

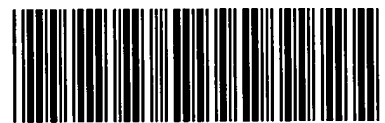
# **Lidl Great Britain Limited**

Registered No. 02816429

## **Reports and Financial Statements**

28 February 2023

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## Strategic Report

### Business review

#### Principal activity

The principal activity of Lidl Great Britain Limited ("the Company") is the retailing of grocery products in Great Britain.

#### Financial highlights

Revenue increased by 18.8% from £7,829,310k in the year to £9,300,716k. The Company made a loss after tax for the year of £72,750k (2022: £28,621k profit). The loss for the year can be attributed to the significant investments the Company made across the year, alongside the challenging inflationary environment which led to an increase in costs across the board. The Company has seen an increase in market share to 7.1% and welcomed over 1.5 million more customers vs the prior year. The Company has the full support of its international parent, Lidl Stiftung & Co. KG, one of the largest European retailers.

The Company has invested £533m in the acquisition of new tangible fixed assets and opened over 50 new stores in the year. The Company continues to be ambitious in its expansion programme. By investing in new and existing stores, as well as a focus on its distribution network (warehouses), the Company will ensure it has the infrastructure to support and sustain its growth.

	2023	2022	Change
	£ '000	£ '000	%
Revenue	9,300,716	7,829,310	18.8
(Loss)/ profit before taxation	(75,986)	41,144	(285)
(Loss)/ profit after taxation	(72,750)	28,621	(354)
Shareholder's funds	1,392,455	1,465,205	(5)
Average number of colleagues	29,882	26,743	12
Number of trading stores	963	918	5
Market share	7.1%	6.2%	0.9ppts

## Strategic Report

### Key Business Achievements

#### Being a Great Place to Work

Lidl Great Britain Limited recognises that all employees are imperative to its success and ability to meet our long-term goals. The Company is committed to its employees' welfare and aims to attract the best talent, offering jobs to communities across the country. The average number of colleagues has increased by 12% during the year to nearly 30k.

#### Consistently offering the lowest prices in the market

At Lidl Great Britain Limited, for almost 30 years, the focus has always been on its unwavering commitment to providing customers with the best value in the market. In addition to this, the Company continued to issue weekly deals on specific products through its rewards app, Lidl Plus. The app further enhances its customer's experience with new features and exclusive campaigns and discounts that go beyond promotions. The Company was the first supermarket to win the Grocer's Super 33 Cheapest Supermarket, winning a further two times and won Which? Cheapest Basket five times throughout the year.

#### Offering High Quality Products to our Customers

Lidl Great Britain Limited continues to focus on offering customers high quality products and regularly wins awards for ranges or items. Quality extends to the sourcing credentials of products, for example The Company has been named as 'MSC mid-sized retailer' for seven years running.

#### Committed to support British Food and Farming

The Company is committed to investing in the British food and farming economy and championing British farmers. Around two thirds of its products are from British suppliers. During the period the Company invested £4bn in British food businesses and announced plans for a further £4bn investment for FY23. This accelerates initial spending plans announced at the end of 2019, with its five-year investment commitment set to be exceeded by an additional £2 billion. The Company also continued to support British food businesses export to Lidl shoppers overseas. Cheese is one of the most popular products exported, with Lidl GB suppliers sending over £50m worth of British cheese to stores across Europe. Finally, during the period the Company offered support to its fruit and vegetable suppliers following the impact of extreme weather conditions on fresh produce. The Company agreed to take products affected by the drought which, looked a bit different to what shoppers were typically used to.

#### Sustainability: Making Good Food Accessible to Everyone

The Company's overarching sustainability strategy is to 'make good food accessible to everyone'. Lidl's vision is to ensure that its food and all its products are produced, sold, and consumed in ways that benefits customers, communities and the planet. The Company has continued to set clearer, tangible plans and goals for the future to ensure that it can act and lead with both direction and ambition.

Further information on the progress of the Company's sustainability strategy and progress can be found in the stakeholder matrix on pages 7-8, the Corporate Governance section on pages 10-16 and the Streamlined Energy and Carbon Reporting (SECR) section in the Directors report on pages 19 & 20, as well as in 'The Good Food Report' at <https://corporate.lidl.co.uk/sustainability/sustainability-reports>.

## Strategic Report

### Principal Risks and Uncertainties

#### *Competitive market forces*

Competitive markets in Great Britain represent a risk to the Company. The Company has responded by striving to improve customer satisfaction through constantly improving the quality and value of its products. This is supported by continued investment in existing and new stores and warehouses across the country, along with investment in suppliers and colleagues to support business growth.

#### *Economic risk*

The Company is dependent on the economic situation in Great Britain, and is exposed to local, regional, national and global economic, political, social and other trends that could impact its operations and financial performance.

#### *Supply chain risk*

There is a risk of sufficiently meeting customer demand due to the impact on supply chain of external factors that all food retailers are susceptible to. There is no assurance that these supply chain issues will not occur in the future, as well as any other relevant issues, but we are confident that our supply chain is robust and enables us to quickly react.

#### *Foreign Exchange Risks*

Purchasing goods in foreign currencies exposes the Company to foreign exchange risks. Management is confident in its treasury management policies and that it is well positioned to mitigate this risk sufficiently. See further detail about how the Company manages this risk in the financial instruments section on page 33.

#### *Legal and Compliance Risk*

The Company is required to comply with applicable laws. The risk of not complying with regulations are financial losses and reputational damage. To manage this risk the compliance department within the Company has established a compliance management system that identifies, prevents, and corrects non-compliance. The compliance management system focuses on the following areas: competition law, groceries supply code of practice, fraud and bribery prevention, business partner compliance and whistleblowing. Our Compliance Management System (CMS) is designed to prevent non-compliance as far as possible, to identify non-compliance when it happens, and to enable us to act on non-compliance early in order to avoid loss by focussing on areas identified as a risk to the Company.

#### *Staffing*

Like all retailers, the Company is at risk to being impacted by labour shortages due to restrictions on the freedom of movement of EU workers and staff availability issues caused by the economic climate. However, the Company is confident it can manage this risk, which is currently considered minimal.

#### *Technology*

Across the industry there has been a significant investment in technology which presents a strategic risk to the Company as it makes the market more competitive. Whilst competitors have an online presence in the market, the Company's focus remains on its bricks and mortar business and believes it can remain competitive in the market using this strategy, which is seen a significant growth opportunity. The Company is continuing to explore suitable digital opportunities within the existing structure.

## Strategic Report

### *Environmental Impact*

There is a shift towards consumers becoming more conscious around the environmental impact of the choices they make. This is particularly evident when consumers shop for food and drink, where customers are now factoring in the impacts on the planet into their decisions. Food retailers are increasingly coming under pressure to minimise their negative impact on the environment as the call for action on climate change has never been louder. This gives rise to a reputational risk for the Company. Lidl Great Britain Limited has numerous initiatives in place to help the climate change crisis and further detail can be found in pages 10-16 in the Corporate Governance section and the SECR section on pages 19 & 20 in the Directors report.

## Strategic Report

### Section 172 Statement

In accordance with section 172 of the Companies Act 2006, the directors act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the Company's colleagues
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct and
- the need to act fairly between members of the Company

Information on why and how the Company engages with each of the stakeholder groups can be found in the stakeholder matrix below.

## Strategic Report

### Key Stakeholders

#### Customers

##### *Why*

The Company's purpose is to enhance the lives of customers, by continuing to provide quality products at market leading value. Customer satisfaction is key to the Company's long-term success.

##### *Methods of engagement and outcomes*

The Board regularly engages with customers through the Company's website, leaflets, social media and traditional media channels. The Board will use customer feedback from these channels, in the form of customer surveys to shape its future customer engagement and tailor its overall strategy accordingly. This can be in various forms depending on these insights i.e. policy development, product and store development and awareness measures.

#### Colleagues

##### *Why*

The Company employs on average nearly 30,000 colleagues across warehouses, stores and offices, and their dedication is key to its long-term success.

