

**CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2021**



# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

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# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R A Jones (resigned 29 July 2021)  
G Bond  
R P Booth  
P Harvey  
A M Coles  
S J Johnston (appointed 29 July 2021)

#### **SECRETARY**

L Meister

#### **REGISTERED OFFICE**

Nations House, 3<sup>rd</sup> Floor  
103 Wigmore Street  
London, England W1U 1QS

#### **BANKERS**

Barclays Bank PLC  
London Corporate Banking Group  
54 Lombard Street  
P O Box 544  
London EC3V 9EX

#### **AUDITORS**

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

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

This report has been prepared in accordance with the provisions applicable to companies subject to FRS 102 Section 1A - Small Entities.

### **PRINCIPAL ACTIVITIES**

The principal activity of Cannock Designer Outlet (GP Holdings) Limited ("the Company") is to act as the holding company for Cannock Designer Outlet (GP) Limited, which acts as the General Partner for the Cannock Designer Outlet Limited Partnership ("the Limited Partnership" or "the Partnership").

### **RESULTS AND DIVIDENDS**

The Company made a loss of £36,052 (2020 loss: £33,951) before taxation for the year.

The directors have paid no dividend during the year (2020: £nil).

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The directors consider that the results of the Company are satisfactory. The Company will continue to act as the holding company for Cannock Designer Outlet (GP) Limited for the foreseeable future.

The directors consider that the Company will continue to perform its principal activity for the foreseeable future. The directors will monitor the impacts of the macroeconomic risks currently facing the Company due to the conflict in Ukraine as well as COVID-19, and will take appropriate action as necessary to ensure the Company continues to operate as a going concern.

### **GOING CONCERN**

The Directors' believe that the Company will continue as a going concern over the going concern review period that runs from the date of approval of the year ended 31 December 2021 financial statements until 31 October 2023. As at 31 December 2021, the Company is in a net liability position of £129,483 (2020 net liabilities: £93,431), arising predominantly from amounts owed to its shareholder of £685,645 (2020: £468,221). The shareholder loans have a fixed term of 10 years maturing between 2029 and 2031 and bear interest at the rate of 6.75% per annum, and hence do not fall due within the going concern review period.

The Directors have reviewed the forecast cash flows for the Company, which demonstrate continued profitability and positive future cash flows. However, the Company is still reliant on the support of its ultimate controlling party, Cannock Consortium LLP (the "LLP"), to assist it in meeting its development and operational cash flow needs over the going concern review period. The Directors have received a letter of support from the LLP confirming that it will provide continuing support to the Company to the end of the going concern period being 31 October 2023.

The bank loan provided by Deutsche Bank to the Group is due to expire on 26 February 2023. Discussions have commenced with Deutsche Bank regarding the refinancing of the bank loan and interest has been shown by Deutsche Bank who have committed to refinancing this facility subject to their usual credit approval process. The Group is confident that an agreement will be finalised before the expiry date of the loan with the lending party. As at the date of signing the Group's consolidated financial statements, a refinancing agreement has not been reached in respect of this loan.

Based on latest sales results and key performance indicators, such as footfall and average spend per visitor, the McArthurGlen West Midlands Designer Outlet Centre owned by the Group is trading significantly ahead of the financial year ended 31 December 2021. However, the prevailing global economic uncertainty and volatility, particularly due to inflationary cost pressures, energy price increases and reduced consumer demand has also impacted the centre.

Under the terms of the bank loan agreement, the Group must comply with a Debt Yield ratio covenant throughout the loan term and up until the loan maturity date. The Group acknowledge that there is likely to be volatility in trading performance due to the macro-economic environment, and downward pressure on the quarterly net operating profit may lead to a breach in the Debt Yield ratio covenant over the going concern review period. As at the signing date of the consolidated financial statements of the Group, no breach in the loan covenants on the bank loan facility has occurred.

