Financial statements
WD FF Limited

For the period 30 May 2020 to 26 March 2021

Company No 12634860

Company information

Company registration number	12634860
Registered office	Second Avenue Deeside Industrial Park Deeside Flintshire CH5 2NW
Directors	Sir M C Walker R M Walker T S Dhaliwal P S Dhaliwal R D Ewen
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR
Solicitors	Skadden, Arps, Slate, Meagher & Flom (UK) LLP 40 Bank Street Canary Wharf London E14 5DS Hill Dickinson LLP 1 St Pauls Square Liverpool L3 9SJ
Auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS

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Business review

The Company was established on 30 May 2020 as a holding company for the interests of the Walker and Dhaliwal families in UK food retailing, food manufacturing and hospitality. The assets of Individual Restaurants (IRC) Limited were acquired on 25 November 2020, and on 29 January 2021 the Company acquired 100% of the share capital of Lannis Limited, the parent company of the Iceland Foods Group. The accounts of Lannis Limited for the 52 weeks ended 26 March 2021 have already been filed; these accounts of WD FF Limited principally reflect the performance of the Lannis Group in the eight weeks to 26 March 2021.

During the period from 30 May 2020 to 26 March 2021, the Covid-19 pandemic changed consumer lifestyles and purchasing behaviour, creating challenges for Iceland, Individual Restaurants and the retail and hospitality sectors as a whole. Iceland's diverse and flexible multi-channel business model enabled it to meet these unprecedented challenges and to achieve year-on-year increases in both sales and Adjusted EBITDA * that demonstrated the benefits of substantial past investments in expanding its store network, building its Online presence and strengthening its infrastructure. Outperformance of the growing food retail market throughout the period was rooted in the accessibility of both the smaller Iceland community shops and larger The Food Warehouse stores; the flexibility with which the business was able to adapt its stores to function primarily as Online pick centres; and in its expanding range, outstanding value and long-established focus on frozen food.

In the eight weeks of WD FF ownership, Iceland Foods continued to trade strongly and ahead of the market until it encountered comparison with the period of exceptional consumer demand in advance of and during the first week of the initial national Covid-19 lockdown in the final three weeks of the prior year.

Results

Sales for the period to 26 March 2021 were £582.5m, mainly comprising the sales of Iceland Foods for the final eight weeks. Iceland increased its share of the UK grocery market to 2.4% by the end of the period, compared with 2.2% in March 2020.

Growth in the total UK grocery market during the period was driven by heightened consumer demand for food in the retail channel in place of food-to-go and eating out. This structural shift reflected the increase in home working and reduced commuting, together with the loss of out-of-home eating opportunities for much of the period due to the series of Covid-19 national lockdowns and tiered restrictions.

Iceland gained share within this growing market because its focus on accessibility, value and frozen food proved a perfect match with consumer priorities during the pandemic. In addition, it extended its non-frozen product range. Although many of the core Iceland stores are on high streets or in shopping centres that were impacted by the decline in town centre footfall, suburban Iceland community stores benefited from shoppers' desire to shop more locally, while The Food Warehouse stores were ideally placed to meet the needs of those inclined to shop less frequently; this format can provide everything a family might require from a weekly shopping trip in relatively compact stores with wide aisles ideally suited for social distancing. Across the business, Iceland's management was able to move swiftly to expand the role of stores as online picking centres to meet the hugely increased consumer demand for home deliveries.

Iceland's sales also benefited from the net 16 UK new stores opened during its financial year, all bar one of which were added prior to the commencement of WD FF ownership on 29 January 2021.

Adjusted EBITDA of £40.7m for the period. Adjusted EBITDA is measured as EBITDA after adjusting for exceptional items and as such excludes any benefits or costs associated with Covid-19.

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The Group's financial and non-financial key performance indicators are discussed within the body of this report, the key ones being sales and Adjusted EBITDA (see note 34).

Iceland incurred substantial Covid-related costs throughout its financial year, including the retention on full pay of all colleagues recommended to self-isolate by the Government; an extension of the entitlement to Company sick pay; the recruitment and training over the year as a whole of some 5,300 additional staff; increases in the number of store security personnel to enforce social distancing; the installation of shield screens at store checkouts; the provision of Personal Protective Equipment for colleagues; the payment of a bonus to all frontline staff and store managers in May 2020; and expenditure on signage, floor markings and other measures to ensure the maintenance of two metre social distancing in stores. It also bore the running costs of an additional depot in Swindon, the opening of which was deferred until February 2021 as a result of Covid-19.

These costs were offset by business rate relief which we were grateful to the Government for providing. Both the costs and the business rate relief have been treated as exceptional items and are excluded from Adjusted EBITDA.

Net exceptional expenses of £23.9m comprised an impairment of amounts owed by a related party, Covid costs, offset by business rate relief, together with business restructuring and property costs.

Performance from continuing operations (excluding depreciation, amortisation of goodwill, amortisation of other intangibles, interest, exceptional administrative expenses and profit / (loss) on disposal of fixed assets and investments) is summarised below.

	Period from 30 May 2020 to 26 March 2021 £m
Group turnover	582.5
Adjusted EBITDA *	40.7

* See note 34 for reconciliation to consolidated income statement.

Performance, as reported in the consolidated income statement, is a loss for the financial period of £33.4m. The results include goodwill amortisation of £6.3m, bond interest of £5.8m, a bond redemption penalty of £3.8m and exceptional items £23.9m.

Finances

We have explained the change in structure and ownership and included narrative around the statutory results for the period. However, given the transaction to obtain control occurred close to the financial year-end we feel it important to explain the finances additionally in the context of Lannis Limited which was the previous parent of the group. We believe that this additional commentary is useful to the users of the financial statements alongside those for the period for WDFF Limited and its subsidiaries.

The Iceland Group has been and remains consistently cash generative, with Lannis Limited recording a cash inflow from operations during 52 weeks to 26 March 2021 of £205.1m (2020: £122.8m) as a result of the rise in Adjusted EBITDA and a working capital inflow driven by the rise in sales.

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In February 2021 we strengthened the capital structure of the Lannis Limited business, extended its debt maturity profile and reduced future interest costs through the issue of £250.0m of new Senior Secured Notes due in 2028, and the redemption of £170.2m of existing Senior Secured Notes due in 2024. At the same time we also entered into a new £20.0m four year Super Senior Revolving Credit Facility. We were required to repay a £20.0m term loan at the point of refinance.

Cash balances at the year-end were £126.5m; this was some £12m below our expectations following the loss of a supply chain finance facility provided by Greensill Capital, which filed for insolvency in March 2021.

A strong cash position has been maintained despite the redemption of £40m of Floating Rate Notes, due in July 2020, and the payment of £108.5m to Brait SE during 2020 in order to return Iceland to full family ownership; an £8.6m share buyback was also executed as part of this process. In November 2020 WD FF spent a further £31.0m to purchase the trading business and assets of 28 restaurants, trading principally under the Restaurant Bar & Grill and Piccolino brands, in a pre-pack administration that secured the future of some 1,300 jobs.

Net debt at the year-end was £717.3m.

Capital expenditure during the period was £25.8m, principally comprising investment in the opening of new Iceland and The Food Warehouse stores.

Iceland products

Home working, and the prolonged closures of pubs, restaurants, schools, and many works and office canteens all boosted consumer demand within the food retail channel during the Lannis Limited financial year 2020/21, with demand for frozen food growing faster than the market as a whole as consumers sought to feed their families while reducing their number of shopping trips, focusing on good value and cutting waste. Iceland continued to emphasise that frozen food can be fresher, tastier, more nutritious and more authentic than the 'fresh' alternatives. It is also intrinsically cheaper to produce because of the economies generated by picking and freezing produce when it is most abundant, and making lines efficiently in bulk.

Iceland continued to stimulate consumer interest in the frozen category through continuous, market-leading innovation throughout its financial year, achieving notable success with our range of exclusive brands, including Greggs, TGI Fridays, Barratt and Slimming World. These attracted many new customers into its stores, the appeal of which was also increased through expansion of the range offered in all temperature categories.

In January 2021 Iceland formed a new partnership with the LiveKindly Collective, which took ownership of the market-leading No Meat frozen vegan brand with the aim of accelerating its global development; Iceland also entered into a distribution agreement with LiveKindly that will enable it to offer customers a greatly expanded range in the fast-growing frozen vegan category.

Iceland and The Food Warehouse stores

Lannis Limited opened 24 new stores in the UK during its financial year and closed eight, giving it a net addition of 16 and a total of 993 (2020: 977) UK stores at the year-end; all bar one of the openings took place before the acquisition of Lannis by WD FF on 29 January 2021. The openings were mainly under The Food Warehouse fascia, where the addition of 20 new stores gave a total of 141 at the end of the year. Lannis also opened three core Iceland stores in the UK, and closed eight, including one closed under the ownership of WD FF. One of these closed Iceland stores reopened in March 2021 as the first trial of a new convenience supermarket format under the Swift brand.

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The Group operates 27 Iceland stores in the Republic of Ireland. Eleven company-owned stores in the Czech Republic were disposed of in October 2020 and are now supplied under a franchise partnership agreement. This gave us a total Group estate of 1,020 stores at the year-end.

Iceland Online

Iceland's flexible business model allowed it to respond at pace to the huge increase in consumer demand for Online deliveries following the onset of Covid-19, enabling it to achieve market-leading growth. The business recruited thousands of additional store colleagues and home delivery drivers, increased the number of stores picking online orders, extended its picking and delivery hours, and expanded its vehicle fleet by 20%, enabling it to increase its Online delivery capacity to handle up to one million deliveries per week, serving 86% of UK postcodes. A low minimum order value of £25, and free delivery of all Online orders of £35 or more, also give Iceland an important competitive edge.

This rapid expansion of capacity enabled Iceland to continue offering priority access to vulnerable customers throughout the year, while also making it one of the very few UK supermarkets with consistently good slot availability for non-priority customers. This won many new customers who had never shopped at Iceland before. While next day delivery was available through Iceland's own website for most of the year, it also launched a trial in London of home delivery within 20 minutes via Uber Eats.

The Range

A strategic alliance with The Range, launched in August 2018, introduced the Iceland food offer into The Range's home, garden and leisure stores with the aim of making these a true 'one stop shop'. For Iceland, this represented an opportunity to make its food available in a new type of location, with the aim of extending its appeal by reaching people who had not shopped at Iceland before. Although the originally planned roll-out was delayed by the onset of the Covid-19 pandemic, The Range added Iceland departments to 39 of its stores during the 52 weeks to 26 March 2021, of which 12 were added in the period of WD FF ownership, to give a total of 86 (2020: 47) at the year-end. In 59 of these stores there is also an Iceland café that allows customers to try products before buying them. During the year Iceland strengthened its commercial partnership with The Range and now supplies the complete grocery range offered in those stores where a dedicated Iceland department has yet to be established.

Iceland International

Iceland International pursues a capital-light, low-risk strategy of developing sales of Iceland own label products with both new and established partners, and has continued to achieve sales growth. It currently serves customers in more than 40 countries around the world, including a network of Iceland franchise stores. Brexit initially caused sporadic delays in the supply of Iceland products to stores within the EU, including the company-owned stores in Ireland and franchised stores in Spain, but these diminished as Iceland, its suppliers and the border authorities learned to work more smoothly under the new post-Brexit arrangements. We are considering options for the opening of a new depot within the EU to increase the security of supply still further.