##### *Methods of engagement and outcomes*

The Board engages with colleagues through its internal intranet, which provides colleagues with news and business updates, mobile application, 'weekly business information' or 'what you need to know' memos. Each week the Board meets, discusses, and considers the points that need to be cascaded to the relevant colleagues.

The Company's 'Idea Lab' platform presents colleagues with the opportunity to submit suggestions to the business. The Board reviews the ideas submitted. Prizes can be won for ideas submitted and implemented within the business.

The Company provides competitive pay rates, that exceeds living wage standards, more information on pay increases in the year can be found in the Principal Decision Making section on page 9.

Further information on the Company's commitment to its colleagues can be found in the Corporate Governance section (pages 10-16).

#### Communities

##### *Why*

The Company is committed to strengthen the connection and support provided to local communities across Great Britain. By understanding and respecting the communities surrounding the stores and warehouses, it can support those that need it most and build trust with its valued customers and colleagues.

##### *Methods of engagement and outcomes*

The Board engages with communities across Great Britain through establishing strong relationships with partners, such as Neighbourly and NSPCC.

The Board engages with its partners using regular insight surveys to establish ongoing needs and expectations. It can then use this information to design initiatives to further strengthen its support provided to local communities

Further information on the Company's engagement with communities can be found in the Corporate Governance section on pages 10-16.

## Strategic Report

### Suppliers

#### *Why*

Suppliers are crucial to the long-term success of the Company. As a grocery retailer, it must provide quality and a variety of products to meet customer expectations and high standards as part of the Company's core values. In addition, the Company has an ethical responsibility to ensure suppliers are treated fairly and there is transparency throughout the supply chain.

#### *Methods of engagement and outcomes*

The Board engages directly with the Groceries Code Adjudicator to obtain feedback on how Lidl Great Britain Limited complies with its obligations to treat suppliers fairly under the Groceries Supply Code of Practice (GSCOP). The Company provides fair prices and transparent commercial agreements to provide business security to its partners, as well as increasing the number of longer-term contracts within food buying, to provide necessary security allowing suppliers to invest in the long-term success of their own businesses.

The Company takes part in the independent GSCOP supplier survey and the Board uses the results of the survey to help improve its processes and ensure the Company is fully compliant.

Through dedicated training, the Board engages with its suppliers to prevent modern slavery and human trafficking in its business operations and supply chain and this will be reported through its Modern Slavery Statement. The Company enforces consistent, rigorous standards to protect workers and implements human rights due diligence, in line with the UN Guiding Principles, to ensure it systematically monitors and addresses human rights impacts.

All business policies are shared with suppliers as part of the tender process to ensure transparency.

### Planet

#### *Why*

The call for action on climate change has never been louder. Recent evidence makes an unequivocal case that 'urgent and unprecedented' change from governments, business and citizens must start now. As a food retailer, the Company has an ethical responsibility to help address the climate change crisis through carbon use reduction, waste reduction and plastic use reduction.

#### *Methods of engagement and outcomes*

The Board are fully committed to the Company's Corporate Social Responsibility and have engaged with various environmental agencies and NGO's to assist the Company with reaching its goals.

The Board supports and is a member of a range of industry collaboration and initiatives aimed at working together to set clear objectives and tackle environmental issues.

Further information on the specific commitments and achievements can be found in the Company's CSR report, the Streamlined Energy and Carbon Reporting on pages 19 & 20 and the Corporate Governance section on pages 10-16.

More details on each individual stakeholder group can be found in the corporate governance section. Additional information on stakeholder engagement can be reviewed in Director's Report.



## Strategic Report

### Principal Decision Making

The Board would define a principal decision as being one that is significant to any one of its key stakeholder groups. The Board of Directors are the principal decision-making body within the Company. Below are some examples of principal decisions that the board has made during the year. The Board recognises how important engaging with stakeholders is to help inform its strategy and Board decision-making. The following shows examples of how the Board has considered the impact on stakeholders when making decisions.

#### *Living Wage*

During the year the Board was pleased to announce plans to further increase hourly wages. As of October 2022, entry-level pay increased from £10.10 to £10.90 per hour outside of London and £11.30 to £11.95 within the M25, going up to £13.00, depending on location and length of service. The £39.5m investment, which directly benefitted over 23,500 Lidl employees, forms part of the Company's ongoing commitment to supporting its employees both inside and outside of the workplace and represents an investment of over £50m into hourly wage increases in less than eight months and a total of £83.5m into hourly wage increases over the past six years.

#### *Climate Change*

The Company is focussed on cutting carbon emissions across its own operation and wider supply chains and has defined strong strategies to drive packaging and food waste reduction. Information on the Company's climate change commitments as well as examples of the specific initiatives the Company has taken out can be found in the Corporate Governance and the Streamlined Carbon and Energy Reporting sections of the Financial Statements.

#### *Future expansion*

The Company's store expansion has been and continues to be unparalleled. In April 2023 it published its latest list of priority locations for new Lidl stores across Great Britain and reiterated its vision to have over 1,100 stores in the future. The Company seeks to secure sites for future stores and has also doubled down on its plans to strengthen its warehouse infrastructure, further increasing capacity across the country. As part of these plans, planning application has been submitted for a new regional distribution centre on a 38-acre site in Gildersome, Leeds, and in August 2023 it will open its largest ever warehouse in Luton, creating more than 1,500 jobs.

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



Marco Di Costanzo

Director

Date: 2<sup>nd</sup> August 2023

## Corporate Governance

For the year ended 28 February 2023, under The Companies (Miscellaneous Reporting) Regulations 2018, Lidl Great Britain Limited has applied the Wates Corporate Governance Principles for Large Private Companies.

### Principle 1 – Purpose and Leadership

The Lidl brand was founded in Germany and has grown significantly to become one of Europe's leading food retailers. The first Lidl Great Britain Limited store opened its doors in 1994 and, twenty-nine years later, the Company operates over 950 stores and thirteen regional distribution centres across Great Britain, employing on average nearly 30,000 people.

- The Company's purpose is to provide quality products at market-leading value and enhance customer satisfaction.
- The Company's values include building sustainable relationships with stakeholders, contributing positively to local communities and achieving long term success by continuous employee development. Further details of which can be found in the section 172 statement page 7.
- The board of directors annually reviews, updates, and communicates the company's strategy, which is cascaded throughout the business. This is largely focussed on our customers and forms the basis of departmental tactics for the year. Departmental tactics are managed by senior management of the relevant department and core business project updates are reported to the board of directors monthly.
- Senior management discusses and informs of any updates to internal procedures, processes and policies weekly, which is summarised and uploaded to the Company's intranet where colleagues can access it.
- Several departments are responsible for monitoring compliance with law and internal guidelines, while an internal audit team periodically reviews practices within the business to establish if these are compliant with internal and external guidelines. Results of this are communicated to senior management and the board with any gaps identified logged and feedback provided on how to close the gap which is then reassessed by a second internal audit.
- As part of the Company's values, Lidl's leadership prioritises creating a cooperative work environment that supports personal development and mutual learning.

### Principle 2 – Board Composition

#### *Balance and diversity*

The Company ensures the Board consists of individuals who have the necessary technical capability, competency skills, experience, and knowledge to help the Company achieve its long-term goals and so the Board can provide constructive challenge to achieve effective decision-making. Appointments to the Board promote diversity in line with the Equalities Act 2010. There has been a strong effort to establish an appropriate balance of expertise, diversity, and objectivity.

#### *Size, structure, and effectiveness*

The Company's Board consists of nine board directors, seven of them responsible for a different area of operations and one serving as Chief Executive Officer, who leads the board of directors as chairman and oversees all operations. There are no independent directors.

The board of directors' responsibilities are divided into: Purchasing, Marketing, HR, Sales/Logistics, Sales/Supply Chain, Administration and Central Services. Collectively, the board considers it has the

## Corporate Governance

### Principle 2 – Board Composition (continued)

necessary skills, knowledge, experience, and objectivity to deliver the group's strategy, appropriate to its scale and structure. Appointments of board directors are carried out by the international board.

The board of directors meets on a weekly basis to review current business updates.

Each director has the option to consult the company secretary. The company secretary advises the directors of their legal duties as set out by the Companies Act 2006.