The Directors note that the impact of the war in Ukraine has related mainly to increases in fuel and food prices rather than the administrative expenses forecast to be incurred by the Company. The Directors will continue to monitor the situation closely to determine if there is any impact of the conflict on the future viability of the Company taking necessary steps to mitigate these effects proactively.

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **GOING CONCERN (CONTINUED)**

Notwithstanding the above, the Directors note that the consolidated Group and parent financial statements of the LLP for the year ended 31 December 2021 contain the following two material uncertainties in respect of the going concern assumption:

1. Refinancing of the Group's bank loan provided by Deutsche Bank due to expire on 26 February 2023 prior to its maturity.
2. The Group's forecast compliance with the Debt Yield loan covenant related to its bank debt secured against the assets of the Group, including the McArthurGlen West Midlands Designer Outlet Centre, caused by uncertainty associated with the future trading performance as a result of macro-economic factors.

The aforementioned conditions constitute material uncertainties that may cast significant doubt upon the ability of the Company to continue as a going concern. However, the Directors have a reasonable expectation that the Company will have adequate financial resources to continue its operations for the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not reflect any adjustments that would be required should the Company be unable to continue as a going concern.

### **POST BALANCE SHEET EVENTS**

On 24 February 2022, Russia invaded Ukraine. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. The war in Ukraine and reflected events take place at a time of global economic uncertainty and volatility. The directors have considered the impact of these events on the Company and do not believe that they lead to a significant impact on the administrative expenses forecast to be incurred by the Company since the impact of the conflict has related mainly to increases in fuel and food prices. The directors will continue to monitor the situation closely to determine if there is any impact of the conflict on the future viability of the Company taking necessary steps to mitigate these effects proactively.

### **BOARD OF DIRECTORS**

The directors who served throughout the year and since the year end are as follows:

R A Jones (resigned 29 July 2021)

G Bond

R P Booth

P Harvey

A M Coles

S J Johnston (appointed 29 July 2021)

### **STRATEGIC REPORT**

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. The Company has taken the exemption under section 414B of the Companies Act 2006 for the requirements to prepare a Strategic Report for the financial period.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of the report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **AUDITORS**

In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Board Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

The financial statements have been prepared in accordance with the special provisions relating to the small companies regime.

Approved by the Board of Directors  
and signed on behalf of the Board



S Johnston  
Director

19 October 2022

## **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounts Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **Opinion**

We have audited the financial statements of Cannock Designer Outlet (GP Holdings) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 31 December 2021 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 and the provisions available for small entities, in the circumstances set out in Note 1 to the financial statements, 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.

## **Material uncertainties relating to going concern**

We draw attention to Note 1 in the financial statements that disclose material uncertainties about the Company's ability to continue as a going concern. The material uncertainties relate to:

- Refinancing of the Group's bank loan provided by Deutsche Bank due to expire on 26 February 2023 prior to its maturity.
- The Group's forecast compliance with the Debt Yield loan covenant related to its bank debt secured against the assets of the Group, including the McArthurGlen West Midlands Designer Outlet Centre, caused by uncertainty associated with the future trading performance as a result of macro-economic factors, including inflationary cost pressures, energy price increases and reduced consumer demand.

As stated in Note 1, these events or conditions indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED (CONTINUED)**

## **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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

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

- adequate accounting records have not been kept, 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

## **Responsibilities of Directors**

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED (CONTINUED)**

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

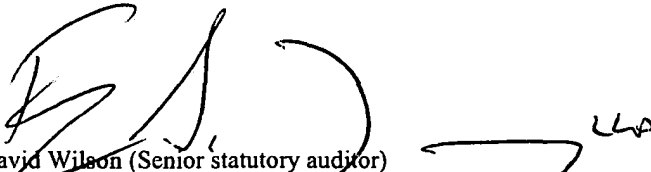
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, those relating to its reporting framework being the United Kingdom Generally Accepted Accounting Practice, and any relevant direct tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including data protection, anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through reading minutes of Board meetings as well as validating how policies and procedures in these areas are communicated and monitored. We also read any correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management and those charged with governance. We also considered management's incentives around improving the performance of the Company, the opportunities available to execute any such actions through management override as well as the controls that the Company has established to address any such risks identified, including to prevent, deter and detect fraud and the monitoring of such controls by management.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved supplementing our enquiries of management and those charged with governance as well as reading meeting minutes with journal entry testing procedures undertaken using defined risk criteria tailored to the fraud risk factors affecting the Company in line with its current operations.

