

Lidl Limited

Reports and Financial Statements

28 February 2017



Corporate information

Directors

M Bailie (resigned 30/11/2016)
I Fischer
A Gibson (appointed 09/09/2016)
R Gottschlich (resigned 09/09/2016)
C Härtnagel (appointed 09/09/2016)
M Heslop (appointed 16/01/2017)
D Kahl
R McDonnell
T Ulbrich (appointed 14/09/2016)
R Ryan (appointed 14/09/2016)
C Walker (resigned 19/07/2016)

Secretary

T Belser (resigned 09/08/2017)
R Ruehl

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

National Westminster Bank Plc
P O Box 12258
1 Princes Street
London EC2R 8PA

Registered Office

19 Worple Road
Wimbledon
London SW19 4JS

Strategic Report

Principal activities and review of the business

The principal activity of the company during the year continued to be the provision of services to fellow group companies within the United Kingdom. The company employs staff on behalf of other group companies and charges for the services of these staff to these group companies. The company's key financial and other performance indicators during the year were as follows:

	2017 £000	2016 £000	Change %
Turnover	418,630	344,176	22%
Profit before taxation	77	237	-68%
Profit after tax	42	192	-78%
Shareholders' funds	975	933	5%
Current assets as % of current liabilities	104	104	0%
Average number of employees	19,028	16,471	16%

The company's turnover has increased by 22% during the year due to the increase in number of employees providing services to fellow group companies.

Profit after tax has decreased by 68%, primarily due to the increase in administrative expenses.

The average number of employees has increased by 16% during the year. This is attributable to increased activities in the operating company using the services of Lidl Limited. Average employee numbers are expected to rise in the future years due to expansion plans.

Principal risks and uncertainties

The company does not carry out an active trade with third parties so the range of risks it is exposed to is very limited. To the fullest extent possible, we believe the company has taken sufficient measures to mitigate potential risks and uncertainties and turn these into opportunities for future growth.

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


Dirk Kahl
Director

Date: 27/11/17

Directors' report

The directors present their report and financial statements of the company for the year ended 28 February 2017.

Results and dividends

The profit for the year, after taxation, amounted to £42,000 (2016 – profit of £192,000). The directors do not recommend the payment of any dividends (2016 – £nil).

Future developments

The directors are confident that the company will continue to grow steadily throughout this financial year.

Going concern

The company's business activities, together with factors likely to affect its future development and financial position are described in the strategic report on page 2.

Based on forecasts, the current group structure and the whole group's position in the UK retail market the directors have a reasonable expectation that the company has adequate resources to continue its business for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served during the year are as follows.

M Bailie (resigned 30/11/2016)

I Fischer

A Gibson (appointed 09/09/2016)

R Gottschlich (resigned 09/09/2016)

C Härtzel (appointed 09/09/2016)

M Heslop (appointed 16/01/2017)

D Kahl

R McDonnell

T Ulbrich (appointed 14/09/2016)

R Ryan (appointed 14/09/2016)

C Walker (resigned 19/07/2016)

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors' report (continued)

Employee involvement

During the year, the company has continued to inform its employees about relevant events in accordance with the group's information policy.

The employees are continuously given the opportunity to raise any work related issues to management and appraisals are held on a regular basis with all the company's staff. The active participation of the employees in the main operational processes and their development has again been actively encouraged by management and is reinforced by the company's commitment to continued internal training and promotion within the company.

Insurance of company officers

The company has maintained insurance throughout the year, and up to the date of approving the directors' report, for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

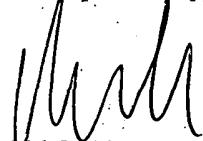
Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s.485 of Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

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



Dirk Kahl

Director

Date: 27/11/17

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Lidl Limited

We have audited the financial statements of Lidl Limited for the year ended 28 February 2017 which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

to the members of Lidl Limited

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Gordon Cullen (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom

Date:

24/11/17.

Statement of income and retained earnings

for the year ended 28 February 2017

	<i>Notes</i>	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Turnover	2	418,630	344,176
Administrative expenses		(419,918)	(344,064)
Other operating income		1,365	125
Profit on ordinary activities before taxation	3	77	237
Tax on profit on ordinary activities	6	(35)	(45)
Profit retained for the financial year	10	42	192

All the activities of the company are classed as continuing.

There are no recognised gains or losses other than the profit of £42,000 attributable to the shareholders for the year ended 28 February 2017 (2016 – profit of £192,000).

Statement of financial position

at 28 February 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors	7	25,152	24,849
Creditors: amounts falling due within one year	8	(24,177)	(23,916)
Net current assets		975	933
Capital and reserves			
Share capital	9	-	-
Profit and loss account	10	975	933
Shareholder's funds	10	975	933

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

Dirk Kahl
Director

Date: 27/11/17

Statement of cash flows

for the year ended 28 February 2017

	<i>Notes</i>	<i>2017 £000</i>	<i>2016 £000</i>
Net cash inflow from operating activities	11(a)	30	51
Taxation	11(b)	(35)	(45)
(Decrease)/Increase in cash	11(c)	(5)	6

Reconciliation of net cash flow to movement in debt

	<i>Notes</i>	<i>2017 £000</i>	<i>2016 £000</i>
(Decrease)/Increase in cash	11(c)	(5)	6
Net debt at 1 March	11(c)	(3)	(9)
Net debt at 28/29 February	11(c)	(8)	(3)

Notes to the financial statements

at 28 February 2017

1. Accounting policies

Statement of compliance

Lidl Limited is a limited liability company incorporated in England. The Registered Office is 19 Worple Road, London SW19 4JS.

These financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 28 February 2017.

Basis of preparation and change in accounting policy

The financial statements were authorised for issue by the Board of Directors on 27th November 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

Revenue recognition

Revenue is recognised for the provision of services to Lidl UK GmbH, Lidl UK Assets GmbH, TE Beteiligungs GmbH as and when these services are provided.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Holiday pay

The company recognises holiday pay as it accrues to employees throughout the year, with any earned but unused entitlement recognised within accruals.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts charged to group companies for services provided during the financial year within the United Kingdom. Turnover is attributable to one continuing activity, the provision of services to fellow group companies within the United Kingdom.

An analysis of turnover by geographical market is given below:

	2017 £000	2016 £000
United Kingdom	418,630	344,176

Notes to the financial statements

at 28 February 2017

3. Profit on ordinary activities before taxation

This is stated after charging:

	2017 £000	2016 £000
Auditor's remuneration – audit services	17	16

4. Directors' emoluments

	2017 £000	2016 £000
Emoluments	4,849	3,376
Value of company pension contributions to money purchase schemes	70	88

	No.	No.
Members of money purchase pension schemes	10	3

The amounts in respect of the highest paid director are as follows:

	2017 £000	2016 £000
Emoluments	686	698
Value of company pension contributions to money purchase schemes	13	-

Notes to the financial statements

at 28 February 2017

5. Staff costs

	2017 £000	2016 £000
Wages and salaries	367,399	303,822
Social security costs	32,987	27,921
Staff pension contributions	11,409	9,453
	<u>411,795</u>	<u>341,196</u>

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

	2017 No.	2016 No.
Full time employees	6,559	5,566
Part time employees	12,469	10,905
	<u>19,028</u>	<u>16,471</u>

6. Tax

(a) Tax on profit on ordinary activities

The tax profit is made up as follows:

	2017 £000	2016 £000
UK corporation tax	26	44
Prior year adjustment	9	1
Total current tax (note 6(b))	<u>35</u>	<u>45</u>

(b) Factors affecting current tax rate

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 20% (2016 – 20%).

	2017 £000	2016 £000
Profit on ordinary activities before taxation	77	237
Profit on ordinary activities multiplied by rate of standard corporation tax rate in the UK of 20% (2016 – 20%)	15	48
Effect of permanent differences	11	(4)
Prior year adjustment	9	1
Total current tax (note 6(a))	<u>35</u>	<u>45</u>

Notes to the financial statements

at 28 February 2017

7. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	24,752	24,666
Other debtors	184	-
Prepayments and accrued income	216	183
	<u>25,152</u>	<u>24,849</u>

8. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade payables	83	-
Bank overdraft	8	3
Current corporation tax	26	45
Other taxation and social security costs	9,532	7,781
Other creditors (note 12)	1,042	867
Accruals and deferred income	13,486	15,220
	<u>24,177</u>	<u>23,916</u>

9. Issued share capital

	No.	2017 £	No.	2016 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2

10. Reconciliation of shareholder's funds and movement on reserves

	<i>Share capital</i>		<i>Profit and loss account</i>		<i>Total</i>	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
At 1 March	-	-	741	596	741	596
Profit for the year	-	-	192	145	192	145
	<u>-</u>	<u>-</u>	<u>933</u>	<u>741</u>	<u>933</u>	<u>741</u>
At 1 March	-	-	933	741	933	741
Profit for the year	-	-	42	192	42	192
	<u>-</u>	<u>-</u>	<u>975</u>	<u>933</u>	<u>975</u>	<u>933</u>
At 28/29 February	-	-	975	933	975	933

Notes to the financial statements

at 28 February 2017

11. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2017 £000	2016 £000
Operating profit	77	237
Increase in debtors	(303)	(3,701)
Increase in creditors	256	3,515
Net cash inflow from operating activities	30	51

(b) Taxation

	2017 £000	2016 £000
Corporation tax paid	35	45

(c) Analysis of changes in net debt

	At 1 March 2016 £000	Cash flows £000	At 28 February 2017 £000
Bank overdraft	(3)	(5)	(8)
Net debt	(3)	(5)	(8)

12. Pensions

The company operates a defined contribution pension scheme, the Group Stake Holder Pension, for certain of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in other creditors in note 8, are £1,031,850 (2016 – £867,154).

Notes to the financial statements

at 28 February 2017

13. Related party transactions

During the year Lidl Limited undertook transactions with the following related parties:

Lidl UK Assets GmbH

During the year Lidl Limited provided rent collection services to Lidl UK Assets GmbH with charges for these services being calculated monthly on a normal commercial basis. The charges made to Lidl UK Assets GmbH were as follows:

Lidl UK Assets GmbH	£1,062,733 (2016 – £503,531)
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TE Beteiligungs GmbH

During the year Lidl Limited provided rent collection and property development services to TE Beteiligungs GmbH with charges for these services being calculated annually on a normal commercial basis. The charges made to TE Beteiligungs GmbH were as follows:

TE Beteiligungs GmbH	£388,559 (2016 – £377,881)
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At the year-end no amounts were due from either related party mentioned above.

14. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Lidl UK GmbH, a company incorporated in Germany.

In the directors' opinion the company's ultimate parent undertaking, controlling party and smallest and largest undertaking in whose financial statements the company is included is Schwarz Beteiligungs-KG, which is incorporated in Germany. These financial statements are available at <https://www.bundesanzeiger.de>.

15. Events after the reporting period

There are no events occurred after the reporting period that should be adjusted in the accounts.