The Company also operates several national committees such as the Pension Committee. These committee meetings consist of non-board directors and colleagues of varying roles and levels and provide relevant feedback to the board of directors. The Project Advisory Group (PAG) meet monthly to guide new projects and to oversee the portfolio of ongoing projects. The PAG ensures that business communication takes place early in the project and ensures that communication takes place with the relevant directors to the project.

The parent company will regularly evaluate the Board to help individual directors contribute effectively and highlight the strengths and weaknesses of the Board as a whole.

### Principle 3 – Director Responsibility

#### *Accountability*

Directors are accountable for their respective areas of responsibility, establishing clear lines of responsibility throughout the Company.

Major decisions are made at board level, while operational decisions are made at an operational level. Guidelines and safeguards in place to support management, these are constantly being reviewed and updated, these processes and guidelines can be found in a central process management tool, ARIS. Colleagues receive internal and external training to fulfil their role and ensure compliance, and directors receive an onboarding pack detailing their roles and responsibilities. HR communicates any changes to director responsibility to the whole Company via email.

#### *Integrity of information*

The board receives weekly updates on market share, turnover, employee data, regulations, and financial performance indicators, presented by relevant teams. To ensure accurate financial information, adequately trained and experienced colleagues utilise multiple information systems.

The business has strong internal controls and processes that are mapped out in a continuous business process management system. This is managed and monitored by the Business Process Management department.

Internal audits based on defined processes are carried out on stores, warehouses, and head office departments are regularly conducted and reported to the board with all audit findings and remedies logged in an audit software system. Additionally, the audit department in Lidl Stiftung conduct audits on all areas to ensure process compliance

Conflicts of interest are considered during recruitment of new directors and are reviewed as part of an annual process. The Board are asked to consider or report any conflicts on an on-going basis, and potential conflicts are raised in board meetings for approval.

## Corporate Governance

### Principle 4 – Risks and Opportunities

#### Risks

The Board consistently analyses, reviews, and updates any risks and opportunities to the Company's position in the market. Based on analysis of current and future risks the Company's strategy is reviewed on an annual basis and tactics for the coming year are defined.

The Board has an internal control framework in place where various systems and processes are put in place to manage and mitigate risks to the business. The Company has an internal database where step by step instructions on all processes are maintained, as well as a specific risk management team that sits within the Legal and Compliance department which collates and maintains the risks of the business on behalf of the Board of Directors. On an annual basis, the Risk Management team liaises with all departments within the business to highlight any new risks that the Company faces. The specific processes in the internal database must be reviewed and approved by the Board on a regular basis. Having this in place ensures there is minimal deviation from the optimal process, and it helps identify where the risks are and any action to be taken.

The main risks identified are:

- Competitive market forces in the UK
- Economic risk
- Supply chain risk
- Foreign exchange risks
- Legal and compliance risks
- Staffing
- Technology
- Environmental impact.

More information can be found in the Strategic Report section on pages 4–5.

#### Opportunities

The Company has a monthly project advisory group meeting where business opportunities are identified, presented to the Board of Directors, and discussed. In addition, the Company has a forum called the "Idea Lab", where ideas to improve the business are put forward by colleagues and are reviewed and rewarded.

Further detail on the business opportunities that have been identified by the board in the year, and how the strategy has been implemented can be found in the strategic report.

### Principle 5 – Remuneration

The Company prides itself on being a fair and responsible employer and is committed to nurturing talent within the business.

The Company pay structure is designed to be simple and transparent and is based on the role an individual holds and their length of service within the business.

The Company is proud to be one of the highest paying supermarkets in Britain, more information on this can be found in the Principle Decision Making section on page 9.

The Company continues to invest in a wide range of employee benefits and all colleagues receive an in-store discount, a generous holiday allowance and a bespoke platform where employees can pick and choose benefits to suit them.

## Corporate Governance

### Principal 5 – Remuneration (continued)

Lidl Great Britain Limited is committed to being open and fair in how all colleagues are paid. The Company regularly produces a Gender Pay Gap Report which shows the overall difference in the average pay for men and women across Lidl Great Britain Limited. The latest report can be found in the sustainability section of the Company's website <https://corporate.lidl.co.uk/sustainability>.

### Principle 6 – Stakeholders

The Company is committed to listening and proactively engaging to its broad range of stakeholders. The Company uses a variety of mechanisms to ensure active and ongoing insight and dialogue is maintained including stakeholder surveys, working groups, supplier days and direct meetings with NGOs, policy makers and industry leaders.

Lidl Great Britain Limited takes an inclusive approach to stakeholder input and methods of how the Company takes into consideration stakeholder concerns can be found in the stakeholder matrix on pages 7-8.

The Company always takes onboard stakeholder concerns and comments to continue to evolve its strategy and business. The Company then publicly reports and tracks the progress of many of our stakeholder initiatives. All of this can be found in the Company's sustainability report, which is published every two years. The latest report can be found in the sustainability section of the Company's website <https://corporate.lidl.co.uk/sustainability>.

### Understanding Customers

The Company engages with its customers through its website, leaflets, social media, and traditional media channels. The Company understands consumer trends through regular market research such as focus groups and customer surveys/insights to test the impact of various CSR trials and pilots. Further detail of this can be found on page 7.

The Company is aware that consumers want good healthy food that is affordable. The Company has continued to invest in its product development to be able to offer them just that.

### Investing in people

The Company continues to invest in its employees, with highly competitive pay rates that exceed those advocated by the Living Wage Foundation. It also has a wide range of training and development opportunities to support its diverse workforce, such as graduates and undergraduate placements, the Store Manager development programmes or the international job rotations to help colleagues develop their career with the Company.

Wellbeing is a major focus for the Company to ensure every colleague feels supported in and outside of the workplace. The Company's 'Feel Good Five' wellbeing initiative includes mental health awareness training for all line managers, to equip them with the necessary tools to spot issues and support team members in the right way. The Company also has an Employee Assistance Programme in place, offering a 24-hour support service that can be accessed by all colleagues across the business.

The positive changes the Company is seeing is a result of many workstreams coming together:

- **Hiring practices**

All hiring managers receive recruitment training as standard, to ensure the Company's hiring practices remain fair and transparent. Where the Company has roles which typically see a higher ratio of male to female applicants, the Company is working hard to attract more female talent to apply, through placing advertisements in media typically consumed by females.

## Corporate Governance

- **Hiring practices (continued)**

The Company's commitment to advertising role vacancies internally, before publishing them externally, is also enabling internal development and allowing females to successfully progress through the business.

- **Ways of working and progression**

The Company utilises yearly 'talent forums', to ensure a fair and transparent approach to the Company's appraisal process. The Company's commitment to more flexible working practices, including a mobile working policy, which allows colleagues to be fully flexible with their place of work where possible.

- **Retaining female talent**

The Company's enhanced maternity leave policy, which offers up to 14 weeks full pay, is driving better retention among female colleagues. The Company's 'Diversity and Inclusion' working group continues to explore initiatives to attract, retain and support the progression of female talent at Lidl Great Britain. While the Company continues to find new ways to promote better gender parity across all levels, the Company's focus will be on addressing the representation gap in the upper quartile. The Company has expanded its 'Be Inspired Senior Leadership Academy'. This is a dedicated training programme, focused on nurturing female talent and supporting them into leadership positions.

The Company has maintained its partnership with the Retail Week Be Inspired initiative, designed to encourage women to fulfil their career aspirations and connect them with those who can help propel and inspire them.

More information on Gender Pay Gap reporting can be found under Principal 5 – Remuneration on pages 12-13.

- **Diversity**

As part of the Company's commitment to promoting inclusivity, the Company has a partnership with Stonewall, the charity that focuses on helping workplaces to be more inclusive of the LGBTQI+ community, and in general. The partnership provides all colleagues with access to Stonewall's extensive library of resources and toolkits, including seminars and webinars which will be shared across its internal communication channels.