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.



David Wilson (Senior statutory auditor)

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

London

Date: 20 OCT 2022

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		(28,926)	(29,071)
<b>OPERATING LOSS</b>		(28,926)	(29,071)
Interest payable and similar charges		(32,455)	(20,514)
Other interest receivable and similar income		25,329	15,634
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(36,052)	(33,951)
Tax on loss on ordinary activities	3	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE YEAR</b>		(36,052)	(33,951)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(36,052)	(33,951)

All results are derived from continuing operations in the United Kingdom.

The notes on pages 12 to 18 form an integral part of the financial statements.

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total £
Balance as at 31 December 2019	10	(59,490)	(59,480)
Total comprehensive loss for the year	-	(33,951)	(33,951)
Balance as at 31 December 2020	10	(93,441)	(93,431)
Total comprehensive loss for the year	-	(36,052)	(36,052)
Balance as at 31 December 2021	10	(129,493)	(129,483)

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## BALANCE SHEET 31 December 2021

	Note	2021 £	2020 £
<b>FIXED ASSETS</b>			
Investments	4	-	-
<b>CURRENT ASSETS</b>			
Debtors and other receivable amounts (including £531,831 (2020: £351,502) due after more than one year)	5	531,841	351,512
Cash at bank and in hand		44,482	38,124
		576,323	389,636
<b>CREDITORS: amounts falling due within one year</b>	6	(20,161)	(14,846)
<b>NET CURRENT ASSETS</b>		556,162	374,790
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		556,162	374,790
<b>CREDITORS: amounts falling due after one year</b>	7	(685,645)	(468,221)
<b>NET LIABILITIES</b>		(129,483)	(93,431)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	10	10
Profit and loss account		(129,493)	(93,441)
<b>SHAREHOLDERS' DEFICIT</b>		(129,483)	(93,431)

These financial statements have been prepared in accordance with the special provisions relating to the small companies regime.

These financial statements were approved by the Board of Directors and authorised for issue on 19 October 2022 and are signed on behalf of the Board of Directors.



S Johnston

Director

Company Registration No. 11069099

The notes on pages 12 to 18 form an integral part of the financial statements.

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2021**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounts preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The financial statements are prepared in sterling which the functional and presentation currency of the Company and rounded to the nearest £.

#### **Consolidation**

The Company is exempt from the requirement of preparing consolidated financial statements under section 400 of the Companies Act 2006 as it is included in the consolidated financial statements prepared by Cannock Consortium LLP, its ultimate controlling party, and no notice requesting the preparation of consolidated financial statements has been served on the Company by its shareholders.

#### **Statement of compliance**

Cannock Designer Outlet (GP Holdings) Limited ("the Company") is a private company limited by shares registered in England and Wales. Its registered office is 103 Wigmore Street, Nations House, 3<sup>rd</sup> Floor, London, England, W1U 1QS.

The financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A small entities. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and prior year.

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

#### **Cash flow**

The Company has taken advantage of the exemption available to small companies under FRS 102 Section 1A and has not prepared a cash flow statement.

#### **Going concern**

The Directors' believe that the Company will continue as a going concern over the going concern review period that runs from the date of approval of the year ended 31 December 2021 financial statements until 31 October 2023. As at 31 December 2021, the Company is in a net liability position of £129,483 (2020 net liabilities: £93,431), arising predominantly from amounts owed to its shareholder of £685,645 (2020: £468,221). The shareholder loans have a fixed term of 10 years maturing between 2029 and 2031 and bear interest at the rate of 6.75% per annum, and hence do not fall due within the going concern review period.

