**	388,990

continued...

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other receivables	**32,296**	34,630	**29,773**	31,621
Amounts owed by group undertakings	**112,841**	351,012	**81,133**	299,195
Derivative financial instruments	**10,237**	13,250	**4,934**	12,441
Corporation tax	**24,694**	7,411	**25,338**	8,633
Prepayments and accrued income	**44,808**	24,827	**43,368**	23,928
	224,876	431,130	**184,546**	375,818

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

Further details regarding derivative financial instruments are given in note 19.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	**1,304,424**	1,216,664	**1,151,220**	1,051,978
Other taxes and social security	**22,476**	25,166	**19,329**	21,376
Other payables	**72,291**	136,164	**59,686**	116,712
Accruals and deferred income	**168,812**	216,088	**146,725**	196,089
Derivative financial instruments	**37,654**	21,976	**37,640**	18,879
Amounts owed to group undertakings	**30,842**	369,673	**27,571**	361,265
	1,636,499	1,985,731	**1,442,171**	1,766,299

Amounts owed to group undertakings at 31 December 2021 are unsecured, have no fixed repayment date and are repayable on demand.

Further details regarding derivative financial instruments are given in note 19.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other payables	**4,120**	4,086	**4,120**	4,086
Loans from group undertakings	**880,000**	465,000	**880,000**	465,000
	884,120	469,086	**884,120**	469,086

Loans from group undertakings are unsecured, attract an internally agreed market rate of interest and are repayable between September 2023 and 2025.

continued...

18. LEASING AGREEMENTS

Minimum future lease payments payable under non-cancellable operating leases fall due as follows:

Group

	2021 £'000	2020 £'000
Within one year	**97,696**	100,194
Between one and five years	**379,097**	347,318
Over five years	**1,093,200**	1,034,181
	1,569,993	1,481,693

Minimum future lease payments receivable under non-cancellable operating leases fall due as follows:

Group

	2021 £'000	2020 £'000
Within one year	**5,396**	6,287
Between one and five years	**17,328**	21,509
Over five years	**14,289**	25,736
	37,013	53,532

19. FINANCIAL INSTRUMENTS

Group

	2021 £'000	2020 £'000
Financial assets measured at fair value through profit or loss:		
Derivative financial instruments	**10,237**	13,250
Financial assets measured at amortised cost:		
Other receivables	**32,296**	34,630
Amounts owed by group undertakings	**112,841**	351,012
	145,137	385,642
Financial liabilities measured at fair value through profit or loss:		
Derivative financial instruments	**37,654**	21,976
Financial liabilities measured at amortised cost:		
Trade payables	**1,304,424**	1,216,664
Other payables	**815**	1,412
Amounts owed to group undertakings	**30,842**	369,673
Loans from group undertakings	**880,000**	465,000
	2,216,081	2,052,749

continued...

19. FINANCIAL INSTRUMENTS - continued

Derivative financial instruments - forward contracts

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for foreign currency payables. This hedging arrangement fixes the exchange rate of forecast transactions denominated in foreign currencies.

The forward exchange contracts are designated as hedging instruments and their fair value is based on their listed market price, if available, otherwise fair value is determined by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The net fair value of the forward foreign currency contracts at 31 December 2021 is a liability of £27.417m (2020: £8.726m).

At 31 December 2021 the outstanding forward exchange contracts all mature within 12 months (2020: 12 months). The cash flows associated with the contracts are expected to affect profit or loss and are expected to occur within 12 months (2020: 12 months).

A hedging loss of £18.691m (2020: £42.964m gain), representing the change in fair value of the forward exchange contracts, was recognised in other comprehensive income in the year.

20. PROVISIONS FOR LIABILITIES

Group

	Deferred Tax £'000	Employee benefits £'000	Other Provisions £'000	Total £'000
At 1 January 2021 (restated)	38,231	43,114	13,216	94,561
Additions dealt with in profit or loss	22,634	17,322	16,790	56,746
Amounts dealt with in fixed assets	-	-	630	630
Amounts dealt with in other comprehensive income	(2,759)	1,431	-	(1,328)
Unwind of discount	-	883	113	996
Exchange differences	(314)	(648)	(157)	(1,119)
Amounts utilised	-	(926)	(4,321)	(5,247)
At 31 December 2021	57,792	61,176	26,271	145,239

Company

	Deferred Tax £'000	Employee benefits £'000	Other Provisions £'000	Total £'000
At 1 January 2021 (restated)	33,107	36,043	10,817	79,967
Additions dealt with in profit or loss	22,641	15,883	15,668	54,192
Amounts dealt with in fixed assets	-	-	558	558
Amounts dealt with in other comprehensive income	(3,499)	1,431	-	(2,068)
Unwind of discount	-	819	111	930
Amounts utilised	-	(773)	(3,033)	(3,806)
At 31 December 2021	52,249	53,403	24,121	129,773

continued...

20. PROVISIONS FOR LIABILITIES - continued

Employee benefit obligations existing at the year end date are recognised in accordance with the accounting policy state in note 2. In assessing the obligation the following assumptions have been used; discount rate of 1.60% and price inflation of 3.30% per annum. The directors have also utilised a staff turnover and salary increase percentage based on historic information in determining the year end employee benefit provision.

It is expected that payments of £1.708m will be made in the year ended 31 December 2022 in respect of the employee benefit obligation. The timing of the remaining payments to fully settle the obligation are uncertain.

Other provisions include property cost and other obligations existing at the year end date recognised in accordance with the accounting policy stated in note 2. It is expected that payments of £3.222m will be made in the year ended 31 December 2022 in respect of other provisions. The timing of the remaining payments to fully settle the obligations are uncertain.