### **Commitment to Producers**

The Company has made a commitment to purchasing goods from British suppliers, that's why we've increased our investment in British businesses, announcing a £4 billion investment in the next financial year alone, with our overall forecast from 2019 now expected to hit £17 billion by 2025. Suppliers of groceries and non-food range from small family businesses to international corporations. To support our suppliers during challenging times we offer longer-term contracts to provide security and certainty to invest in the future

The Company is committed to the UN Guiding Principles on Business and Human Rights (UNGPs) and implements human rights due diligence as part of its business operations. The human rights risks in its supply chains are systematically monitored and assessed. This assessment informs priority interventions within supply chains to uphold human rights and improve conditions.

### **Supporting communities**

The Company is committed to strengthening the connection and support provided to local communities across Great Britain.

## Corporate Governance

### Supporting communities (continued)

Through a partnership with Neighbourly, the Company operates an initiative called “feed it back” where it provides sustained long-term support to over 2,000 local community groups through product and surplus donation. In ongoing efforts to reduce food waste across the business, the Company donates surplus food to local charities and community groups each day. So far, including donations to HiS Church, the initiative has already provided over 22 million meals. To help diversify and increase food donations, we launched our “Good to Give” Trustmark, a new signage system that highlights selected long-life items that offer a greater variety of nutritional benefits, and which can be dropped at food donation points located past the checkouts in Lidl stores. In 2022, an annual £500,000 Lidl Community Fund was launched. Working with Neighbourly, various grants are awarded to local charities and community groups ranging from £500 to £5000.

The Company is partnered with the National Society for the Prevention of Cruelty to Children (NSPCC) and committed in 2022 to donating a further £5 million over the next three years.

### Protecting the planet

Climate change presents the greatest environmental challenge facing our planet and business. Both short-term and long-term effects can impact our operations direct, the security of supply and the lives of those we work with.

As part of the Schwarz Group, the Company has committed to setting a science-based target (SBT), which will be submitted for validation by the Science Based target Initiative (SBTi). The Company is a funder and supporter of the BRC (British Retailer Consortium) ‘Net Zero Roadmap for the Retail Industry’ to guide the sector to a net zero position by 2040, announced in August 2020.

In 2021 the company extended these commitments to set ambitious climate targets for Lidl Great Britain Limited as part of a wider net zero pathway. The targets set aim to reduce CO2 emissions from own operations (Scope 1 & 2), aligned to help limit global warming to 1.5 degrees. To achieve this, the Company will continue to decarbonise its operations through extended investment in energy efficient technologies, behaviour change programmes and increased renewable generation.

The Company purchases 100% of its electricity for all of its portfolio including Head Office from renewable sources.

Scope 3 indirect emissions from supply chain, principally products for resale, represents over 90% of the company’s overall emissions. As such, the company has set clear targets to engage strategic suppliers (those representing over 75% of product related Scope 3 emissions) in committing to science-based reduction targets by 2026. The company will work closely with suppliers on this journey to support this process, better understand impacts and provide required training and tools.

Further detail on specific targets, greenhouse gas (GHG) emissions figures, energy usage and energy efficiency action taken in the period can be found in the Streamlined Energy and Carbon Reporting section in pages 18 & 19 of the Director’s report.

Reducing the impact of packaging waste remains an environmental priority. Since 2018, Lidl Great Britain Limited has publicly reported on the plastic packaging footprint and has reduced own-label plastic packaging by 20% since 2017. This is tracked against the ambitious targets the Company has to drive plastic reduction. These priorities were strengthened in 2021 and include committing to 40% reduction in own-label plastic packaging by 2025 and a commitment to reduce the total amount of own-label packaging by 25% by 2025.

## Corporate Governance

### Protecting the planet (continued)

'Preventative Ocean Plastic' packaging was introduced in 2021. In addition to the 4 million water bottles prevented from entering the ocean each year, the Company has extended this packaging across fresh meat, further preventing the equivalent of 1.7 million plastic bottles entering the ocean. The Company also introduced clear semi-skimmed milk caps, improving recyclability for customers as well as the introduction of two UK supermarket firsts:

- Smart' laundry detergent refill station trial, removing around 2,970 single-use plastic containers from one store over six months
- On-shelf smart refill machine for laundry detergent, with pouches resulting in a third less plastic compared to standard bottles

Further information on the Company's plastic targets can be found in the Sustainability section of our website <https://corporate.lidl.co.uk/sustainability>.



## Directors Report

The directors present their report and financial statements of the Company for the year ended 28th February 2023.

### Results and dividends

The loss for the year, after taxation, amounted to £72,750k (2022: £28,621k profit). The directors do not recommend the payment of any dividends (2022 – £nil).

### Directors

The directors who served during the year, and up to the date of this report, are as follows.

P de Roos (appointed 3 May 2022)

M Di Costanzo

A Gibson (resigned 1 April 2023)

M Tylkowski (appointed 1 March 2023)

M Heslop

M Kottbauer

R McDonnell

R Taylor

S Rogers (appointed 1 April 2023)

T Ulbrich

D Unterhalter – Company secretary

### Directors' Indemnities

Directors' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2023 financial year and remain in force for all current and past Directors of the Company.

### Going Concern

Lidl Great Britain Limited has continued to feed the nation and it will continue to expand as it focuses on investment in stores and expansion of its bricks and mortar business over the next 12 months.

Based on forecasts and the Company's position in the British retail market, the directors have a reasonable expectation that the Company has adequate resources to continue its business for the going concern assessment period, being the 12 months to 31 August 2024, and that the commitment of the group as a whole to the British market will continue.

Lidl Great Britain Limited is dependent on its parent, Lidl Stiftung & Co. KG, for continued support in the form of intercompany funding and certain management functions. Lidl Stiftung & Co. KG is fully committed to the Company's investment strategy and has confirmed it will continue to support the UK business for at least 12 months from the date of these financial statements, being to 31 August 2024.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Political Donations

The Company made no political donations or incurred any political expenditure during the year (2022 - none).

## **Directors Report**

### **Equal Opportunities Employer**

Lidl Great Britain Limited is an equal opportunities employer. The Company wishes to ensure equality of opportunity in employment and the fair treatment of all our colleagues. The Company seeks to ensure that no colleague or prospective colleague will receive less favourable treatment on grounds that cannot be justified. It also ensures that no one receives less favourable treatment because of gender, gender reassignment, sex, pregnancy, marital/civil status, sexual orientation, race, colour, nationality, ethnic origin, age, religion or belief or disability.

The Company is committed to ensuring that no colleague or prospective colleague suffers unlawful indirect discrimination.

All colleagues, prospective colleagues, suppliers, and visitors are to be treated with respect. The Company's policy is to provide a working environment in which all colleagues can realise their potential free of harassment and discrimination. Each colleague has a responsibility to ensure the practical application of the Equal Opportunities Policy. The Company does not tolerate any form of harassment and seeks to ensure that the working environment is free from harassment and discrimination.

### **Colleague Involvement**

During the year, the Company has continued to inform its colleagues about relevant events in accordance with the group's information policy. Colleagues are continuously given the opportunity to raise any work-related issues to management and development discussions are held on a regular basis. The active participation of the colleagues 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.

The Company regularly conducts a national colleague survey which covers general topics such as communication and working environment. The aim is to gain insight into overall satisfaction within the workplace at both a national and regional level.

## Directors Report

### Streamlined Energy & Carbon Reporting

Lidl Great Britain Limited reports under the Streamlined Energy and Carbon Reporting ("SECR") per the Companies Act 2006. The table below displays Lidl Great Britain Limited's energy use and Scope 1 and 2 GHG emissions. Data represents activity in financial year ending 28<sup>th</sup> February 2023. Calculations have been made in accordance with Greenhouse Gas Protocol and have used the 2022 UK Government's conversion factors for company reporting of greenhouse gas emissions. Reporting covers associated Scope 1 (natural gas usage, refrigerant loss and owned transport fuel consumption) and Scope 2 (electricity consumption) GHG emissions from Lidl Great Britain Limited's activities.