Iceland Manufacturing

The Iceland Manufacturing facility in Manchester has been dedicated in recent years to the production of frozen prepared meals, soups and sauces for Slimming World™, with which Iceland enjoys a long-term exclusive brand partnership. Sales of these lines were naturally affected by the temporary closure of Slimming World's clubs for the duration of the various Covid lockdowns. We have made a major investment in the facility to give us additional capability going forward.

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Supply chain

The resilience of Iceland's supply chain, and its ability to cope with the substantial increase in demand during the year, underlined the benefits of past and continuing investment in its distribution infrastructure. We strengthened our network with the opening in February 2021 of a second depot in Swindon, providing additional capacity for ambient goods, complementing our established multi-temperature facility there and others in Livingston, Warrington, Deeside and Enfield. In January 2021 Lannis Limited renewed its successful partnership with XPO Logistics, which operates these depots and the Iceland distribution fleet on our behalf.

Maintaining good relationships with our supplier partners remains critical to our own business performance, and we have robust procedures in place to ensure our compliance with the Groceries Supply Code of Practice ("GSCOP"), on which we report on pages 22 - 23. Our policies on the treatment of supplier income are set out in Note 4.13 on page 38, and in Note 3 Significant judgements and estimates on page 33. We are grateful to all our suppliers for the determined efforts they made and the flexibility they were able to show in working with us to feed the nation during the pandemic, particularly in the face of the unprecedented challenges caused by panic buying prior to and during the early stages of the first national lockdown in 2020. We also greatly appreciated their continued positivity in working with us on our initiatives to remove single-use plastic packaging from our own label product range by the end of 2023, to reduce carbon emissions, and to cut food waste.

People

Lannis Limited was pleased to create jobs for many new colleagues during its financial year, increasing the average number employed across the business to 30,898 (2020: 25,348); a further 1,300 restaurant staff joined the Group through the acquisition of the Individual Restaurants assets, giving WD FF total average employees of 32,099.

Iceland recruited a total of 5,300 additional staff on temporary contracts during the pandemic, both to cover for colleagues who were shielding at home on Government advice, and to help meet increased consumer demand in-store and in particular for home deliveries. We were pleased to be able to move a significant number of these temporary recruits onto standard Iceland contracts of 7.5 hours or more per week, and also retained on standard contracts a proportion of the temporary seasonal staff recruited to handle Iceland's usual Christmas sales peak. The resulting year on year increase in the average number employed by Lannis Limited was 5,550.

Iceland made a 4.1% pay award to all front-line retail colleagues in April 2020 and paid a bonus to front-line colleagues and store managers in May 2020, in recognition of their heroic efforts during the first phase of the pandemic. Iceland maintained full pay to all employees in vulnerable groups who were recommended by the Government to self-isolate for 12 weeks, and also extended eligibility for company sick pay to all employees with at least one month's service.

It was our Iceland and The Food Warehouse store colleagues' care for others and innovative thinking that led them to introduce the first priority shopping hours for elderly and vulnerable customers and for NHS workers in March 2020 – a move swiftly copied across the food retail sector – and there were many instances of both store assistants and home delivery drivers 'going the extra mile' to ensure that customers received the food and other supplies they needed during the pandemic. We were delighted that two of our store managers were honoured for their leading roles in creating priority shopping hours for the elderly in the 2021 birthday honours list in June 2021; this followed the award of British Empire Medals to two of our home delivery drivers in the delayed Queen's birthday honours list of October 2020.

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We remain committed to rewarding our people as well as we can and we continue to differentiate Iceland from many of our competitors by paying the same rate to employees of all ages, including new starters. Our focus on recruiting within the catchment of our stores means that almost 80% of our retail employees live within walking distance of their workplace, making Iceland truly rooted in the communities it serves and with a real understanding of their needs.

The Board

Sir Malcolm Walker (Chairman) and Tarsem Dhaliwal (Chief Executive Officer) were appointed directors of the Company on its creation on 30 May 2020. Following the acquisition of Lannis Limited, Richard Walker (Joint Managing Director, Iceland Foods and family shareholder), Paul Dhaliwal (Iceland Foods Trading Director and family shareholder), and Richard Ewen (Chief Financial Officer) joined the Board on 1 February 2021.

Sustainability and corporate social responsibility

Iceland is proud to be an industry leader in taking action to safeguard and improve the global environment. In February 2021 we became the first food retailer in the world to join The Climate Pledge: a commitment to be Net Zero carbon by 2040, ten years ahead of the Paris Agreement's goal of 2050. Iceland's first Carbon report, published in July 2020, showed that it was already on course to reach Net Zero by 2042, having achieved an actual reduction in Scope 1 & 2 carbon emissions of 74% since 2011, despite a 36% increase in Group turnover and the addition of a net 181 stores over the same period. This reduction, which exceeded our own targets, was mainly achieved by changes within our direct control that also delivered valuable cost savings, including a business-wide switch to LED lighting, investing in more efficient refrigeration, and maximising the efficiency of our distribution fleet. We are now working with the Carbon Trust to measure and seek to reduce the Scope 3 carbon emissions that our business causes indirectly throughout our supply chains.

Food waste is undesirable on multiple levels: social, economic and environmental, not least as a major contributor to greenhouse gas emissions. It was pleasing, therefore, that Iceland's first Food Waste report published in May 2020 showed that it had been able to reduce food waste by 23.2%, or almost 2,500 tonnes, over the previous two years. Although the impact of the pandemic on customer shopping patterns and store operations resulted in a regrettable increase food waste in 2020/21, from 0.57% to 0.63% of sales, waste remained 19.2% lower than in the base year in 2018, and we remain committed to halving operational food waste from that base by 2030. During its financial year Iceland donated 264 tonnes of surplus food from its depots to people in need through its network of charity and community partners. Following a successful trial, in September Iceland extended across its estate a policy of giving any surplus food given to store colleagues at closing time each day, giving them the option of taking it home for their own use or donating it to a local charity or cause; 105 tonnes of food were given to colleagues in this way during the second half of the Lannis Limited financial year. We continue to emphasise the many advantages that frozen food can offer in cutting food waste throughout the supply chain, in stores and in the home: research by Manchester Metropolitan University has shown that a typical family can save £1,500 a year and almost halve its food waste by buying more frozen food.

Iceland achieved a 29% reduction in the tonnage of its own label plastic packaging in the first two years after making a pledge in January 2018 to eliminate plastic packaging from its own label range by the end of 2023, and to substantially reduce overall plastic usage. The business has continued to progress a range of initiatives designed to deliver this promise, with trials during its financial year including new plastic-free and reduced plastic packaging for bread, potatoes, apples, strawberries, blueberries and mushrooms. Iceland's plastic-free Christmas range for 2020 comprised 23 lines, including the first plastic-free Christmas cake offered by any UK supermarket, and it also doubled the number of seasonal lines with significantly reduced plastic compared with 2019.

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In March 2021 we joined the Global Ghost Gear Initiative to help protect marine life from the plastic pollution associated with lost and discarded fishing gear.

As with food waste we expect to report a negative impact from the pandemic on overall plastic reduction progress during 2020 as significant volume growth and changing shopping patterns were a feature of the year.

In September 2020 Iceland became the first UK supermarket to publish its full plastic footprint, and urged other businesses to adopt a similarly transparent approach. It has also worked with four leading environmental charities to call on the Government to amend its Environment Bill to incorporate mandatory plastic packaging reporting and UK plastic pollution reduction targets within forthcoming legislation.

Also in September 2020 Iceland announced its participation in the England footballer Marcus Rashford's Child Poverty Taskforce and began offering a free bag of frozen vegetables to customers for each Healthy Start Voucher redeemed in our stores in England, Wales and Northern Ireland, with a similar offer being made to users of Best Start Food cards in Scotland. It donated 650 food parcels to families in need over the October half term.

In the early stages of the Covid pandemic the Iceland Foods Charitable Foundation made crisis donations of £150,000 each to Age UK and St John's Ambulance, and of over £37,000 to NHS Charities Together, while in December it donated £280,000 to Action for Children, making each of our Iceland colleagues a 'Secret Santa' giving £10 to help a vulnerable child at Christmas.

The Foundation has also continued its long-standing support for dementia and other medical charities, and has supported a range of important environmental initiatives including the Backyard Nature project, Surfers Against Sewage, the restoration of Welsh peatlands by Wales Wildlife Trusts and the planting of one million mangrove trees in Indonesia to mark Iceland's 50th anniversary.

Individual Restaurants

On 25 November 2020 our wholly-owned subsidiary Ice Acquisitions Limited, subsequently renamed Individual Restaurants (IRC) Limited, acquired the business and assets of 28 Piccolino, Restaurant Bar & Grill, Opera Grill and Bank restaurants, safeguarding the future of this business and protecting the jobs of 1,300 employees. At the time of the acquisition 13 of the restaurants were open for collection and delivery and all re-opened fully for dining on 3 December 2020; the subsequent re-imposition of Covid restrictions by the Government resulted in an EBITDA loss for the period.

Outlook

In the first quarter of the current year Iceland faces comparison with a period of exceptional sales growth in 2020, driven by the first national lockdown and the resulting concentration of consumer demand on the food retail channel. Across the food retailing industry, the change in consumer preferences back from online ordering to shopping in store has been larger and faster than expected, though Iceland has substantially outperformed the online grocery market as a whole since 2019, and this year has seen a small recovery in demand for Home Delivery of in-store purchases. While industry data shows a substantial increase in consumer visits to stores compared with 2020, it should be noted that footfall in the high streets and shopping centres where so many of our core Iceland stores are located is still running some 30% below the level of the comparable period in 2019.

In this challenging and very uncertain environment our first quarter sales and profits will inevitably be lower than those of Lannis Limited in the comparable period last year, although on a two-year view Iceland's sales

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growth has substantially outperformed the UK grocery market. We also see opportunities to make progress later in the year, when we are comparing performance with periods affected by Government initiatives such a 'Eat Out to Help Out' in August 2020.

The business has continued to incur some Covid-related costs though there will be no offsetting business rate relief following our decision not to seek a continuation of this relief in the current financial year.

Substantial product innovation has continued, with introductions since the beginning of the year including new exclusive brand partnerships with KP Snacks in frozen potato snacks and with Del Monte in frozen fruit, extension of our established partnership with Barratt in ice lollies, the launch of our best-ever summer BBQ range, and the doubling of our offering in the fast-growing meat-free category through the introduction of LiveKindly's Oumph!, LikeMeat and Fry's brands.

After a successful trial we launched a same-day Online delivery service in 400 Iceland and The Food Warehouse stores in May, and plan to extend this across our entire estate in due course; we have also extended our Uber Eats delivery trial to 20 stores, including for the first time locations outside London.