The Directors have reviewed the forecast cash flows for the Company, which demonstrate continued profitability and positive future cash flows. However, the Company is still reliant on the support of its ultimate controlling party, Cannock Consortium LLP (the "LLP"), to assist it in meeting its development and operational cash flow needs over the going concern review period. The Directors have received a letter of support from the LLP confirming that it will provide continuing support to the Company to the end of the going concern period being 31 October 2023.

The bank loan provided by Deutsche Bank to the Group is due to expire on 26 February 2023. Discussions have commenced with Deutsche Bank regarding the refinancing of the bank loan and interest has been shown by Deutsche Bank who have committed to refinancing this facility subject to their usual credit approval process. The Group is confident that an agreement will be finalised before the expiry date of the loan with the lending party. As at the date of signing the Group's consolidated financial statements, a refinancing agreement has not been reached in respect of this loan.

Based on latest sales results and key performance indicators, such as footfall and average spend per visitor, the McArthurGlen West Midlands Designer Outlet Centre owned by the Group is trading significantly ahead of the financial year ended 31 December 2021. However, the prevailing global economic uncertainty and volatility, particularly due to inflationary cost pressures, energy price increases and reduced consumer demand has also impacted the centre.

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2021**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Going concern (continued)**

Under the terms of the bank loan agreement, the Group must comply with a Debt Yield ratio covenant throughout the loan term and up until the loan maturity date. The Group acknowledge that there is likely to be volatility in trading performance due to the macro-economic environment, and downward pressure on the quarterly net operating profit may lead to a breach in the Debt Yield ratio covenant over the going concern review period. As at the signing date of the consolidated financial statements of the Group, no breach in the loan covenants on the bank loan facility has occurred.

The Directors note that the impact of the war in Ukraine has related mainly to increases in fuel and food prices rather than the administrative expenses forecast to be incurred by the Company. The Directors will continue to monitor the situation closely to determine if there is any impact of the conflict on the future viability of the Company taking necessary steps to mitigate these effects proactively.

Notwithstanding the above, the Directors note that the consolidated Group and parent financial statements of the LLP for the year ended 31 December 2021 contain the following two material uncertainties in respect of the going concern assumption:

1. Refinancing of the Group's bank loan provided by Deutsche Bank due to expire on 26 February 2023 prior to its maturity.
2. The Group's forecast compliance with the Debt Yield loan covenant related to its bank debt secured against the assets of the Group, including the McArthurGlen West Midlands Designer Outlet Centre, caused by uncertainty associated with the future trading performance as a result of macro-economic factors.

The aforementioned conditions constitute material uncertainties that may cast significant doubt upon the ability of the Company to continue as a going concern. However, the Directors have a reasonable expectation that the Company will have adequate financial resources to continue its operations for the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not reflect any adjustments that would be required should the Company be unable to continue as a going concern.

#### **Significant accounting policies**

##### **Investments and investment income**

Fixed asset investments, both listed and unlisted, are stated at cost less provisions for any impairment. Investment income consists of distributions made by the Cannock Designer Outlet (GP) Limited and is recognised when the Company obtains the right to the distribution.

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. All taxable income is derived from the fixed asset investment in the Cannock Designer Outlet (GP) Limited.

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

# **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2021**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Significant accounting policies (continued)**

##### **Trade and other debtors / creditors (continued)**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the event such estimates and assumptions, which are based on the best judgement of the directors as at the balance sheet date, deviate from the actual circumstances in the future the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the Company's key sources of estimation uncertainty and areas requiring significant judgement:

##### ***Impairment of unlisted investments (judgement)***

At each reporting date, the Company reviews the carrying amounts of its unlisted investments to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### ***Impairment of financial assets (judgement)***

The Company establishes provisions for financial assets that are estimated not to be recoverable. At each reporting date, the Company reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### ***Taxation (estimate)***

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging/(earning):

	2021 £	2020 £
Fees payable to auditors for audit of Company's annual accounts	6,852	6,828
Non-audit tax compliance fees	4,074	3,955
Interest payable to group entities	32,424	19,108
Interest payable to other entities	31	1,406
Interest receivable from group entities	(25,329)	(15,634)

No staff were employed by the Company during the year (2020: nil)

Directors remuneration is £nil (2020: £nil). There are no management charges to Cannock Designer Outlet (GP Holdings) Limited for the services rendered by the directors and directors are remunerated through other undertakings for which no remuneration relates to the Company.