Lidl Great Britain Limited	Year ended 28 February 2023	Year ended 28 February 2022	Change %
<u>Energy Use (MWh)</u>			
Electricity	486,608	456,266	6.7%
Gas	27,440	33,308	-17.6%
Owned transport	16,273	15,651	4.0%
<b>Total Energy</b>	<b>530,321</b>	<b>505,225</b>	<b>5.0%</b>
<u>GHG emissions (KqCO<sub>2</sub>e)</u>			
<b>Scope 1</b>			
Gas	4,939,253	6,100,693	-19.0%
Refrigeration	5,943,400	9,155,839	-35.1%
Owned transport*	3,973,328	4,292,019	-7.4%
<b>Total (Scope 1)</b>	<b>14,855,981</b>	<b>19,548,551</b>	<b>-24.0%</b>
<b>Scope 2</b>			
Electricity**	94,100,236	96,878,960	-2.9%
<b>Total (Scope 2)</b>	<b>94,100,236</b>	<b>96,878,960</b>	<b>-2.9%</b>
<b>Intensity</b>			
GHG emissions (kgCO <sub>2</sub> e) per total store area (m <sup>2</sup> )	64.52	74.07	-12.9%

\* Includes owned transport only (company cars and vehicles). Logistic fleet is operated by a third party and accounted for in Scope 3.

\*\* Calculated using 'location-based' approach. 100% of Lidl GB electricity is renewable (REGO)

Increased deployment of energy efficient practices and renewable energy generation, couple with a greater share of renewable sources in the UK electricity grid mix supported the reduction of Scope 1 and 2 GHG emission intensity by 12.9%. The company has set net zero commitments and long term science based goals to decarbonise our operations, as outlined in the Corporate Governance section.

The following initiatives summarise the continued progression to meet our net zero ambitions, support customers to do the same and to grow our business sustainably.

- **Temperatures and lighting optimisation:** Across the entire store estate temperature/lux levels and lighting schedules have been optimised saving an estimated 10,200MWh every year whilst providing customers a safe and comfortable shopping environment.

## Directors Report

- **Energy management platform:** Coupled with the continued roll out of sub-metering, a energy monitoring system has been deployed across all regions providing greater transparency and accessibility to detailed energy consumption of each site. At a regional level this data is utilised on an ongoing basis to identify and deliver local level opportunities to reduce energy usage.
- **Investment in renewables:** As part of our programme of expansion in renewable generation all new store developments are installed with solar PV arrays, where possible. The first stores to be retrofitted with solar PVs started in 2022.
- **Gas reduction:** Continued modernisation of the store and warehouse network includes removal of gas boilers and an upgrade to more efficient electrical heating technologies, reducing associated GHG emissions by 1,161 tCO<sub>2</sub>e.
- **Management system:** The Company has demonstrated a commitment to optimising energy consumption throughout the business since 2016 by achieving ISO 50001 certification that covers all stores, distribution centres and offices.
- **Electric vehicle charging points:** Over 300 rapid and fast electric vehicle charging points have been installed across our store network.

### 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.

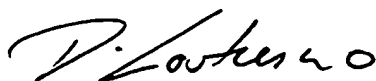
### Re-appointment of auditors

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.

### Events after the reporting period

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

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



Marco Di Costanzo

Director

Date: 2<sup>nd</sup> August 2023

## **Directors Responsibilities Statement**

### **Directors Responsibilities**

The Directors are responsible for preparing the Strategic Report, Report of the Directors 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 the profit of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report**

**to the members of Lidl Great Britain Limited**

### **Opinion**

We have audited the financial statements of Lidl Great Britain Limited (the 'Company') for the year ended 28 February 2023 which comprise the Statement of other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes<sup>1</sup> to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 February 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The Company relies on support from its ultimate parent Lidl Stiftung & Co. KG (the 'Group') to continue as a going concern. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included assessing the unconditional letter of support received from the ultimate parent, which covered a period of 12 months from the date of approval of the financial statements. When assessing the ability of the Group to provide the necessary financial support our evaluation included:

- Obtaining the Company's going concern assessment and discussing with management to understand the inputs to the assessment and the key considerations.
- Obtaining an understanding and evidence of the funding and liquidity available to the Group over the forecast period and independently performing a reverse stress test to understand any sensitivities within the Group's cash flow forecast.
- Reading board meeting minutes to determine whether there was any information contradictory to the directors' use of the going concern basis of accounting.

## **Independent Auditor's Report**

**to the members of Lidl Great Britain Limited**

- Assessing the appropriateness of the disclosures included in the reports and financial statements with respect to the use of the going concern assertion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of *12 months from when the financial statements are authorised for issue*.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

## **Independent Auditor's Report**

to the members of Lidl Great Britain Limited

- 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how Lidl Great Britain Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its



## Independent Auditor's Report

to the members of Lidl Great Britain Limited

policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We performed testing of manual journals including in our testing of revenue recognition. This included performing a correlation analysis between revenue and cash. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. We performed a walkthrough of the financial statement close process. We also designed tailored procedures including performing tests of journal entries, data analysis on the complete journals data set throughout the audit and challenging whether material and significant accounting estimates and judgements made in the preparation of the financial statements by management had a basis of supportable evidence.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our audit procedures included enquiries to management and internal legal counsel, review of correspondence and review of legal provisions and expenditure.

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

### Use of our report

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

*Ernst & Young LLP*

Rachel Dockar (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 2<sup>nd</sup> August 2023

## Statement of Other Comprehensive Income

For the year ended 28 February 2023

	Notes	2023 £ '000	2022 £ '000
Revenue		9,300,716	7,829,310
Cost of sales		(7,347,571)	(6,159,563)
<b>Gross profit</b>		<b>1,953,145</b>	<b>1,669,747</b>
Administrative expenses		(2,009,924)	(1,664,612)
Other operating income		85,327	74,259
<b>Profit before interest and tax</b>		<b>28,548</b>	<b>79,394</b>
Interest receivable and similar income	4	3,811	186
Interest payable and similar expenses	5	(108,345)	(38,436)
<b>Net interest payable and similar Expenses</b>		<b>(104,534)</b>	<b>(38,250)</b>
(Loss)/ profit before taxation		(75,986)	41,144
Tax on profit	6	3,236	(12,523)
<b>(Loss)/ profit for the financial year</b>		<b>(72,750)</b>	<b>28,621</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<b>(72,750)</b>	<b>28,621</b>

All the activities of the Company are classed as continuing.

There are no recognised gains or losses other than the loss of £72,750k attributable to the shareholders for the year ended 28 February 2023 (2022: £28,621k profit).

## Statement of Financial Position

For the year ended 28 February 2023

	Notes	2023 £ '000	2022 £ '000
Tangible fixed assets	7a/7b	5,413,445	5,079,068
Intangible Assets	7c	3,410	3,670
Investments	7d	34,356	34,356
<b>Total fixed assets</b>		<b>5,451,211</b>	<b>5,117,094</b>
Inventories	8a	589,312	346,894
Debtors amounts falling due within one year	8b	103,468	125,306
Debtors amounts falling due after one year	8c	56,624	23,377
Cash at bank		236,641	244,391
<b>Total current assets</b>		<b>986,045</b>	<b>739,968</b>
Creditors: amounts falling due within one year	9	(2,313,560)	(2,225,471)
<b>Net current (liabilities)</b>		<b>(1,327,515)</b>	<b>(1,485,503)</b>
<b>Total Assets less current Liabilities</b>		<b>4,123,696</b>	<b>3,631,591</b>
Creditors: amounts falling due after more than one year	10	(2,710,728)	(2,148,865)
Provision for liabilities	12	(20,513)	(17,521)
<b>Net assets</b>		<b>1,392,455</b>	<b>1,465,205</b>
<b>Capital and reserves</b>			
Share capital	13	221,283	221,283
Share Premium		1,239,611	1,239,611
Merger reserves		(27,285)	(27,285)
Retained earnings		(41,154)	31,596
<b>Shareholder funds</b>		<b>1,392,455</b>	<b>1,465,205</b>

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



Marco Di Costanzo

Director

Date: 2<sup>nd</sup> August 2023

## Statement of Changes in Equity

For the year ended 28 February 2023

	<i>Called-up share Capital</i>	<i>Share Premium</i>	<i>Merger Reserves</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>£ '000</i>	<i>£ '000</i>	<i>£ '000</i>	<i>£ '000</i>	<i>£ '000</i>
At 1st March 2021	221,282	1,110,921	(27,285)	2,975	1,307,893
Profit for the year	-	-	-	28,621	28,621
New shares issued	1	128,690	-	-	128,691
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	28,621	28,621
<b>At 28th February 2022</b>	<b>221,283</b>	<b>1,239,611</b>	<b>(27,285)</b>	<b>31,596</b>	<b>1,465,205</b>
Loss for the year	-	-	-	(72,750)	(72,750)
New shares issued	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(72,750)	(72,750)
<b>At 28th February 2023</b>	<b>221,283</b>	<b>1,239,611</b>	<b>(27,285)</b>	<b>(41,154)</b>	<b>1,392,455</b>

Additional information on the new shares issued during the period can be found in note 13.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting policies

#### Statement of compliance

Lidl Great Britain Limited is a limited liability company incorporated in England. The Registered Office is Lidl House, 14 Kingston Road, Surbiton, KT5 9NU.