Since the beginning of the year we have joined other retailers in lobbying the Brazilian government and major soy producers and traders to commit to a sustainable supply chain and stop deforestation in the Amazon, and banned the sale of peat-based compost in our stores, while the Iceland Foods Charitable Foundation has announced its support for the UK's biggest-ever beach clean by Surfers Against Sewage. We have extended our plastic-free packaging trials and substantially increased the proportion of free range eggs we sell as we progress towards our commitment to end the sale of eggs from caged hens by 2025. We have made a significant effort to obtain MSC (Marine Stewardship Council) certification for an increasing number of fish and seafood products, with 60% certification across our range. Iceland is now a member of Sedex, one of the world's leading online platforms used to manage responsible and sustainable business practices, and responsible sourcing. This supports the oversight and improvement of working conditions in global supply chains. The business is also an active member of BiTC (Business in the Community), the Prince of Wales' responsible business charity, with a position on its Welsh Advisory Board.

Our free frozen vegetable giveaway to Healthy Start Voucher and Best Start Foods users was extended until the end of August 2021. Following a successful pilot in Yorkshire and North Wales, we are extending a trial of ethical credit for families in need to selected areas of North West England and Wales. Iceland and The Food Warehouse have committed to partner The Big Lunch community event in both 2021 and the Platinum Jubilee year 2022.

We continue to invest in both the infrastructure of the business and the expansion and improvement of our retail estate. In the financial year to date we have opened 4 new core Iceland stores in the UK and 13 new The Food Warehouse stores enabling us to reach and surpass the historic milestone of 1,000 UK stores. The Range has also opened Iceland departments in a further 14 of its stores. We expect to open a total of some 20 new The Food Warehouse stores over the year as a whole, and for our total capital expenditure to be in the region of £60m although this is not committed to and, as ever, we remain disciplined with regard to cash management and have the ability to flex this spend as required.

We were delighted to welcome HRH The Prince of Wales to Iceland's head office at Deeside on 5 July, to mark the 50th anniversary of the establishment of the business in November 1970.

Our restaurants have traded strongly since the lifting of lockdown restrictions. We have appointed Karen Forrester, formerly CEO of TGI Fridays, as Executive Chair of our restaurant business, to deliver an investment and development plan that will enable us to realise the full potential of these great restaurant brands, sites and people. On 3 August we announced our intention to close two Piccolino and two Restaurant Bar & Grill sites which have been unprofitable for some time and which would require major

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investment to bring them up to our latest standards. We will seek to offer as many as possible of the 140 staff affected the opportunity to transfer to our other restaurants.

Principal risks and uncertainties

Each company in the Group maintains a register identifying all risks and threats to the business. The principal risks and uncertainties facing the Group are as follows:

Our IT systems and infrastructures are fundamental to ensuring the normal continuity of trading in our stores. If a major incident occurred, affecting this infrastructure, it could have a detrimental impact on the business's ability to operate effectively. To reduce the chances of this happening and also to reduce the impact of such an event if it were to happen, we have developed robust recovery plans and invested in the creation of a remote IT disaster recovery site.

The continued success of the Group is dependent on levels of engagement of our store staff. This is a key element of our customer service in store. We conduct regular staff surveys, which measure both management and engagement indexes. We also have an internal communication forum (Talking Shop) with a representative in every store. These help to ensure that the Directors are aware of all issues affecting stores and store staff.

As a food retailer, product quality and food safety are very important to us. If we fail to deliver to our customers' satisfaction in term of quality or safety, this has the potential to damage our business reputation. To maintain and develop our standards we have robust procedures and policies in place. Our Supplier Technical Policies communicate the standards we expect in relation to food safety and quality. We require that each supplier is certificated to the British Retail Consortium Global Standard of Food Safety and that all suppliers adhere to relevant aspects of EU legislation. Robust specifications define our quality standards including the verification of the safety of our cooking instructions. Thereafter the products are monitored for adherence to quality standards by our Quality Assurance teams.

The Group operates in an environment governed by strict regulations to ensure the safety and protection of customers, shareholders, staff and other stakeholders. These regulations include alcohol licensing, health and safety, data protection and competition law. In all cases, the Board take its responsibilities very seriously, and recognises that breach of regulation can lead to reputational and financial damage to the Group. There is a clear, ultimate accountability with Directors for compliance with all areas of regulation. The business designs its policies and procedures to accord with relevant laws and regulations and regularly review and monitor these including anti-bribery and Grocery Supply Code of Practice.

Statement by the directors on performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board of directors of WD FF Limited consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act) in the decisions they made during the period ended 26 March 2021.

We recognise our colleagues as our most important asset and aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our colleagues are of the highest importance and ensuring these is one of our primary considerations in the way we do business.

Caring for our customers is fundamental to the success of our business and we endeavour to serve them to the very best of our ability both in our stores and in their own homes through our Home Delivery and

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Online operations. We are committed to ensuring that all the food we sell is safe to eat and that our own label products offer customers both high quality and great value.

We also aim to act responsibly and fairly in our engagement with suppliers, regulators, bankers, insurers and bondholders. All suppliers are paid in accordance with their agreed terms and have the option of obtaining accelerated payment through our supplier portal. More than 1,500 suppliers, accounting for nearly half of our supplier base, are on payment terms of 14 days or less. We respond quickly and fully to queries from regulators, bankers, insurers and bondholders, providing the last with quarterly updates on our performance and the opportunity to ask questions of our Chief Executive Officer and Chief Financial Officer.

Iceland's commitment to Doing It Right enshrines a holistic approach to the health and wellbeing of the communities in which we operate, and to the wider environment and society as a whole. We have worked hard during the year to reduce our impact in the environment by reducing our food waste and our use of plastics and carbon, as reported on pages 19 - 21.

As the Board of Directors, our intention is always to behave responsibly and to ensure that the business operates in a responsible manner, adhering to high standards of business conduct and good governance. We recognise that the maintenance of our good reputation, founded on responsible behaviour, is fundamental to our continuing ability to achieve profitable growth for the benefit of all our stakeholders in the future.

Further detail is provided in our Corporate Governance statement on pages 16 – 18.

APPROVED BY AND SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

R D Ewen
Director
20 December 2021

Report of the directors

The directors present their report together with the audited financial statements for the period 30 May 2020 to 26 March 2021.

Results and dividends

The group's loss for the period after tax amounted to £33.4m. No dividends were authorised in the period.

Future developments and subsequent events

On 29 September 2021, a subsidiary of the group, Individual Restaurants (IRC) Limited acquired the trading assets of Gino D'Acampo Worldwide Restaurants Limited from Individual Restaurants Group Limited. As a condition of the purchase, the Company drew down a loan of £15,000,000 in order to repay an existing loan in Individual Restaurants Group Limited.

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are liquidity risk, interest rate risk, and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous policies of the group.

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the year has been to ensure that cash balances are maintained and to ensure that a sufficient return is earned on these.

The maturity of borrowings is set out in note 22 to the financial statements.

Interest rate risk
The group finances its operations through a mixture of retained profits and borrowings. The group has senior secured notes the majority of which are at fixed interest rates.

Credit risk
The group's principal financial asset is cash. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies.

Going concern
See management comments on 'Going concern' in Note 2 of the notes to the financial statements.

Report of the directors

Employees

Communication with staff is accorded a high priority and employees are kept informed of the group's performance and activities through regular briefings and staff updates including monthly area and head office newsletters. They are also given the opportunity to communicate their ideas to all levels of management, both directly, through regular attitude surveys, and via employee-nominated Talking Shop and Deeside Voice representatives. Complaints may be raised with the directors by email or through a confidential telephone hotline.

The directors are committed to delivering a positive working environment that protects all colleagues' physical and mental health. We offer a range of options and benefits to enhance our employees' lives including company sick pay, career breaks, compassionate leave, enhanced maternity and paternity leave, flexible working, and discounted gym memberships. Help with legal or financial advice, counselling, stress, bereavement, relationships or career support is made available to employees through the retailTRUST.

At the onset of the coronavirus pandemic we extended Company sick pay to all employees with more than one month's service, instead of the previous one year, and maintained full pay for all those vulnerable and extremely colleagues advised by HM Government to 'shield' at home for 12 weeks. We invested heavily to provide Personal Protective Equipment for all our retail colleagues, and to install shield screens at checkouts in all stores. In May 2020 we paid a special bonus to all store managers and front line colleagues in recognition of their heroic work to continue serving our customers despite the many challenges created by Covid-19.

Pay is reviewed annually and we increased the pay of all front line colleagues in both April 2019 and April 2020; we are committed to paying all our employees as well as the business can afford.

All employees are automatically enrolled into our workplace pension scheme, and we also offer life assurance benefits for both full and part time employees.

We offer a 10% employee discount at Iceland and The Food Warehouse stores throughout the year, with periodic 20% double discount weeks. A double discount was provided to all regular employees for six weeks during the Covid-19 pandemic. Christmas vouchers are also provided each year to all employees with more than six months' service.

The group is committed to ensuring genuine equality of opportunity for all employees, regardless of age, gender, sexual orientation, colour, race, ethnic origin, religion, or disability. All our recruitment, training and development policies reflect this commitment. We make it explicitly clear that prejudice and intolerance, in any form, have no place in our business, and have a policy of zero tolerance towards any acts of discrimination, bullying or harassment within the workplace. In the event of an employee becoming disabled, every effort is made to continue their employment and having due regard to their aptitude and abilities, opportunities are given for retraining or deployment wherever possible.

Directors' Responsibility under Section 172 and Statement of engagement with suppliers, customers and others in a business relationship with the company

The Directors welcome the requirement under Section172 and Sch. 7.11B(1) to of the Companies Act 2006. Comments on how the Directors have had a regard for the interests of various stake holders whilst making key decisions are contained in the Strategic Report.

Report of the directors

Directors

The directors who held office during the period were as follows:

Sir M C Walker (appointed 30 May 2020)
R M Walker (appointed 1 February 2021)
T S Dhaliwal (appointed 30 May 2020)
P S Dhaliwal (appointed 1 February 2021)
R D Ewen (appointed 1 February 2021)

Directors' responsibilities statements

The directors are responsible for preparing the Strategic report, the 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the directors

Corporate Governance statement

For the period ended 26 March 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ('FRC') in December 2018 and available on the FRC website). We have set out below how the Principles would have applied over the past financial period.

Principle 1: Purpose and leadership

The Group's purpose is to deliver sustainable, profitable long-term growth for the benefit of all its stakeholders.

The directors engage in daily dialogue with colleagues at head office and through frequent visits to stores throughout the country. Employees are kept informed of the Group's purpose, performance and activities through regular briefings and staff updates including monthly area and head office newsletters. Colleagues are also given the opportunity to communicate their ideas to all levels of management, both directly, through regular Straight Talk attitude surveys, and through employee-nominated Talking Shop and Deeside Voice representatives.

The Group's purpose has helped guide and develop the strategy and decision-making of the business over the last 12 months, through the expansion of our increasingly popular The Food Warehouse operation, the expansion of our online business, the continuation of our store refit programme, the growth of our partnership with The Range "store in store" operations and the acquisition of the trading business and assets of the Restaurant Bar & Grill and Piccolino brands. These investments will help us achieve long-term sustainable success.