The level of qualifying services of the directors of the Company is considered to be incidental and negligible compared to the services provided to the other undertakings.

### 3. TAXATION

#### a) Tax on loss on ordinary activities

	2021 £	2020 £
<i>Current tax:</i>		
Current corporation tax charge	-	-
<i>Deferred tax:</i>		
Tax losses recognised	-	-
Total tax (credit)/charge	-	-

#### b) Factors affecting the current tax charge/ (credit) for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are:

	2021 £	2020 £
Loss on ordinary activities before tax	(36,052)	(33,951)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(6,850)	(6,451)
Effect of:		
Losses generated for which deferred tax not recognised	6,850	6,451
Total tax credit for the period	-	-

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 3. TAXATION (CONTINUED)

#### c) Unrecognised deferred tax asset

Deferred tax assets have not been recognised totalling £27,516 (2020: £14,062) in relation to tax losses carried forward of £110,063 (2020: 74,011), as the Directors believe it more likely than not that it will not be recovered through attributable profits in the near future. These may have an effect on future tax charges should future taxable profits arise and are available indefinitely to offset against future taxable profits.

#### d) Factors affecting future tax charge/(credit)

On 5 March 2021, the Chancellor announced that the corporation tax rate will increase to 25% in the UK for financial years from 1 April 2023. This change was made under the Finance (No.2) Bill 2019-21, which had statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. As such, it was considered substantively enacted under UK GAAP, FRS 102 only on receiving Royal Assent, which was on 10 June 2021.

### 4. INVESTMENTS

	2021 £	2020 £
<b>Cost</b>		
Capital invested, at cost, in Cannock Designer Outlet (GP) Limited	-	-
<b>Net book value</b>	-	-

The investment in Cannock Designer Outlet (GP) Limited represents a 100% holding. The latter is registered in England and Wales and its principal place of business is the United Kingdom. The registered office of the subsidiary is the same as the Company. The principal activity of Cannock Designer Outlet (GP) Limited is to act as the General Partner of Cannock Designer Outlet Limited Partnership which develops, holds and manages the McArthurGlen West Midlands Designer Outlet Centre.

### 5. DEBTORS AND OTHER RECEIVABLE AMOUNTS

	2021 £	2020 £
Amounts owed by Cannock Designer Outlet (GP) Limited – due after more than one year	531,831	351,502
Amounts owed by Cannock Consortium LLP	10	10
	531,841	351,512

Amounts owed by Cannock Consortium LLP, the immediate parent entity of Cannock Designer Outlet (GP Holdings) Limited, relate to the share capital of the Company that remains unpaid and an amount of £10 (2020: £10) was outstanding as at the year-end. The amount is unsecured, interest-free and payable on demand.

Amounts owed by Cannock Designer Outlet (GP) Limited, a wholly owned subsidiary company, represent unsecured loans that have a fixed term of 10 years maturing in 2029 to 2031 and bear interest at the rate of 7.0% per annum.

# CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

### 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	804	-
Amounts owed to McArthurGlen UK Limited	4,500	-
Accruals	14,857	14,846
	<u>20,161</u>	<u>14,846</u>

The Company is related to McArthurGlen UK Limited by virtue of the fact that McArthurGlen UK Limited is a joint venture of Simon Mac LLC, and the Company is an associate of Simon Mac LLC.

Amounts owed to McArthurGlen UK Limited represent administrative expenses payable to the entity owing to their services rendered as management entity to the Company. These amounts are unsecured, interest-free and payable on demand.