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 28th February 2023.

#### Basis of preparation and change in accounting policy

The financial statements were authorised for issue by the Board of Directors on 2<sup>nd</sup> August 2023. The 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" (FRS102) and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is wholly owned subsidiary of Lidl Stiftung & Co. KG, established in the EU, who prepares consolidated group financial statements, these financial statements are available from <https://www.bundesanzeiger.de>.

#### Going Concern

Based on forecasts and the Company's position in the British retail market, the directors have a reasonable expectation that the Company has adequate resources to continue its business for the foreseeable future and that the commitment of the group to the British market will continue.

Lidl Great Britain Limited is dependent on its parent, Lidl Stiftung & Co. KG, for continued support in the form of intercompany funding and certain management functions. Lidl Stiftung & Co. KG is fully committed to Lidl Great Britain's investment strategy and has confirmed it will continue to support the UK business for at least 12 months from the date of these financial statements.

Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Exemption for qualifying entities under FRS102

The Company has taken advantage of the following exemptions:

- The requirement to prepare a statement of cash flows. [Section 7 of FRS 102 and para 3.17(d)]. This exemption has been taken on the grounds that the Company's financial statements are included in the consolidated financial statements of Lidl Stiftung & Co. KG.
- A reconciliation of the number of shares outstanding at the beginning and end of the period. [4.12(a)(iv)]
- Certain financial instrument disclosures due to equivalent disclosures included in the consolidated financial statements of the group in which the entity is consolidated. [11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A]
- Related Party Transactions [33.7]

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

#### Revenue

Revenue from the sale of goods is wholly attributable to activities in Great Britain and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when goods are sold in stores, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity. Discount vouchers given to customers via the Lidl Plus app or other means reduces revenue at the point of redemption.

#### Other Income

Other operating income includes rental income, recycling income, gains on fixed asset disposals, gains on investment properties, advertising income and general other income. The income is recognised in the statement of comprehensive income and is provided for in the period that it is incurred.

#### Rental Income

Rental income policy states that any incentives received from the landlord, such as rent-free periods or reverse premiums are spread over the life of the lease. Rental income is shown in the statement of comprehensive income under other operating income.

#### Supplier income

Supplier income policy states that all supplier income is provided for in the period occurred and where applicable is applied as a purchase price reduction. Amounts due from suppliers are off set against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised. Supplier income received relates to an adjustment to the core cost price and not based on a tiered agreement.

#### 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.

#### Pensions

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 at the end of the period recognised within accruals.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

#### Taxation

The calculation of the tax charge is based on the result for the year adjusted for disallowable positions. Any adjustments made to the tax from previous periods is disclosed separately to the estimated tax charge for the current year.

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

Deferred tax is netted off in order to show either a deferred tax asset or a deferred tax liability, only where permitted and will unwind over the same timeframe.

A deferred tax asset is only recognised if it can be regarded as more likely than not that there will be matching taxable profits from which the underlying timing difference will be able to be deducted. Neither deferred tax assets nor deferred tax liabilities are discounted.

#### Impairment of assets

At the end of each period the company considers whether there is an indication that its intangible or tangible fixed assets are impaired. If such an indication exists, the company arranges for an estimation of the recoverable values of the affected assets to estimate the extent of the impairment loss (if any).

Each store has been treated as a cash generating unit. The recoverable amount of the CGU's has been determined based on value in use calculations based on future cash flows.

The recoverable value of an asset is the higher of its net realisable value and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

An impairment loss is recognised in the income statement in the year in which it occurs. Where an impairment loss reverses in the following year due to a change in the original estimate, the carrying amount of the asset is increased to the revised recoverable amount, or its original carrying value.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

#### Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation and any recognised impairment in value. Amortisation is calculated based on the expected useful life of the respective intangible asset.

Software	3 – 6 years
Leasehold Premiums	length of lease, short term lease

Leasehold premiums relate to non-refundable upfront payments upon grant of a lease.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any recognised impairment in value. Depreciation is calculated based on the expected useful life of the respective assets.

Freehold buildings	33 - 50 years
Long leasehold buildings	length of the long lease, max. 50 years
Additions and improvements to buildings	remaining life of the original building
Equipment, fixtures and fittings	3 – 20 years
Cars	6 years

The useful economic lives of fixed assets are estimated based on the use and physical condition of the assets and are adjusted as and when necessary resulting in changes to the annual depreciation charge. The directors consider the current useful lives and residual values as appropriate.

#### Investment Properties

Investment Property comprises several commercial properties that are leased to third parties. Investment properties are initially recognised at cost which include purchase cost and any directly attributable expenditure. They are subsequently measured at fair value with changes in fair value recognised in profit or loss.

Where investment properties have been reclassified to property, plant and equipment, the historic gain or loss recognised is posted to the revaluation reserve.

The Company engaged an independent valuation specialist to determine fair value as at 28 February 2023.

#### Fixed Assets investments

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



## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value and are valued on a first in first out basis. Costs include the purchase price, including taxes and duties.

#### Operating lease charges

Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease. In the event of receiving lease incentives, such as rent-free periods or cash payments these are recognised and accounted for in a straight line over the term of the lease.

#### Financial Instruments

##### a) Financial assets

##### *Trade and other receivables*

Trade and other receivables are recognised at transaction price less any allowances for doubtful debts. Doubtful debts are provided for based on age of the debt and management's expectation of whether debts are likely to be recovered.

##### *Cash and Bank Balances*

Cash and cash equivalents include cash at bank and short-term deposits.

Cash in bank and short-term deposits are initially recorded at transaction price and are shown under current assets on the balance sheet.

##### b) Financial liabilities

##### *Trade and other payables and Loans*

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

##### c) Derivative financial instruments

Derivative financial instruments are used to reduce the exposure to exchange rate movements. These have been valued at market value at the balance sheet date and carried as an asset when the fair value is positive and as a liability when the fair value is negative.

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is highly likely that a transfer of economic benefits will be required to fulfil this obligation and a reliable estimate can be made as to the amount of this obligation. Examples of provisions are dilapidations for leasehold properties, provisions for closed leasehold stores, litigations and a warranty provision.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

#### **Critical accounting judgements and estimation uncertainty**

Preparation of the financial statements of the company requires management to make significant judgements and estimates. These are continuously scrutinised, 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:

##### *Impairment*

The Company assesses annually whether there is an indication of an impairment of fixed assets. Each store has been treated as a cash generating unit. The recoverable amount of the CGU's has been determined based on value in use calculations based on future cash flows. Future cash flows are projected based on the company's three-year internal forecast.

The recoverable value of an asset is the higher of its net realisable value and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

##### *Provisions*

Provisions are made for property cost obligations, including dilapidations on leasehold properties. These provisions are estimates based on lease terms and management judgement.

Other provisions include legal costs and personnel provisions where third-party estimates are relied on by management.

##### *Deferred tax*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Further details on taxes are disclosed in note 6.

##### *Investment Properties*

Lidl Great Britain Limited engaged Colliers International Valuation UK LLP as an independent valuation specialist to determine the fair value of its investment properties as of 28 February 2023.

The valuations have been prepared in accordance with the 'RICS Valuation – Global Standards 2017 (Incorporating the IVSC International Valuation Standards)' prepared by the Royal Institution of Chartered Surveyors (the "Red Book").