Principle 2: Board composition

The Group has a separate Chairman (our founder, Sir Malcolm Walker) and Chief Executive (Tarsem Dhaliwal) to ensure that responsibilities, accountabilities and decision making are balanced effectively across the Group. The Board comprises a Chairman, Chief Executive, Chief Financial Officer and two additional directors, who are both fully involved in the day to day running of the business. The wider trading board of Iceland Foods Limited, includes our Legal Director and other department Heads (such as IT, e-commerce, Supply Chain, Buying, Retail Operations, HR, Marketing and Central Services).

Group Board directors meet at least four times per year, at fixed board meetings, supplemented by additional board meetings or teleconferences as and when required. The wider trading board of Iceland Foods, however, meets on a regular weekly basis. All such meetings are conducted behind closed doors and are used as forums for raising or discussing successes, views, ideas and challenges that present themselves, on an open basis. Group board directors and the wider trading board are presented with appropriate information packs in advance of those meetings, including updates on trading, store information, financial performance, marketing information and strategy.

We think the size and composition of our board, at both Group and trading level, is appropriate to our large yet family-owned and oriented business. Individual directors make sufficient time available to their respective teams, and then to the trading board, to ensure valuable contributions are made.

Report of the directors

The Audit Committee (a committee appointed by the Board, that deals with all material questions concerning auditing and accounting policy of the group, and its financial controls and systems, and other operational matters such as overseeing stock loss in stores, data protection compliance, and regulatory compliance with the Groceries Supply Code of Practice (GSCOP)), considers and addresses business issues and meets on a bi-annual basis.

The Audit Committee provides an adequate level of objectivity and independence.

Principle 3: Director responsibilities

In terms of accountability, our CEO ultimately takes responsibility for most business decisions, except those, which are reserved to our shareholders, under the Group shareholders' agreement. Our CEO uses the information reported to him weekly during our wider trading board meetings, with any updates needed or provided, during the ensuing week.

Our Chairman oversees the role and responsibilities of the CEO.

Whilst the wider trading board is able to view business performance holistically on a weekly basis, decisions may be made on a daily basis by senior management and heads of departments, using their extensive knowledge and industry experience. Such members of staff have a clear understanding of the limits of their authority, have clear lines of accountability to their more senior reports, and know when decisions need to be escalated for Board approval.

Principle 4: Opportunity and Risk

The experience gained and lessons learned from 50 years in the grocery retail sector, mean that our Chairman, and thus in turn, our CEO and Board, understand the importance of establishing and exploiting opportunities to grow, whilst also keeping an eye on risk. The business operation is constantly under review by the Board (and our Chairman and CEO, in particular), knowing that standing still can lead to a downturn in success.

In terms of addressing risk, be it financial, reputational or otherwise, the business relies heavily on its legal department and external professional advisers, who are predominantly commissioned to support across Legal, Finance, IT and public relations.

We are confident that our internal control systems allow the Board to make informed decisions on material environmental, social and governance issues. Everything we do is driven by our long-standing commitment to Doing It Right and operating in a sustainable and socially responsible manner.

In terms of reporting risk to the Board, the regular trading board meetings and Group board meetings, together with the robust reporting lines within departments that ultimately report to the members of the trading board, ensures that risks and threats are identified and escalated promptly, to be addressed as appropriate.

There are remuneration structures in place for directors which provides rewards based on both the group's overall performance and for individual success stories.

Report of the directors

Principle 5: Remuneration

There are remuneration structures in place for directors which provide rewards based on both the Group's overall performance and individual success stories.

The company believes strongly in equal opportunities and takes a zero tolerance approach to discrimination and/or victimisation, promoting equal treatment regardless of age, gender, nationality, ethnic origin, religion, disability, marital status or sexual orientation.

Principle 6: Stakeholder relationship and engagement

We aim to deliver high quality, affordable food to our customers, provide secure and safe employment for our colleagues, and create sustainable long-term growth for the benefit of all our stakeholders. We seek to minimise our impact on the environment and have, as noted above, delivered substantial reductions in our carbon emissions, food waste and plastic packaging usage in recent years. Food waste is a significant contributor to climate change and our focus on frozen food is proven to reduce waste substantially at all stages of the supply chain, in stores, and in customers' homes.

The business believes strongly in its communications with its stakeholders, to promote the company's brand, reputation and the relationships it has with them, in order to further its purpose.

The stakeholders in our business comprise our shareholders, bondholders, colleagues (our employees), customers, suppliers, landlords, regulators, governments and local authorities, pensioners, creditors, charity partners and community groups in the areas where we operate. We refer to section 172(1) statement in the directors' report (directors' duty to promote the success of the company for the benefit of its members as a whole, having regard to its other stakeholders).

Maintaining a happy and committed workforce is critical to the success of our business. The overall satisfaction of our employees is reflected in our prolonged and consistent ranking among the Best Big Companies to Work For in the UK in the annual Sunday Times survey.

Report of the directors

Streamlined Energy and Carbon Reporting

WD FF Limited meets the requirements for reporting its energy and carbon usage in line with the SECR framework. Due to it being a low energy user itself, the Company meets the low user exemption, of energy usage below 40MWh, and as such, the Board of Directors present the SECR for Lannis Limited for 52 week period to 26 March 2021 which details the carbon footprint of the group for the 12 month period to 31 March 2021. The Lannis group is the main constituent of the WD FF group.

Individual Restaurants (IRC) Limited and its subsidiary undertakings, all individually do not meet the reporting requirements.

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	1st April 2020 to 31st March 2021	**1st April 2019 to 31st March 2020**
Energy consumption used to calculate emissions (kWh)	817,661,717	753,105,519
Emissions from combustion of gas (Scope 1) tCO_2e	2,322	2,467
Emissions from combustion of fuel for transport purposes (Scope 1) tCO_2e	77,155	66,196
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO_2e	0	0
Emissions from purchased electricity (Scope 2, location-based) tCO_2e	113,584	122,010
Emissions from purchased electricity (Scope 2, market-based) tCO_2e	0	0
Total gross tCO_2e based on above (location based)	193,060	190,673
Total gross tCO_2e based on above (market based)	79,477	68,663
Intensity ratio ($kgCO_2e$/sales revenue £m) (location based)	0.051094	0.058575
Intensity ratio ($kgCO_2e$/sales revenue £m) (market based)	0.021034	0.021093

Energy Efficiency Action Summary
Year to 31 March 2021

Lannis Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Continuous improvements across the portfolio to reduce energy demand, increase the use of gases with lower environmental impacts, and minimise food and packaging waste.

Report of the directors

- Collaboration with external partners, such as WRAP (Waste and Resources Action Programme) and the British Retail Consortium Environmental Policy Action Group, to identify further, innovative ways to reduce energy consumption and carbon emissions.
- Rollout of ongoing LED upgrade projects.
- Installation of automatic lighting controllers throughout the portfolio, to improve energy management.
- Voluntary participation in Phase 1 and 2 of the UK Government's Climate Change Agreement (CCA) scheme, meeting a 12% energy reduction target across the distribution sites in March 2013, with further annual reduction targets up until 2023.
- Implementing a fleet renewal policy for company-owned heavy goods vehicles, designed to incentivise the procurement of more fuel-efficient and less carbon-intensive options.
- On-going replacement of HGV fleet with Euro-6 complaint vehicles with lower tailpipe emissions.
- Continue to upgrade programme of refrigerated cabinets and air conditioning systems to improve energy efficiency and reduce emissions across the portfolio.

Methodology Notes

Reporting Period	**1st April 2020 – 31st March 2021**
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Lannis Limited annual accounts made up to 31st March 2021.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2020 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres to kWh and GHG emissions using the method above. In absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions.
Reason for the intensity measurement choice	Based on the nature of our business, as well as following the recommendations of the SECR legislation we chose the following intensity metric: Sales revenue (£m). This metric reflects the total tCO_2e emitted in line with the sales revenue. Through the comparison of the coming financial years this metric will show a trend of Lannis Limited's energy efficiency.

Report of the directors

Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%). The results in the table are expressed in tons CO2e and may not add up precisely to the totals due to rounding.
Amount of renewable electricity (kWh) imported from the grid and it is backed by REGOs.	487,190,638
Information on renewable electricity	Lannis Limited has purchased electricity generated by wind and hydro assets matched to Renewable Energy Guarantees of Origin (REGOs) and independently verified by CDP accredited provider, EcoAct. However, in accordance with the current SECR legislation Scope 2 GHG emissions have been calculated using the DEFRA grid conversion factor.
Estimation	The report contains estimated electric power and natural gas consumption. Depending on the nature of the missing data the following estimation methods were used: Average value of +/-2 surrounding months; Average value from past 3 months; Value from same month of prior year.

The Streamlined Energy and Carbon Report has been prepared for the year to 31 March 2021. There is no material difference from this and our reporting period of the 52 weeks to 26 March 2021.

Report of the directors

GSCOP summary of annual compliance 2020-2021

Below is an extract from the accounts of Lannis Limited for the 52 week period to 26 March 2021 which details the GSCOP summary of annual compliance for the 12 month period to 31 March 2021. The Lannis group is the main constituent of the WD FF group.

Annual Compliance Report

An annual compliance report, as required by the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the "Order"), for the financial year 2020/21 (which ran from 30 March 2020 to 26 March 2021), is currently being drafted and will be submitted to, and approved by, Iceland's Audit Committee upon completion.

Iceland believes that is has materially complied with the Groceries Supply Code of Practice ("GSCOP") during the reporting period, and it has had no formal disputes under the Code, during the reporting period.

Report Matters

The report contains all complaints that have been received from suppliers which, if not resolved by the Buyers, are escalated to the Category Managers, Trading Directors and occasionally, if required, the Code Compliance Officer. The report confirmed that we had five reported breaches, potential breaches, or formal complaints, made against the business, or reported within the business as a pre-emptive measure within the reporting period, under GSCOP.

All five of these potential breaches were reported where necessary to the GCA as part of our quarterly progress meeting reports and have been resolved and closed. Whenever we receive a complaint, we promptly work with the relevant supplier to investigate and resolve the matter to the satisfaction of both parties. Full details of the matters are reported annually to the CMA (Competition and Markets Authority) and the GCA (Groceries Code Adjudicator).

Training

All members of our Buying Team have been given a copy of GSCOP and receive bi-annual refresher e-learning training, as well as ad-hoc one-to-one training if required. All new members of the Buying Team receive a copy of GSCOP and one to one training as part of their induction. All relevant teams, which have contact with suppliers, have received e-learning training, as part of our bi-annual training programme. Our e-learning training is updated regularly to reflect: (i) key issues that have arisen in compliance with GSCOP; and (ii) any feedback we have received from suppliers. This year, we are in the process of updating the e-learning training to make it more interactive, with breach-based scenarios, to help educate the colleagues on what to do, and what not to do, in their day-to-day roles.

Internal Compliance

In our efforts to improve internal compliance, we appreciate all feedback from suppliers, whether made directly to Iceland or through the GCA, which helps us to improve our understanding of any issues which the suppliers may have. Where the relevant supplier consents, any matters which have been raised with Iceland have been shared with the relevant senior teams, and we have taken on board this feedback, and aim to continue to improve our long-term relationships with suppliers.