The provision for deferred tax consists of:

	Group 2021 £'000	**Group 2020 £'000 (restated)**	**Company 2021 £'000**	**Company 2020 £'000 (restated)**
Accelerated capital allowances	**79,358**	48,948	**73,356**	42,562
Other timing differences	**(21,566)**	(10,717)	**(21,107)**	(9,455)
	57,792	38,231	**52,249**	33,107

The deferred tax liability is not expected to materially change in 2022.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	**Class:**	**Nominal value:**	**2021 £'000**	**2020 £'000**
1,061,429,168	Ordinary Shares	£1	**1,061,429**	1,061,429

Called up share capital represents the nominal value of the shares that have been issued. There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

continued...

22. RESERVES

Group

	Retained earnings £'000	Capital reserve £'000	Cash flow hedge reserve £'000	Redenomination reserve £'000	Totals £'000
At 1 January 2021 (restated)	1,909,815	130,247	(10,162)	428	2,030,328
Profit for the year	5,066	-	-	-	5,066
Other comprehensive income	(46,283)	-	(10,531)	-	(56,814)
Remeasurement of employee benefit obligation	(1,431)	-	-	-	(1,431)
Deferred tax on other comprehensive income	358	-	2,401	-	2,759
At 31 December 2021	1,867,525	130,247	(18,292)	428	1,979,908

Company

	Retained earnings £'000	Capital reserve £'000	Cash flow hedge reserve £'000	Redenomination reserve £'000	Totals £'000
At 1 January 2021 (restated)	1,649,650	130,247	(8,938)	428	1,771,387
Deficit for the year	(21,855)				(21,855)
Other comprehensive income	-	-	(16,534)	-	(16,534)
Remeasurement of employee benefit obligation	(1,431)	-	-	-	(1,431)
Deferred tax on other comprehensive income	358	-	3,141	-	3,499
At 31 December 2021	1,626,722	130,247	(22,331)	428	1,735,066

The capital reserve represents gifted unconditional funding contributions from the company's equity shareholder, which do not confer the right of repayment. The reserve is distributable.

The cash flow hedge reserve represents the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings represents accumulated net comprehensive income for the year and prior years.

Group retained earnings includes £57.368m net gains (2020: £103.571m) of accumulated currency translation differences which are non-distributable.

continued...

23. CAPITAL COMMITMENTS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Capital Commitments	**351,719**	180,467	**308,433**	153,313

Capital commitments represent property, plant and equipment capital expenditure contracted for but not provided in the financial statements. The commitments will be funded from operating cash flow. Group commitments of £210.398m (2020: £165.236m) are due within one year and £141.321m (2020: £15.231m) due over one year. Company commitments of £177.644m (2020: £142.165m) are due within one year and £130.789m (2020: £11.148m) due over one year.

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24. COMPANY CONTROL AND TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

The immediate parent company of Aldi Stores Limited is Hofer KG, an Austrian partnership. The ultimate controlling party is Hofer KG during the current and prior year. In the opinion of the directors, Hofer KG is not controlled by any party. The company is exempt from disclosing related party transactions with its wholly owned group subsidiaries.

At 31 December 2021 a loan of £nil (2020: £0.138m) remains outstanding from G Hurley, director of the company, following repayments received during the year of £0.138m (2020: £0.438m). The loan attracted interest at 1.10% per annum (2020: 1.10%) which has been paid in the year.

At 31 December 2021 loans of £0.212m (2020: £0.359m) remain outstanding from key management personnel including directors. Total repayments of £0.150m (2020: £0.451m) were received during the year. The loans attracted interest at 1.10% per annum until 15 December 2021 and 1.25% per annum thereafter (2020: 1.10% per annum).

During the year the group received services amounting to £12.318m (2020: £13.552m) from Aldi IIT Administration Services GmbH and services amounting to £94.742m (2020: £60.939m) from Aldi International Services GmbH. At 31 December 2021 £0.398m (2020: £32.946m remains due from) remains due to Aldi IIT Administration Services GmbH and is included within creditors falling due within one year (2020: included within debtors due within one year). At 31 December 2021 £6.725m (2020: £48.242m) remains outstanding to Aldi International Services GmbH and is included within creditors falling due within one year. The Siepmann Stiftung and Carolus Stiftung have significant influence over Aldi IIT Administration Services GmbH, Aldi International Services GmbH and Aldi Stores Limited.

During the year the group received services amounting to £20.057m (2020: £14.687m) from Hofer KG. At 31 December 2021 £1.174m (2020: £0.450m) remains outstanding to Hofer KG and is included within debtors due within one year.

During the year the group made purchases of £69.957m (2020: £61.796m) from EIE Import GmbH. At 31 December 2021 £22.539m (2020: £15.715m) remains outstanding to EIE Import GmbH and is included within creditors falling due within one year. EIE Import GmbH is a member of the Hofer KG group.

During the year the group received services amounting to £8.053m (2020: £5.196m) from Aldi Ahead GmbH. At 31 December 2021 £1.389m (2020: £0.999m) is owed to the group by Aldi Ahead GmbH and is included within debtors due within one year. Aldi Ahead GmbH is a member of the Hofer KG group.

At 31 December 2021 £45.036m (2020: £35.977m) and £64.473m (2020: £280.187m) is owed to the group by Hofer Cash Management GmbH and Hofer Financial Services GmbH respectively and is included within debtors due within one year. At 31 December 2021 loans of £880.000m (2020: £770.000m) are owed to Hofer Financial Services GmbH, with £nil (2020: £305.000m) included in creditors falling due within one year and £880.000m (2020: £465.000m) included in creditors falling due after one year. Hofer Cash Management GmbH and Hofer Financial Services GmbH are members of the Hofer KG group.