The market value is defined as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Assumptions made at the point of valuations include but are not limited to, the structure and condition of the building is in accordance with building regulations, no unusual features that may harm people or the property, all plant and machinery/fixtures and fittings are disregarded for the purpose of the valuation.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 1. Accounting Policies (continued)

All information provided to the valuers for them to carry out the valuation is assumed correct at that time. The fair values have been carried out primarily by means of comparison with market transactions across the UK for similar properties, assessing the properties as individual assets and combined the individual values to arrive at an opinion of an aggregate value for the portfolio. Varying approaches have been applied based on the lease profile of each property. In the case of the commercial properties which are let, the investment method of valuation has generally been adopted whereby the passing rent has been capitalised at an appropriate yield to arrive at the opinions of value as at the valuation dates.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 2. Staff costs

#### Directors emoluments

	2023	2022
	£ '000	£ '000
Emoluments	4,424	5,092
Value of company pension contributions to money purchase schemes	249	180
	No.	No.
Members of money purchase pension schemes	6	7

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

	2023	2022
	£ '000	£ '000
Emoluments	855	1,452
Value of company pension contributions to money purchase schemes	-	-

#### Staff costs and numbers

	2023	2022
	£ '000	£ '000
Wages and salaries	672,038	574,594
Social security costs	63,974	50,841
Staff pension contributions	43,866	38,327
	779,878	663,762

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

	2023	2022
	No.	No.
Full time employees	9,142	8,386
Part time employees	20,740	18,357
	29,882	26,743

## Notes to the Financial Statements

For the year ended 28 February 2023

### 3. Profit / (loss) before taxation

	2023	2022
	£ '000	£ '000
Auditor's remuneration – audit service	339	320
Depreciation and amortisation	177,629	162,183
(Gain)/ loss on revaluation of Investment Properties	(579)	(3,072)
Impairment loss/ (reversal) on fixed assets	11,067	6,748
Loss on disposal of land and buildings	8,718	2,564
Loss on disposal of property, plant & equipment	205	2,127
Operating lease expenses – land and building	66,803	58,539
Operating lease expenses – plant and machinery	6,902	5,652
Realised foreign exchange differences	23,136	(17,450)

The company has operating lease commitments as noted below for land and buildings and plant and machinery. Impairment losses of £27.4M (2022: £17.6M) for the write down of food and non-food products are recognised in the period.

There were no non-audit fees paid to the auditor in the year.

#### Operating Lease – Land and Building

	2023	2022
	£ '000	£ '000
Due within one year	60,431	55,378
Due within more than one year but not more than five years	201,749	181,315
Due within more than five years	691,634	620,257
	953,814	856,950

## Notes to the Financial Statements

For the year ended 28 February 2023

<u>Operating Lease – Plant and Machinery</u>	2023	2022
	£ '000	£ '000
Due within one year	4,827	4,677
Due within more than one year but not more than five years	2,681	2,037
Due within more than five years	-	-
	<u>7,508</u>	<u>6,714</u>

At the balance sheet date, the Company had capital commitments for construction of £48M.

### 4. Interest receivable and similar income

	2023	2022
	£ '000.	£ '000
Interest receivables	3,556	157
Other interest	255	29
Total interest receivable	<u>3,811</u>	<u>186</u>

### 5. Interest payable and similar expenses

	2023	2022
	£ '000	£ '000
Interest payable	5,211	128
Loan interest payable	86,887	24,150
Other interest payable	5,493	3,998
Interest payable to group undertakings	10,754	10,160
Total interest payable	<u>108,345</u>	<u>38,436</u>

## Notes to the Financial Statements

For the year ended 28 February 2023

### 6. Tax

#### a) Tax charge for the year:

The tax charge on profit is made up as follows:

	2023	2022
	£ '000	£ '000
UK corporation tax at 25% (19%)	-	1,625
UK corporation tax adjustment in respect of prior years	6,072	2,647
<b>Total current tax</b>	<b>6,072</b>	<b>4,272</b>
Deferred tax – origination and reversal of timing differences	(2,836)	(16,795)
<b>Total taxation credit/ (charge) on profit for the year</b>	<b>3,236</b>	<b>(12,523)</b>

#### b) Tax Reconciliation

The tax credit for the year of £3,236k is different to the expected tax credit of £14,437k. The differences are explained below:

	2023	2022
	£ '000	£ '000
(Loss)/ profit before tax	(75,983)	41,144
Expected tax thereon 19%	(14,437)	7,817
Impairment of fixed assets	2,104	1,282
Effect of change in corporation tax rate on deferred tax	682	(1,410)
Special deduction for plant & machinery	(10,436)	(5,198)
Depreciation on non-qualifying assets	8,521	8,186
Other permanent and timing differences	16,402	4,493
Other provisions in previous years – corporation tax	(6,072)	(2,647)
<b>Total taxation charge on profit for the year</b>	<b>(3,236)</b>	<b>12,523</b>

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 respective recognition in the tax computation for the year. The Company has a deferred tax asset of £1,330k which has been calculated at 25% because the new corporation tax rate was substantively enacted at the balance sheet date.

The £1,330k comprises differences relating to tax relief on capital expenditure amounting to £45,235k, differences relating to short term items amounting to £3,846k less losses of £43,097k.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 7. Fixed Assets

#### *a) Investment Properties (Tangible assets)*

	Investment Property
Carrying Amount	£ '000
At 1st March 2022	78,700
Reclassification from Land and Buildings	9,261
Fair Value Adjustments	579
Disposals	(195)
<b>At 28th February 2023</b>	<b>88,345</b>
 Net Book Value	
<b>At 28th February 2023</b>	<b>88,345</b>
At 1st March 2022	78,700

Further information on investment properties can be found in note 1.



## Notes to the Financial Statements

For the year ended 28 February 2023

### 7. Fixed Assets (continued)

#### b) Tangible fixed assets

	Land and buildings	Capital work in progress	Equipment, fixtures and fittings	Total
Cost	£ '000	£ '000	£ '000	£ '000
At 1st March 2022	4,609,815	270,781	1,104,630	5,985,226
Additions	246,059	123,751	162,998	532,808
Disposals	(8,297)	(3,651)	(17,140)	(29,088)
Reclassifications	96,359	(102,759)	6,400	-
Reclassifications to/ from investment properties	(9,983)	-	-	(9,983)
<b>At 28th February 2023</b>	<b>4,933,953</b>	<b>288,122</b>	<b>1,256,888</b>	<b>6,478,963</b>
<b>Depreciation and impairment</b>				
At 1st March 2022	538,440	-	446,418	984,858
Charge for the year	62,603	-	114,766	177,369
Disposals	(3,102)	-	(15,607)	(18,709)
Reclassifications	164	-	(164)	-
Reclassifications to / from investment properties	(722)	-	-	(722)
Provision for impairment	11,067	-	-	11,067
<b>At 28th February 2023</b>	<b>608,450</b>	<b>-</b>	<b>545,413</b>	<b>1,153,863</b>
<b>Net Book Value</b>				
<b>At 28th February 2023</b>	<b>4,325,503</b>	<b>288,122</b>	<b>711,475</b>	<b>5,325,100</b>
At 1st March 2022	4,071,375	270,781	658,212	5,000,368

During the year, £9,261K assets within Land and Buildings were reclassified to investment properties. Impairments include a £11,067k loss (2022: £6,748k loss) to give a carried forward total impairment provision of £46,077k (2022: £35,010k). The driver behind the impairments is either due to lower revenue or a higher cost base. The reversal of the impairment loss was due to increases in turnover and changes in forecasted results and inflation, resulting in a recoverable value that was higher than the book value, therefore these CGU's showed no indication of impairment.

Included within land and buildings are amounts relating to freehold land of £1,904,840k (2022: £1,826,133k). Freehold land is not depreciated.

The net book value of land and buildings also consists of long leasehold land of £164,889k (2022: £161,231k), freehold property of £1,756,241k (2022: £1,603,013k) and long leasehold property of £251,609k (2022: £239,572k).