We continue to hold bi-annual steering group meetings to ensure all supplier-facing departments communicate to each other with any concerns which may have been raised, and to discuss any projects which might involve GSCOP compliance.

Report of the directors

We continue to work on our supplier database, however other projects, including depot delivery system payments and credits (for late deliveries and late unloading respectively), are currently on hold due to COVID-19.

We continue to work on our forecasting system, which should enable Iceland and the suppliers to communicate forecasts, and changes of these forecasts transparently, and easily, via a new system. We are working hard to finalise this system as soon as we can.

We have undertaken our annual internal audit to assess our colleagues' understanding of GSCOP and to ensure ongoing compliance. This is part of the annual compliance report and will be disclosed in accordance with GSCOP.

Actions

Our plans to invest in the way we work with suppliers have focused on several key projects within the reporting period. These include:

- continued work on the new forecasting system;
- continued work on the new supplier database to improve access to our terms and conditions, financial agreements, and policies which together form our supply agreement;
- continued ongoing commitment to entering into longer term agreements with our key suppliers, to build long term partnerships with those suppliers; and
- an emphasis on improving our de-listing process with suppliers, where we need to reduce significantly the volume of goods, or no longer need the goods at all.

Forward Looking

With the unprecedented demands faced by retailers and suppliers over the reporting period, we look forward to a more normal 12 months in working with our suppliers in 2021.

Auditors

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

APPROVED BY AND SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

R D Ewen
Director

20 December 2021

Grant Thornton

Independent auditor's report to the members of WD FF Limited

Opinion

We have audited the financial statements of WD FF Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 30 May 2020 to 26 March 2021 which comprise the Consolidated income statement, the Consolidated and company statement of financial position, the Consolidated and company statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 26 March 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included an assessment of management's forecasts and consideration of certain downside scenarios, which management consider reasonable. Based on the group's liquid assets at the date of assessment, and future projected operating cash flows, we agree with management's conclusion that the group is a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

Grant Thornton

Independent auditor's report to the members of WD FF Limited

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 at least twelve months from when the financial statements are authorised for issue.

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 responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent company and industry in which it operates through our general commercial and sector experience and discussions with management. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and Companies Act 2006. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as GSCOP and Health and Safety.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Assessing the design and implementation of controls management has in place to prevent and detect fraud;
- Challenging assumptions and judgments made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the group and parent company engagement team's knowledge of the industry in which the client operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and

- The engagement team's discussions in respect of potential non-compliance with laws and regulations and fraud included the risk of fraud in revenue recognition.

- In assessing the potential risk of material misstatement, we obtained an understanding of the group's operations, including the nature of its revenue sources to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in material misstatement, and the company's control environment, including the adequacy of procedures for the authorisation of transactions.

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.

Grant Thornton UK LLP

Carl Williams FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool

20 December 2021

Consolidated income statement

	Note	Period from 30 May 2020 to 26 March 2021 £'m
Turnover	5	582.5
Cost of sales before exceptional items		(544.2)
Exceptional cost of sales	6	2.2
Cost of sales		(542.0)
Gross profit		40.5
Administrative expenses before exceptional items		(20.2)
Exceptional administrative expenses	6	(26.1)
Administrative expenses		(46.3)
Other operating income	7	3.9
Operating loss	9	(1.9)
Profit on disposal of a subsidiary undertaking	10	-
Share of loss of associate undertaking	17	(21.4)
Fair value movement of unlisted investments	18	1.4
Loss on ordinary activities before interest and tax		(21.9)
Interest receivable and similar income	11	0.1
Interest payable and similar charges	12	(11.0)
Loss on ordinary activities before taxation		(32.8)
Taxation on loss on ordinary activities	13	(0.6)
Loss for the financial period		(33.4)
Share of loss of associate undertaking	17	21.4
Other comprehensive income for the financial period		21.4
Total comprehensive loss for the financial period		(12.0)

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Consolidated and company statement of financial position

	Note	Group 26 March 2021 £'m	Company 26 March 2021 £'m
Fixed assets			
Intangible assets	15	1,005.0	-
Tangible assets	16	293.2	-
Investments	18	14.5	170.3
		1,312.7	170.3
Current assets			
Stocks	19	187.4	-
Debtors	20	126.8	31.3
Cash at bank and in hand		126.5	-
		440.7	31.3
Creditors: amounts falling due within one year	21	(747.2)	(140.8)
Net current liabilities		(306.5)	(109.5)
Total assets less current liabilities		1,006.2	60.8
Creditors: amounts falling due after more than one year	22	(837.5)	-
Provisions for liabilities	23	(119.9)	-
Net assets		48.8	60.8
Capital and reserves			
Called up share capital	24	50.0	50.0
Merger reserve	26	10.8	10.8
Profit and loss account	26	(12.0)	-
Shareholders' funds		48.8	60.8

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the period was £Nil.

These financial statements were approved and authorised for issue by the board of directors on 20 December 2021.

Signed on behalf of the board of directors:

R D Ewen
Director
Company registration no: 12634860

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Consolidated and Company statement of changes in equity

Group	**Called up share capital £'m**	**Merger reserve £'m**	**Profit and loss account £'m**	**Shareholders funds £'m**
At 30 May 2020	-	-	-	-
Loss for the period	-	-	(12.0)	(12.0)
Total comprehensive loss for the period	-	-	(12.0)	(12.0)
Issue of share capital	50.0	10.8	-	60.8
Transactions with shareholders	50.0	10.8	-	60.8
As at 26 March 2021	**50.0**	**10.8**	**(12.0)**	**48.8**

Company	**Called up share capital £'m**	**Merger reserve £'m**	**Profit and loss account £'m**	**Shareholders funds £'m**
At 30 May 2020	-	-	-	-
Profit for the period	-	-	-	-
Total comprehensive profit for the period	-	-	-	-
Issue of share capital	50.0	10.8	-	60.8
Transactions with shareholders	50.0	10.8	-	60.8
As at 26 March 2021	**50.0**	**10.8**	**-**	**60.8**

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Consolidated statement of cash flows

	Period from 30 May 2020 to 26 March 2021 £'m
Cash flows from operating activities	
Loss for the financial year	(33.4)
Adjustments for:	
Amortisation of intangible assets	9.4
Depreciation of tangible assets	9.7
Decrease in trade and other debtors	12.6
Increase in stocks	(8.1)
Decrease in trade and other creditors	(7.6)
Increase in provisions	17.6
Profit on disposal of fixed assets	(0.4)
Fair value movement of unlisted investments	(1.4)
Share of loss in associated undertaking	21.4
Interest payable	11.0
Interest receivable	(0.1)
Taxation	0.6
Cash from operations	31.3
Income taxes paid	(5.0)
Net cash generated from operating activities	26.3
Cash flows from investing activities	
Purchase of a stake in an associated undertaking	(108.5)
Purchase of trading assets and liabilities	(1.6)
Net cash acquired with subsidiary undertaking	54.2
Loan to related party	(25.0)
Proceeds from disposal of tangible assets	1.3
Sale of subsidiary undertaking	19.2
Purchases of tangible assets	(25.7)
Purchases of intangible assets	(0.1)
Net cash from investing activities	(86.2)
Cash flows from financing activities	
New loans in the period – bonds	250.0
Debt issue costs	(6.3)
Repayment of bonds	(170.2)
Repayment of other loans	(20.0)
Repayment of finance lease obligations	(2.2)
Loan from related party	139.5
Interest payable	(4.4)
Interest receivable	0.1
Interest on finance leases	(0.1)
Net cash used in financing activities	186.4
Net increase in cash and cash equivalents	126.5
Cash and cash equivalents at end of year	126.5

The accompanying accounting policies and notes on pages 32 to 60 form an integral part of these financial statements.

Notes to the financial statements

1. Company information

WD FF Limited, incorporated in the United Kingdom, registered office being Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW.

The principal activity of the Group is that of retail grocers. The principal activity of the company is that of a holding company.

2. Basis of preparation

These 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 Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in the group's functional currency, Sterling (£) using round millions (£'m).

The group financial statements consolidate the financial statements of WD FF Limited and all of its subsidiary undertakings drawn up to 26 March 2021.

The parent company has also adopted the following disclosure exemptions:

- from preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 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, as the information is provided in the consolidated financial statement disclosures.

Going concern

The group enjoys considerable advantages in its private ownership, stable capital structure, and long and consistent record of strong cash generation.

The directors have reviewed the group's forecasts and projections and finance facilities in place through the bond placings.

These forecasts include the projected impact post Covid-19. Forecasts include a prudent view of sales and a fully loaded approach to potential costs.

The current bond holding falls due for repayment in 2025 and 2028.

Management have performed various sensitivities which demonstrate that the group has sufficient cash resources to continue in operational existence for the foreseeable future.

The directors have at the time of approving these financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus, the group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Notes to the financial statements

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates.

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

Provisions (note 23)
Provisions have been made in relation to properties, primarily related to the expected future costs of vacant leasehold properties, current leases considered to be onerous, asbestos removal from older properties and dilapidations on leasehold properties. The timing in relation to the utilisation of these provisions is dependent on the lease terms and the discount rate used on property provisions is 8%.

The other provisions principally relate to business restructuring initiatives, onerous contracts and statutory and contractual disputes.

These provisions are estimates and the actual costs and timings for future cash flows are dependent on future events.

Impairment (note 15)
The Group assesses at each reporting date whether there is an indication that the goodwill may be impaired. If any indicators exist, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its net realisable value and value in use. Where the carrying value of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The net realisable value is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Intangibles valuation
As part of the acquisition of Lannis Limited, and the acquisition of the trade and assets of Restaurant Bar & Grill and Piccolino brands, the identifiable assets and liabilities acquired, including intangible assets and contingent liabilities, were recognised at their fair value in accordance with FRS102. The determination of the fair values on acquired assets and liabilities is based to a considerable extent, on management's judgement, including future cash flows and estimates relating to useful economic lives.

Consolidation of entities
An entity is consolidated where management consider that the Company has control of the entity, taking into account the requirements in FRS 102 Section 19. Management make this assessment based on various criteria, such as right to profit and voting rights. WD FF Limited obtained control of Lannis Limited when it was determined that the voting rights held by WD FF Limited exceeded those held by other shareholders, at which point consolidation of Lannis Limited occurred. Prior to this point, management considered that WD FF held significant influence over Lannis Limited.

Other unlisted investments
Investments in unlisted equity instruments are measured at fair value, estimated using the most recent transaction price as an anchoring point, adjusted for risks of minority holding and different voting rights (note 18). There is inherent estimation uncertainty in these valuations. The transaction price referred to

Notes to the financial statements

above was a fund-raising by Live Kindly inc. which was completed in March 2021 and the details are in the public domain. Changes in fair value are recognised in the income statement.

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

Bond classification
Management have assessed the classification of the bonds and have concluded they fall within the 'basic' classification in the current and prior period. Although there is an unconditional option at any point during the term for early repayment, the premium would be different dependant on which early repayment route was taken. The premiums that are applicable in each instance are consistent with FRS 102 section 11.9(a). The premium forms compensation as described in FRS 102.11.9(c), and in each individual case is consistent with FRS 102.11.9(a).