### 7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £	2020 £
Amounts owed to Cannock Consortium LLP	685,645	468,221
	<u>685,645</u>	<u>468,221</u>

Amounts owed to Cannock Consortium LLP, the immediate parent entity of Cannock Designer Outlet (GP Holdings) Limited, represent unsecured loans that have a fixed term of 10 years maturing in 2029 to 2031 and bear interest at the rate of 6.75% per annum.

### 8. CALLED UP SHARE CAPITAL

	2021 £	2020 £
<b>Authorised:</b>		
1,000 ordinary shares of £0.01 each	10	10
	<u>10</u>	<u>10</u>
<b>Called up and allotted:</b>		
875 A ordinary shares of £0.01 each	9	9
125 B ordinary shares of £0.01 each	1	1
	<u>10</u>	<u>10</u>

All shares were issued at par.

### 9. COMMITMENTS

The Company has provided a guarantee in respect of the £64,000,000 bank loan facility with Deutsche Bank held by the Cannock Designer Outlet Limited Partnership via a fixed charge on its assets.

### 10. RELATED PARTY TRANSACTIONS

Cannock Consortium LLP is the immediate parent entity of the Company. On 5 June 2020, Development Securities (Investment Ventures) Limited exercised their put option in accordance with the Unitholders' Agreement to have their ownership interest acquired by the LLP. Share capital totalling £1 was acquired by the LLP during the year. As at 31 December 2021, the share capital remains unpaid and an amount of £10 (2020: £10) was outstanding as at the year end.

## **CANNOCK DESIGNER OUTLET (GP HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2021**

#### **10. RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year, Cannock Consortium LLP advanced loans to the Company amounting to £185,000 (2020: £170,000). Cannock Consortium LLP was transferred loans outstanding plus interest from Development Securities (Investment Ventures) Limited amounting to £nil (2020: £36,091) as a result of the put option exercised on 5 June 2020. Amounts owed to Cannock Consortium LLP represent unsecured loans that have a fixed term of 10 years maturing in 2029 to 2031 and bear interest at the rate of 6.75% per annum. At the year end, the Company owed Cannock Consortium LLP £685,645 (2020: £468,221).

During the year, the Company advanced loans to Cannock Designer Outlet (GP) Limited amounting to £155,000 (2020: £130,000). Amounts owed by Cannock Designer Outlet (GP) Limited represent unsecured loans that have a fixed term of 10 years maturing in 2029 to 2031 and bear interest at the rate of 7.00% per annum. At the year end, Cannock Designer Outlet (GP) Limited owed the Company £531,831 (2020: £351,502).

During the year, the Company was charged administration fees from McArthurGlen UK Limited amounting to £18,000 (2020: £18,000). These amounts are unsecured, interest-free and payable on demand. At the year end, the Company owed McArthurGlen UK Limited £4,500 (2020: £nil). The Company is related to McArthurGlen UK Limited by virtue of the fact that McArthurGlen UK Limited is a joint venture of Simon Mac LLC, and the Company is an associate of Simon Mac LLC.

#### **11. CONTROLLING PARTY**

The Company is a subsidiary undertaking of Cannock Consortium LLP. The ultimate controlling party is Cannock Consortium LLP.

The smallest and largest group in which the results of the Company are consolidated is that headed by Cannock Consortium LLP, whose registered address is Nations House, 3<sup>rd</sup> Floor, 103 Wigmore Street, London, England W1U 1QS. The financial statements of Cannock Consortium LLP are publicly available. No other group financial statements include the results of the Company.

#### **12. POST BALANCE SHEET EVENTS**

On 24 February 2022, Russia invaded Ukraine. The ongoing military attack has led, and continues to lead, to significant casualties, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. The war in Ukraine and reflected events take place at a time of global economic uncertainty and volatility. The directors have considered the impact of these events on the Company and do not believe that they lead to a significant impact on the administrative expenses forecast to be incurred by the Company since the impact of the conflict has related mainly to increases in fuel and food prices. The directors will continue to monitor the situation closely to determine if there is any impact of the conflict on the future viability of the Company taking necessary steps to mitigate these effects proactively.