## Notes to the Financial Statements

For the year ended 28 February 2023

### 7. Fixed Assets (continued)

#### c) Intangible fixed assets

	Software	Leasehold Premium	Total
Cost	£ '000	£ '000	£ '000
At 1st March 2022	77	5,501	5,578
Additions	-	-	-
Disposals	-	-	-
Reclassification	-	-	-
<b>At 28th February 2023</b>	<b>77</b>	<b>5,501</b>	<b>5,578</b>
<b>Accumulated Depreciation</b>			
At 1st March 2022	46	1,862	1,908
Charge for the year	19	241	260
Disposals	-	-	-
Reclassification	-	-	-
<b>At 28th February 2023</b>	<b>65</b>	<b>2,103</b>	<b>2,168</b>
<b>Net Book Value</b>			
<b>At 28th February 2023</b>	<b>12</b>	<b>3,398</b>	<b>3,410</b>
At 1st March 2022	31	3,639	3,640

## Notes to the Financial Statements

For the year ended 28 February 2023

### 7. Fixed Assets (continued)

#### d) Fixed Asset Investments

	Investment capital in subsidiary
Cost	£000
At 01.03.2022	34,356
At 28.02.2023	34,356

Fixed asset investments comprise equity shares in Lidl UK Assets GmbH, which are not publicly traded.

Lidl UK Assets GmbH has a total capital and reserves of £36,303k. The company generated a non-trading profit of £160k for the period ended 28.02.2023.

Name of company	Registered address	Principal Activity	Class and % of shares
Lidl UK Assets GmbH	Stiftsbergstrasse 1, 71467 Neckarsulm, Germany	Non Trading	100% ordinary

## Notes to the Financial Statements

For the year ended 28 February 2023

### 8. Current Assets

#### a) Inventories

	2023	2022
	£ '000	£ '000
Goods for resale	589,312	346,894

The inventory has been subject to an impairment write down to account for ageing of non-food items and expected write-offs on food items. Impairment losses of £27.4M (2022: £17.6M) for the write down of food and non-food products are recognised in the period:

#### b) Debtors: amounts falling due within one year

	2023	2022
	£ '000	£ '000
Amounts owed by group undertakings	35,196	59,563
Other debtors	33,097	35,090
Corporation tax	10,055	9,853
Prepayment and accrued income	25,120	20,800
	<u>103,468</u>	<u>125,306</u>

The corporation tax debtor is the total receivable from HMRC after settlement of any liabilities. Other debtors include £1,659k (2022: £232K) forward contracts at fair value, £27.2M (2022: £19.1M) of receivables including third party rents and recycling income, and £4.2M properties held for sale (2022: £15.8M). Included within Amounts owed by group undertakings is £23M (2022: £48M) which relates to amounts due from Lidl UK Trading Limited for customs and excise duties.

#### c) Debtors: Amounts falling due after more than one year

	2023	2022
	£ '000	£ '000
Deferred tax asset	1,330	4,166
Deposits	55,294	19,211
	<u>56,624</u>	<u>23,377</u>

Deposits are largely related to local authority planning applications £14.7M (2022: £14.3M) and deposits for land purchases £40.6M (2022: £4.9M). These will be refundable once the conditions outlined in our planning agreement are met.

Please refer to note 6 for more information on the calculation of the deferred tax asset.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 9. Creditors: Amounts falling due within one year

	2023	2022
	£'000	£'000
Loans	634,861	482,361
Trade payables	914,395	715,176
Other taxation and social security costs	40,371	42,548
Other creditors	50,765	40,216
Accruals	282,123	246,870
Amounts owed to group undertakings	354,276	666,508
Deferred income	36,769	31,792
	<u>2,313,560</u>	<u>2,225,471</u>

The value of loans secured by fixed charges over land and buildings due within 1 year is £174,861k (2022: £107,361k).

Amounts owed to group undertakings include intercompany loans of £nil (2022: £388,928k).

Deferred income primarily relates to rent free period provisions.

### 10. Creditors: Amounts falling due after more than one year

	2023	2022
	£'000	£'000
Loans due within 1 to 5 years	2,230,328	2,138,065
Loans due after more than 5 years	480,400	10,800
	<u>2,710,728</u>	<u>2,148,865</u>

The value of loans secured by fixed charges over land and building are as follows:

Loans due within 1-5 years - £671,126k (2022: £840,587k)

Loans due after more than 5 years - £5,400k (2022: £10,800k)

77% of the loan facilities are subject to end of tenure bullet repayments whilst the remaining 23% amortise over the tenure in either quarterly, semi or annual intervals. The longest maturity extends to 2034. Interest rates for all bank loans are variable and linked to SONIA. Financial covenants are only applicable at a group level.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 11. Financial Instruments

#### a) Financial assets measured at amortised cost

	2023	2022
	£'000	£'000
Other receivables	45,668	61,588
Amounts owed by group undertakings	35,196	59,563

#### b) Financial assets measured at fair value through profit and loss

	2023	2022
	£'000	£'000
Derivative financial instruments	1,659	232

#### c) Financial liabilities measured at amortised cost

	2023	2022
	£'000	£'000
Trade payables	914,395	715,176
Amounts owed to group undertakings	354,276	666,508
Loans	3,345,589	2,631,226

#### d) Financial liabilities measured at fair value through profit and loss

	2023	2022
	£'000	£'000
Derivative financial instruments	285	6,214

#### Derivative financial instruments – forward contracts

The company enters foreign currency contracts to mitigate the exchange rate risk for foreign currency payables. The fair values of the listed investments held at fair value through profit and loss are determined using quoted prices for identical assets in an active market.

The net fair value of the forward currency contracts as at 28.02.23 is a £1,374k asset (2022: £5,982k liability).

The outstanding forward exchange contracts as at 28.02.2023 all mature within 12 months. The cashflows associated with the contracts are expected to affect profit or loss and are expected to occur within 12 months.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 12. Provisions

	<i>Personnel Provision</i>	<i>Other Provisions</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1st March 2021	2,724	13,447	16,171
Additions	955	5,410	6,365
Amounts utilised	(463)	(2,265)	(2,728)
Release	-	(2,287)	(2,287)
<b>At 28th February 2022</b>	<b>3,216</b>	<b>14,305</b>	<b>17,521</b>
At 1st March 2022	3,216	14,305	17,521
Additions	80	7,439	7,519
Amounts utilised	(615)	(2,262)	(2,877)
Release	-	(1,650)	(1,650)
<b>At 28th February 2023</b>	<b>2,681</b>	<b>17,832</b>	<b>20,513</b>

Personnel provision is a long-term service employee benefit existing at the period end date. The obligation is due to be settled in the month that the employee qualifies for the benefit. Should the employee leave the business before the benefit is paid out, the provision is released.

Other provisions include dilapidations for leasehold properties at £11,821k (2022: £9,498k). The value of the provision is the discounted amount of the estimates that it would cost to bring the property back to its original condition at the end of the tenancy. Other provisions also include £1,223k (2022: £2,857k) for closed stores.

### 13. Issued share capital

	<i>2023</i>	<i>2022</i>
	<i>No.</i>	<i>No.</i>
	<i>£</i>	<i>£</i>
<i>Allotted, called up and fully paid</i>	221,282,868	221,282,868

All ordinary shares are issued with a nominal value of £1.

## Notes to the Financial Statements

For the year ended 28 February 2023

### 14. Pensions

The Company operates a defined contribution pension scheme, the Group Stake Holder Pension, which is available to all 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 9, are £3,781,880 (2022: £3,327,690).

### 15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Lidl U.K. 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 Lidl Stiftung & Co. KG, which is incorporated in Germany. These financial statements are available at <https://www.bundesanzeiger.de>.

### 16. Related party transactions

The Company is exempt under the terms of FRS102.33 Related Party Transactions from disclosing related party transactions with entities that are part of Lidl Stiftung & Co. KG or investees of Lidl Stiftung & Co KG provided that any subsidiary which is party to that transaction is wholly owned by the group.

### 17. Events after the reporting period

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

On 12<sup>th</sup> April 2023 an allotment of 1000 ordinary shares of GBP 1.00 each was approved by the Board of Directors. The value of the allotment was £220,145k and is made up of the 1000 ordinary share capital and the remainder as share premium. The nominal value was fully paid.