The early repayment option routes are; an equity offering prior to a specified date, 10% per annum prior to a specified date, and any percentage subsequent to this date, a change in control or substantially all assets are sold, smaller asset sale creating greater than £25m net proceeds which are not reinvested in specified ways and change in taxes.

The key judgement is the application of certain redemption options, which management have assessed to meet the basic classification treatment.

4. Principal accounting policies

4.1 Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

In the case of the step acquisition of Lannis Limited during the year, goodwill has been measured as the total consideration for all stakes in the business at the various stages, less the fair value of the net assets and liabilities acquired at the point of obtaining control. The difference between the Group's Investment in Associate at the time of obtaining control, compared to its initial investment value, is recognised in other comprehensive income where it is not considered to represent a significant change in the investment's underlying value.

4.2 Investments
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Notes to the financial statements

Investments in unlisted equity instruments are measured at fair value, estimated using the most recent transaction price as an anchoring point, adjusted for risks of minority holding and different voting rights. There is inherent estimation uncertainty in these valuations. Changes in fair value are recognised in the income statement.

4.3 Tangible assets
Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Freehold buildings	2% annum
Leasehold buildings	Amortised on a straight-line basis over the life of the lease
Plant and equipment	4% - 20% per annum
Motor vehicles	10% - 25% per annum

Freehold land is not depreciated.

4.4 Impairment of assets
At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.5 Intangible assets
The Group takes a market multiple approach to goodwill and bases its impairment calculation on detailed budgets and forecasts and is amortised over 10-20 years.

Other intangible assets relate to the trademark and key supplier contracts which have been recognised at fair value and are being amortised over the life of these contracts.

Computer software is initially recognised at cost and amortised over 2 to 10 years.

4.6 Stocks
Stock are stated at the lower of cost and net realisable value after making allowances for obsolete and slow moving items. Cost is determined at the latest purchase price of the goods, using a first in, first out (FIFO) basis. Net realisable value is the estimated selling price less all further costs to completion and all marketing, selling and distribution costs.

4.7 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Notes to the financial statements

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the consolidated and company statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of lease incentives are recognised as a reduction to the expense over the lease term on a straight line basis.

4.8 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

4.9 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Notes to the financial statements

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities and;
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.10 Turnover
Turnover represents the value of goods sold in the ordinary course of business, stated net of sales incentives and Value Added Tax.

- Sale of goods – retail

The Group operates retail shops for the sale of groceries. Turnover is recognised when the risks and rewards of the transaction have been transferred which is considered to be at the point of sale within stores.

- Sale of goods – online

The Group sells goods via its website for delivery to the customer. Turnover is recognised when the risks and rewards of the transaction have been transferred which is considered to be the point at which the goods are picked in store.

- Sale of goods – wholesale

The Group sells goods in the wholesale market. Sale of goods are recognised on delivery to the wholesaler. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesale and the wholesaler has accepted the products in accordance with the sales contract.

- Sales of goods – restaurants

The Group provides services in UK based restaurants and bars. Turnover which relates to income received from customers who eat and drink in the restaurants is recognised on the date the event occurs. Turnover received in advance (deposits) is held as a liability on the Balance sheet until the customers eats or drinks in the restaurants.

- Loyalty scheme

The Group's restaurant arm operate a loyalty programme where customers can accrue Club Individual points. As Club Individual points are issued to customers the retail fair value of those points expected to be redeemed is deferred. When the points are used by customers they are recorded as revenue, liabilities are recorded to estimate the proportion of the points issued which will be redeemed by customers.

Notes to the financial statements

4.11 Employee benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

4.12 Cost of sales
Cost of sales represents all costs incurred up to the point of sale, including the operating expenses of the trading outlets.

4.13 Supplier income
Supplier income is recognised as a deduction from cost of sales on an accruals basis, calculated based on the expected entitlement that has been earned up to the balance sheet date for each relevant supplier contract.

The accrued incentives received at year end are included within accrued income. Where amounts are received in the expectation of future events, these are recognised in the consolidated income statement in line with that future business after the performance obligation is met.

4.14 Exceptional items
Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

4.15 Other operating income
Coronavirus job retention scheme (Furlough) income, which is a grant awarded by the government, is recognised in other operating income over the periods in which the Company recognises the related costs for which the grant is intended to compensate.

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

4.17 Foreign currency translation
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances
In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies
For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions

Notes to the financial statements

are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4.18 Financial Instruments
The Group enters into basic and non-basic financial instrument transactions that result in the recognition of financial liabilities like trade and other accounts receivable and payable and loans to and from related parties.

Debtors
Short term debtors are measured at transaction price, less any impairment, and are measured subsequently at amortised cost using the effective interest method.

Cash
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable within three months or less from inception, less overdrafts payable on demand.

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

Debt instruments (other than those whole repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amounts of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If the objective evidence of impairment is found, an impairment loss is recognised in the consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

For financial instruments carried at amortised cost, any repurchase of debt and payments of premiums are recalculated using the effective interest rate at inception, with any resulting gain or loss being recognised in profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired and the entity has

Notes to the financial statements

transferred its rights to receive cash flows in full and either (a) the entity has transferred substantially all the risks and rewards of the asset or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Finance costs and gains or losses relating to financial liabilities are included in the consolidated income statement account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Financial assets and liabilities are offset and the net amount reported in the consolidated and company statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.19 Covid-19 costs

The Group has considered whether there are any indicators of impairment which have arisen on the back of the Covid-19 pandemic. The Group has incurred significant additional costs to ensure our employees and customers were protected during this time. Any that were temporary have been presented as exceptional and offset against the business rates relief, for which we were grateful to the Government for providing. Any costs deemed to be part of our underlying cost base moving forward have been included in EBITDA. Despite this, the Company has proved resilient, and management concluded that the there is no indicator of significant impairment.

Notes to the financial statements

5. Turnover

Analysis of turnover by geography:

	30 May 2020 to 26 March 2021 £'m
UK	572.1
Europe	9.6
Rest of the World	0.8
	582.5

Analysis of turnover by category:

	30 May 2020 to 26 March 2021 £'m
Sale of goods	578.5
Sale of services	4.0
	582.5

6. Exceptional expenses

	30 May 2020 to 26 March 2021 £'m
Business rates relief (absent cost)	7.2
Impairment of amounts owed by a related party undertakings	(25.0)
Property provisions	(0.2)
Business restructuring	(2.5)
Compliance	(1.5)
Other (see below)	(1.9)
	(23.9)
<u>Split</u>	
Cost of sales	2.2
Administrative expenses	(26.1)
	(23.9)

Notes to the financial statements

6. Exceptional expenses (continued)

Business rates relief relates to the costs that would normally be incurred by the business but that were absent for the period ended 26 March 2021 due to a temporary abolishment by the UK Government. This absent cost has been highlighted to aid the users of the financial statements and to give comparable comparisons future period gross margins.

At the year-end, the directors believed the recoverability of amounts owed by a related party, Individual Restaurants Group Limited was unlikely and as such, had established a provision against the full amount outstanding. After the year-end, the amount was formally waived.

Exceptional expenses relate to direct and indirect costs associated with the Covid 19 global pandemic. Examples of direct costs include PPE, other health and safety costs and additional temporary staff. Examples of indirect costs include provision for bad debts and closure costs of operations (not material enough to be disclosed separately). All of which were made as a consequence of the global pandemic and its impact on the amounts carried in the balance sheet of the Group.

7. Other operating income

Other operating income of £3.9m relates to the Coronavirus Job Retention Scheme funding received by Individual Restaurants (IRC) Limited and its subsidiaries. This helped to partially offset losses the business incurred due to Covid restrictions.

8. Directors and employees

The aggregate payroll costs of these persons were as follows:

	30 May 2020 to 26 March 2021 £'m
Wages and salaries	66.8
Social security costs	4.2
Other pension costs	1.0
	72.0

The company operates a stakeholder defined contribution pension scheme for the benefit of employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the financial period amount to £1.0m.

The average number of persons (full time equivalents) employed by the group (including directors) during the period was as follows:

	Number of employees 30 May 2020 to 26 March 2021
Sales and distribution	20,241
Office and administration	1,096
	21,337

Notes to the financial statements

8. Directors and employees (continued)

The average number of persons (actual) employed by the group (including directors) during the period was as follows:

	Number of employees 30 May 2020 to 26 March 2021
Sales and distribution	30,943
Office and administration	1,156
	32,099

The company had no employees during 2021 or 2020 other than the statutory directors.

Directors' emoluments (including benefits in kind):

	30 May 2020 to 26 March 2021 £'m
Directors' emoluments	1.2
Amounts in respect of highest paid director	
Emoluments	0.6

9. Operating loss

The operating loss is stated after:

	30 May 2020 to 26 March 2021 £'m
Goodwill amortisation (administrative expenses)	(6.3)
Amortisation of other intangibles	(3.1)
Depreciation of fixed assets	(9.7)
Profit on disposal of fixed assets	0.4
Operating lease payments	(20.2)
Fees payable to the auditor for the audit of the Group's financial statements	(0.1)
Other fees payable to the auditor in respect of:	
Auditing of accounts of subsidiary undertakings	(0.4)
Transaction related services	(0.2)
Other non-audit services *	-

* Total other non-audit services for the year amounted to £1,100. They are less than 1% of the audit fees.

Notes to the financial statements

10. Profit on disposal of a subsidiary undertaking

During the year, Iceland Foods Limited was deemed to have a controlling interest in a company, No Meat Limited. No Meat Limited was subsequently disposed of in March 2021. The profit on disposal equates to proceeds of £20.0m cash and £13.1m minority investment in the acquiring company, Live Kindly, net of fees and a provision for contractual commitments.

	£'m
Cash	20.0
Shares	13.1
Gross consideration	**33.1**
Provision for contractual commitments	(17.4)
Net consideration	**15.7**
Net assets on disposal	-
Transaction costs	(1.0)
Goodwill attributable to subsidiary	(14.7)
Profit on disposal	**-**

11. Interest receivable and similar income

	30 May 2020 to 27 March 2021 £'m
Bank interest receivable	**0.1**

12. Interest payable and similar charges

	30 May 2020 to 26 March 2021 £'m
Finance charges in respect of finance leases	**0.1**
Amortisation of bond fees	**0.5**
Other finance costs	**0.8**
Bond repayment penalty	**3.8**
Bond interest	**5.8**
	11.0

Notes to the financial statements

13. Taxation on loss on ordinary activities

	30 May 2020 to 26 March 2021 £'m
UK Corporation Tax	
Current tax on loss for the period	2.0
Total current tax	2.0
Deferred tax	
Origination and reversal of timing differences	(1.4)
Total deferred tax	(1.4)
Tax charge for the period	0.6

The current tax charge for the period is higher the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	30 May 2020 to 26 March 2021 £'m
Current tax reconciliation	
Loss on ordinary activities before tax	(32.8)
Current tax at 19%	(6.2)
Effects of:	
Expenses not deductible for tax purposes	2.7
Share of loss of associate	4.1
Total tax charge	0.6

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £1.2m on account of an increase in deferred tax liabilities of £7.5m offset by an increase in deferred tax assets by £6.3m.

Notes to the financial statements

14. Acquisitions

On 25 November 2020, WD FF Limited acquired the assets and certain liabilities of Individual Restaurants (IRC) Limited.

The fair value of the consideration for the acquisition was split as follows:

	£'m
Cash	1.6
Debt	16.3
Costs	0.8
	18.7

The following table shows the fair value of the assets and liabilities of the acquired entity as determined for the purposes of the acquisition.

	Book Value £'m	Adjustments £'m	Fair Value £'m
Tangible fixed assets (a)	**2.0**	**16.2**	**18.2**
Stocks (b)	**1.5**	**0.1**	**1.6**
Debtors (b)	**2.4**	**(0.2)**	**2.2**
Trade and other creditors (b)	**-**	**(2.4)**	**(2.4)**
Obligations under finance lease and hire purchase contracts (b)	**-**	**(0.9)**	**(0.9)**
Deferred taxation liability (c)	**-**	**(3.5)**	**(3.5)**
	5.9	**9.3**	**15.2**

The adjustments arising on acquisition were in respect of the following:

a) The uplift in property, plant and equipment to a third party valuation on acquisition.
b) Recognition of stock, accounts receivable, accounts payable and finance lease balances not included in book value.
c) Deferred tax adjustment arising as a result of the acquisition adjustments.

Individual Restaurants (IRC) Limited and its subsidiaries contributed revenue of £4.0m and a statutory loss of £24.5m to the consolidated income statement.

Notes to the financial statements

14. Acquisitions (continued)

On 29 January 2021, WD FF Limited ultimately acquired 100% of the ordinary share capital of Lannis Limited.

The fair value of the consideration for the acquisition was split as follows:

	£'m
Cash	108.5
Equity consideration	60.8
Costs	1.0
	170.3

The following table shows the fair value of the assets and liabilities of the acquired entity as determined for the purposes of the acquisition.

	Book Value £'m	Adjustments £'m	Fair Value £'m
Intangible fixed assets (a)	15.2	173.4	188.6
Tangible fixed assets (b)	228.1	31.8	259.9
Stocks	172.2	-	172.2
Debtors	248.3	-	248.3
Corporation tax debtor	2.1	-	2.1
Bank	54.2	-	54.2
Debt	(739.7)	-	(739.7)
Trade and other creditors	(702.4)	-	(702.4)
Obligations under finance lease and hire purchase contracts	(49.6)	-	(49.6)
Deferred taxation liability (c)	12.5	(25.9)	(13.4)
Provisions (d)	(17.9)	(68.9)	(86.8)
	(777.0)	**110.4**	**(666.6)**

The debtors book value includes £140.8m owed from WD FF Limited.

The adjustments arising on acquisition were in respect of the following:

a) The recognition of intangible assets in respect of legally protected trademarks.
b) The uplift in property, plant and equipment to a third party valuation on acquisition.
c) Deferred tax adjustment arising as a result of the acquisition adjustments, including derecognition of the previously recognised deferred tax asset.
d) A provision for the difference between market rate and passing rate on operating leases.

The revenue from the Lannis Group included in the consolidated income statement for 2021 was £578.5m. Lannis Group also contributed profit of £24.0m over the same period.

As a result of these acquisitions, goodwill as follows was recognised:

	Lannis Limited £'m	Individual Restaurants (IRC) Limited £'m	Total £'m
Goodwill	**836.9**	**3.5**	**840.4**

Notes to the financial statements

15. Intangible fixed assets

Group	Consolidated Goodwill £'m	Trademark and other intangible assets £'m	Computer software £'m	Total £'m
Cost				
Arising on acquisition	840.4	173.4	15.2	1,029.0
Additions	-	-	0.1	0.1
Disposals	(14.7)	-	-	(14.7)
At end of period	**825.7**	**173.4**	**15.3**	**1,014.4**
Amortisation				
Charge for the period	6.3	2.5	0.6	9.4
At end of period	**6.3**	**2.5**	**0.6**	**9.4**
Net book value				
At end of period	**819.4**	**170.9**	**14.7**	**1,005.0**

On the 29 January 2021, WD FF Limited acquired the Lannis Limited group. Goodwill was recognised upon acquisition as detailed in note 14 and represents intangible assets which do meet the recognition criteria such as customer relationships.

The Group assesses at each reporting date whether there is an indication that the goodwill may be impaired. If any indicators exist, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its net realisable value and value in use. Where the carrying value of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In the current period, the Group has not identified any indicators of impairment.

The Group bases its impairment calculation on detailed budgets and forecasts.

Goodwill generated from the acquisition of Lannis Limited is amortised over 20 years, and over 10 years for that generated form the acquisition of Individual Restaurants (IRC) Limited. This represents the best estimate of the period over which the Group will benefit from economic benefits based on its historical experience.

Included within Trademarks and other intangible assets is an asset related to the Iceland Name and Logos, which is being amortised over a period of 20 years, and currently has a carrying value of £151.0m. The remaining carrying value relates to key supplier contracts and are being amortised over the life of the various contracts.

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the financial statements

16. Tangible fixed assets

Group	Land and buildings Freehold £'m	Long leasehold £'m	Short leasehold £'m	Plant and equipment £'m	Motor vehicles £'m	Total £'m
Cost						
Assets acquired on acquisition of business	20.1	6.4	60.5	190.5	0.6	278.1
Additions	0.7	-	2.1	22.9	-	25.7
Disposals	(0.7)	-	(1.0)	(0.6)	(0.1)	(2.4)
At end of period	**20.1**	**6.4**	**61.6**	**212.8**	**0.5**	**301.4**
Depreciation						
Charged in period	(0.2)	0.1	1.7	8.1	-	9.7
Disposals	-	-	(0.6)	(0.9)	-	(1.5)
At end of period	**(0.2)**	**0.1**	**1.1**	**7.2**	-	**8.2**
Net book value						
At end of period	**20.3**	**6.3**	**60.5**	**205.6**	**0.5**	**293.2**

Included in the above amounts (plant and equipment and motor vehicles) are the following in respect of assets held under finance leases and similar hire purchase contracts.

	Net book value as at 26 March 2021 £'m	Depreciation period to 26 March 2021 £'m
Total	65.4	2.7

Notes to the financial statements

17. Investment in associated undertaking

	£'m
Cost	108.5
Share of loss of associated undertaking	(21.4)
Deemed disposal	(87.1)
At 26 March 2021	-

On 8 June 2020, WD FF Limited acquired the 63.1% shareholding of Brait SE in Lannis Limited for a cash consideration of £108.5m. From this point, Lannis Limited was accounted for as an associated undertaking rather than a subsidiary undertaking due to differences in the voting rights by share class.

On 29th January 2021, WD FF Limited acquired the remaining 36.9% shareholding of Lannis Limited through a share for share exchange. From this point Lannis Limited has been accounted for as a subsidiary.

When WD FF Limited obtained control of Lannis Limited, the Share of Loss of associated undertaking is transferred to Other Comprehensive Income as part of the acquisition accounting procedures.

18. Investments

Group

	Other unlisted investments £'m
Cost	
Additions	13.1
Fair value movement	1.4
At end of period	**14.5**
Provision	
At beginning of period	-
Charged in period	-
At end of period	-
Net book value	
At end of period	**14.5**

Other unlisted investments represents a minority stake in Live Kindly inc, a US privately owned business acquired as part of the disposal of No Meat Limited, as disclosed further in note 10.

Company

	Shares in group Undertakings
Cash	108.5
Equity consideration	60.8
Costs	1.0
At end of period	**170.3**

Notes to the financial statements

18. Investments (continued)

The company's group undertakings are set out below:

Name of company	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Beech House Deeside Limited	England and Wales	Non-trading	100% ordinary
Bejam Freezer Food Centres Limited	England and Wales	Dormant	100% ordinary
Bejam Group Limited	England and Wales	Property rental	100% ordinary
CT Ice Acquisitions Limited	England and Wales	Dormant	100% ordinary
CT Ice Limited	England and Wales	Dormant	100% ordinary
Deeside Jersey Unit Trust	England and Wales	Property rental	100% ordinary
Deeside Storage Limited	England and Wales	Warehouse storage	100% ordinary
Individual Restaurants (IRC) Limited	England and Wales	Restaurant	100% ordinary
Ice and Easy Limited	England and Wales	Non-trading	100% ordinary
Iceland Acquico Limited	England and Wales	Holding company	100% ordinary
Iceland Bondco plc	England and Wales	Servicing of finance	100% ordinary
Iceland Foods Limited (Gibraltar)	Gibraltar	Dormant	100% ordinary
Iceland Foods Czech s.r.o.	Czech Republic	Dormant	100% ordinary
Iceland Foods Group Limited	England and Wales	Non-trading	100% ordinary
Iceland Foods Limited	England and Wales	Retail grocers	100% ordinary
Iceland Foods Middle East FZE	United Arab Emirates	Dormant	100% ordinary
Iceland Frozen Foods Limited	England and Wales	Dormant	100% ordinary
Iceland Frozen Foods SA Proprietary Limited	South Africa	Dormant	100% ordinary
Iceland India Private Limited	India	Dormant	74% ordinary
Iceland International Limited	England and Wales	Import and export of foods	100% ordinary
Iceland Manufacturing Limited	England and Wales	Food production	100% ordinary
Iceland Midco Limited	England and Wales	Holding company	100% ordinary
Iceland Overseas Limited	England and Wales	Dormant	100% ordinary
Iceland Stores Ireland Limited	Ireland	Retail grocers	100% ordinary
Iceland VLNco Limited	England and Wales	Holding company	100% ordinary
Kingdom Inland Trading Ltd	England and Wales	Dormant	100% ordinary
Loxton Frozen Foods Limited	England and Wales	Holding company	100% ordinary
St Catherines Frozen Foods Limited	England and Wales	Dormant	100% ordinary
The Food Warehouse Limited	England and Wales	Dormant	100% ordinary
Swift Stores Limited	England and Wales	Retail grocers	100% ordinary
NewKeeco Limited	England and Wales	Wholesale	72.5% ordinary
Zinc Bar and Grill Limited	England and Wales	Licensed restaurants	100% ordinary
Bank Restaurant Birmingham Limited	England and Wales	Licensed restaurants	100% ordinary
Piccolino Restaurants Limited	England and Wales	Licensed restaurants	100% ordinary
IRC Cucina Limited	England and Wales	Licensed restaurants	100% ordinary
The Restaurant Bar and Grill Limited	England and Wales	Licensed restaurants	100% ordinary

Notes to the financial statements

18. Investments (continued)

Associated undertakings

Ramsgate Flat Management Company Limited	England and Wales	Dormant	25% ordinary

All of the above companies incorporated in England and Wales are registered at Second Avenue, Deeside Industrial Park, Deeside, Flintshire, CH5 2NW.

The following subsidiaries are not included in the consolidated financial statements as they were dormant and did not generate a profit or loss:
Iceland Foods (Gibraltar) Ltd
Iceland Foods Czech s.r.o.
Iceland Frozen Foods Limited
Iceland Frozen Foods SA Proprietary Limited
Iceland India Private Limited
Ramsgate Flat Management Limited
The Food Warehouse Limited
NewKeeco Limited

19. Stocks

Group	26 March 2021 £'m
Raw materials and consumables	5.1
Goods held for resale	182.3
	187.4

Notes to the financial statements

20. Debtors

	Group 26 March 2021 £'m	Company 26 March 2021 £'m
Trade debtors	59.2	-
Amounts owed by group undertakings	-	31.0
Amounts owed by related party undertakings	3.3	-
Other debtors	10.7	0.3
Other taxation and social security costs	5.5	-
Accrued income	30.5	-
Corporation tax	5.1	
Prepayments	12.5	-
	126.8	31.3

Trade debtors includes £Nil falling due after more than one year.

Other debtors include amounts of £Nil in relation to amounts owed from subsidiaries not included in the Group accounts on the grounds of materiality.

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

21. Creditors: amounts falling due within one year

	Group 26 March 2021 £'m	Company 26 March 2021 £'m
Obligations under finance leases and hire purchase contracts	23.0	-
Amounts owed to group undertakings	-	140.8
Trade creditors	572.8	-
Other taxation and social security	7.3	-
Other creditors	15.7	-
Accruals	128.4	-
	747.2	140.8

Included in trade creditors above is amounts in relation to a supplier finance facility that is available to a small portion of the supplier population as is common practice across the industry. It makes up just 14.7% of the total creditors balance, a reduction of 0.4% year on year. This facility enables suppliers to accelerate their payments and give them a short term working capital benefit. The working capital benefit from this facility was realised by Iceland when the facility was put in place in the financial year to March 2016.

Included within accruals is £12.4m relating interest accruing on bonds.

Notes to the financial statements

22. Creditors: amounts falling due after more than one year

	Group 26 March 2021 £'m	Company 26 March 2021 £'m
Bonds	795.9	-
Obligations under finance leases and hire purchase contracts	24.9	-
Amounts owed to related party undertakings	16.7	-
	837.5	-

Bonds are analysed net of unamortised issue costs.

The maturity of the group's obligations under finance leases and hire purchase contracts is as follows:

	26 March 2021 £'m
Within one year	23.0
In the second to fifth years	24.9
	47.9

Amounts due under hire purchase contracts are secured on the assets to which they relate. Included within finance leases, are some arrangements for which a cash inflow is recognised as a result of the funding arrangement with the financier as the funds are received by the group instead of being paid directly to the supplier. This results in a cash inflow which is recognised within financing activities. The cash outflow relating to the purchase of the asset is recognised within investing activities.

The maturity of the group's debt obligations based on discounted cash flows is as follows:

	26 March 2021 £'m
Within one year	12.4
In the second to fifth years	550.0
Greater than five years	250.0
Less: deferred arrangement costs	(4.1)
	808.3

On 22 February 2021, the group completed a refinancing to issue £250.0m of Senior Secured Notes due 2028 and the £170.2m Senior Secured Notes due 2024 were fully repaid. In addition, during the period the company redeemed £40.0m (29 March 2019: £5.0m) of the Floating Rate Notes due in July 2020.

Included within the bonds at the end of the period is £550.0m repayable in full in 2025 which bear fixed interest at 4.625% and the bonds issued in the year, £250.0m, which are repayable in full in 2028 and bear fixed interest at 4.375%.

The bonds are secured by fixed and floating charges over the group and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

Notes to the financial statements

23. Provision for liabilities

Group	Other Provisions £'m	Property provisions £'m	Market value provisions £'m	Deferred Tax £'m	Total £'m
Acquired on acquisition of Lannis Limited	5.9	12.0	68.9	16.9	103.7
Provided in period	17.0	0.1	-	-	17.1
Utilised in period	2.3	(0.1)	-	-	2.2
Released in period	-	-	(1.7)	(1.4)	(3.1)
At end of period	**25.2**	**12.0**	**67.2**	**15.5**	**119.9**

Other provisions principally relate to business restructuring initiatives, onerous contracts and statutory and contractual disputes.

Property provisions primarily relate to the expected future costs of vacant leasehold properties, current leases considered to be onerous, asbestos removal from older properties and dilapidations on leasehold properties. The timing in relation to the utilisation of these provisions is dependent on the lease terms and the discount rate used on property provisions is 8%.

Market value provisions relate to the difference between the rent payable on our leasehold properties and the current passing rent.

These provisions are estimates and the actual costs and timings for future cash flows are dependent on future events.

Analysis of deferred tax

	Group 26 March 2021 £'m	Company 26 March 2021 £'m
Tangible fixed assets – business combination	**5.9**	-
Intangible assets – business combination	**32.5**	-
Provision for lease liabilities – business combination	**(12.8)**	-
Difference between accumulated depreciation and capital allowances	**(9.6)**	-
Tax losses carried forward	**(0.5)**	-
Deferred tax liability	**15.5**	-

	£'m
Acquired on business combination	16.9
Deferred tax credit to the profit or loss	(1.4)
Deferred tax liability at end of period	**15.5**

Notes to the financial statements

23. Provision for liabilities (continued)

A deferred tax liability amounting to £38.4m has been recognised in respect of assets arising on business combination adjustments (the amortisation/depreciation of which is non-deductible). A deferred tax asset amounting to £22.9m has been recognised in respect of liabilities arising on business combination adjustments (the unwind of which is non-taxable), tax losses and fixed asset timing differences. The deferred tax asset has been recognised in full as it is likely that there will be sufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

The amount of reversal of the overall net deferred tax liability expected to occur in the next 12 months is £6.0m. The large majority of the total net deferred tax liability (£9.5m) is expected to reverse after 12 months; this is because the majority of the overall deferred tax relates to amounts recognised on business combination and timing differences on tangible fixed assets, which will reverse over several years.

24. Called up share capital

	26 March 2021 £'m
Allotted, called up and fully paid	
250,000,000 ordinary share of £0.2 each	50.0
At end of the period	50.0

On 29 January 2021, 249,999,990 of £0.2 ordinary shares were issued for £60,749,998.

Voting rights

Ordinary shareholders are entitled to one vote per share.

Priority and amounts receivable in a winding up

On a return of capital or a winding up or otherwise, the surplus assets of the company remaining after the payment of its liabilities and available for distribution shall be distributed rateably amongst the holders of the ordinary shares provided all subscription monies due to the company have been paid, by reference to the number of shares held by such shareholders at that time.

Dividends

The ordinary shareholders are entitled to receive dividends apportioned proportionately to the number of ordinary shares held.

25. Ultimate Controlling Party

The directors have assessed the ownership of the group and consider there to be no one controlling party.

26. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Merger reserve – difference between nominal value and price on shares issued as consideration for acquisition of Lannis Limited

Profit and loss account - includes all current and prior period retained profits and losses.

Notes to the financial statements

27. Capital commitments

At the end of the period, the group had contracted capital commitments of £0.6m and the Company £Nil.

28. Leasing commitments

The Group's future minimum operating lease payments are as follows:

	Land and buildings 26 March 2021 £'m	Other 26 March 2021 £'m
Within one year	114.8	17.2
Between one and five years	386.4	32.3
After five years	319.9	1.1
	821.1	50.6

The company had no operating lease commitments.

29. Contingent liabilities

The company is party to a cross-guarantee between certain fellow group undertakings in respect of bonds. The amount outstanding at the end of the period was £795.9m.

30. Transactions with related parties

Following the acquisition of the Restaurant Bar & Grill and Piccolino brands, the Group made a loan to Individual Restaurants Group Limited, a company related by virtue of common shareholders, of £25,000,000. This has subsequently been provided for in full in the period to 26 March 2021. The Group assumed loan amounts owed to shareholders of £16,696,000 as part of the acquisition.

Upon acquisition, the Company also held trading balances owed from the Individual Group Limited group of companies, namely Individual Restaurants Group Limited, Gino D'Acampo Worldwide Restaurants Limited, Aldpic Limited, Gino D'Acampo Restaurants LLP, Gino D'Acampo Restaurants Finco Limited and Retail Restaurants Limited. Amounts outstanding upon acquisition were £2.2m. During the period, £0.4m was charged to this group of companies for services and recharges of costs incurred on their behalf. At the end of the financial year, £2.6m was outstanding from this group of companies and has significantly reduced since.

During the period, the Company advanced a loan to Aldpic Limited for £700,000 which remained outstanding at the end of the financial year but has subsequently been repaid in full.

Notes to the financial statements

31. Subsequent events

On 29 September 2021, a subsidiary of WD FF Limited, Individual Restaurants (IRC) Limited, acquired the trading assets of Gino D'Acampo Worldwide Restaurants Limited from Individual Restaurants Group Limited. As a condition of the purchase, Individual Restaurants (IRC) Limited drew down a loan of £15,000,000 in order to repay an existing loan in Individual Restaurants Group Limited.

32. Financial risk management

The group has exposures to two main areas of risk - liquidity risk and credit risk. To a lesser extent the group is exposed to interest rate risk and credit risk.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the year has been to ensure that cash balances are maintained and ensure that a sufficient return is earned on these.

The maturity of borrowings is set out in note 22 to the financial statements.

Interest rate risk

The group finances its operations through a mixture of retained profits and borrowings. The group has senior secured notes the majority of which are at fixed interest rates.

Credit risk

The group's principal financial asset is cash. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies.

Notes to the financial statements

33. Financial assets and liabilities

Group	26 March 2021 £'m
Other unlisted investments	14.5
Financial assets measured at fair value through profit and loss	14.5

Group	26 March 2021 £'m
Cash at bank and in hand	126.5
Trade debtors	59.2
Amounts owed by related party undertakings	3.3
Other debtors	10.7
Financial assets measured at amortised cost	199.7

Group	26 March 2021 £'m
Bonds	(795.9)
Trade creditors	(572.8)
Finance leases	(47.9)
Accruals	(128.4)
Other creditors	(15.7)
Amounts owed to related party undertakings	(16.7)
Financial liabilities measured at amortised cost	(1,577.4)

Notes to the financial statements

34. Reconciliations

Reconciliation of adjusted EBITDA to business review (page 4):

	30 May 2020 to 26 March 2021 £'m
Loss on ordinary activities before interest and tax	(21.9)
Add:	
Exceptional items (note 6)	23.9
Amortisation of goodwill (note 9)	6.3
Amortisation of other intangibles (note 9)	3.1
Depreciation (note 9)	9.7
Profit on disposal of fixed assets (note 9)	(0.4)
Share of loss of associated undertakings	21.4
Fair value movement of other unlisted investments (note 18)	(1.4)
Adjusted EBITDA	**40.7**

35. Analysis of changes in net debt – Group

As part of the Triennial review 2017, paragraph 7.8 of FRS 102 was amended to clarify that the starting point for the reconciliation to cash flow from operating activities could be any profit measure disclosed on the face of the statement of comprehensive income.

	Acquired on acquisition of business £'m	Cash flows £'m	New finance leases £'m	Non-cash changes £'m	At 26 March 2021 £'m
Cash and cash equivalents	54.2	72.3	-	-	126.5
Finance leases	(50.5)	2.6	-	-	(47.9)
Bonds	(739.7)	(56.2)	-	-	(795.9)
Total	**(736.0)**	**18.7**	**-**	**-**	**(717.3)**