

NewRiver Retail (Paisley) Limited

Report and Financial Statements

For the Year Ended 31 March 2023

Registered No: 07655878



NewRiver Retail (Paisley) Limited

Report and Financial Statements for the year ended 31 March 2023

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Directors

Allan Lockhart
Will Hobman
Charles Spooner
Emma Mackenzie

Registered office

89 Whitfield Street
London
W1T 4DE

Company number

07655878

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

NewRiver Retail (Paisley) Limited

Directors' report for the year ended 31 March 2023

The Directors present their report together with the audited financial statements for NewRiver Retail (Paisley) Limited (the 'Company') for the year ended 31 March 2023. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, accordingly, a Strategic report has not been presented.

Principal activities, trading review and future developments

The principal activity of the Company is that of investment in real estate in the UK. The Company is a private company limited by shares.

The properties were revalued to £8,500k at 31 March 2023 (2022: £9,100k) by Colliers International UK Plc. The valuations undertaken by Colliers International UK Plc were in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation manual based on current market conditions. The portfolio has an occupancy rate of 98% (2022: 100%) with a weighted average lease length to expiry of 2.9 years (2022: 3.0 years) and 52 tenants (2022: 51 tenants).

There are currently no large-scale future development plans for the asset. The Directors of the Company do not anticipate any significant change in the Company's principal activity in the foreseeable future.

Results and dividends

The Statement of Comprehensive Income is set out on page 8 and shows a profit for the year of £252k (2022: £73k). The profit for the year is largely due to increased net property income £898k (2022: £814k) and a decreased loss on revaluation of investment property fair value of £523k (2022: £592k loss on revaluation). The Statement of Financial Position shows net assets of £5,782k (2022: £5,530k). There have been no dividends declared or paid in the year (2022: £nil). The Directors have not recommended the payment of a final dividend.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Allan Lockhart
Will Hobman
Charles Spooner (appointed 28 February 2023)
Emma Mackenzie (appointed 28 February 2023)

No Director had any interest in the ordinary shares of the Company.

Will Hobman and Allan Lockhart are also Directors of the ultimate parent company, NewRiver REIT plc, and their interests in the share capital of that company are shown in its financial statements

Directors' Indemnity

The Company has made qualifying related party indemnity provisions for the benefit of its Directors by way of Directors' and officer's liability insurance.

The ultimate parent company purchases insurance to cover the Directors against their costs in defending themselves in civil legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. The insurance does not provide cover where the Directors have acted fraudulently or dishonestly.

As permitted by company law, qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006) are in force for the benefit of the Directors at any time during the financial year and at the date of approval of the Directors' report.

NewRiver Retail (Paisley) Limited

Directors' report (continued) for the year ended 31 March 2023

Political donation

No donations were made to a registered political party or other political organisation in the UK, no political expenditure was incurred in the financial year (2022: £nil).

Financial risks and objectives

The risks to which the Company is exposed to are discussed in note 13.

Going concern

It is now considered that the Company has fully recovered from the impact of the closing of non-essential retail. Footfall has increased and rental income has improved, with consistent tenant and occupancy rate metrics. The Company has net current liabilities of £2,718k (2022: £3,570k net current liabilities), net assets of £5,782k (2022: £5,530k) and no external borrowings or debt covenants. The Company has a profit for the year of £252k (2022: £73k). Detailed cash flow forecasts have been prepared for a period of at least twelve months from the date of approval of these financial statements.

The Directors have considered the use of the going concern basis in the preparation of the financial statements as at 31 March 2023 including a severe but plausible adverse scenario which assumes a further 15% reduction in net income. Following confirmation from the ultimate parent company, NewRiver REIT plc, that they would provide support to the Company for a period of at least 12 months from the signing of the financial statements, the Directors are satisfied that they can continue to adopt the going concern basis of preparing the Report and Financial Statements. More information is provided in note 1 to the financial statements.

Subsequent events

A review of all subsequent events has been undertaken and appropriately disclosed in note 15.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

NewRiver Retail (Paisley) Limited

Directors' report (continued) for the year ended 31 March 2023

Directors' confirmations

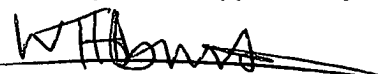
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 3 August 2023 and signed on its behalf by:



**Will Hobman
Director**

NewRiver Retail (Paisley) Limited

**Independent auditors' report to the members of NewRiver Retail (Paisley) Limited
for the year ended 31 March 2023**

Independent auditors' report to the members of NewRiver Retail (Paisley) Limited

Report on the audit of the financial statements

Opinion

In our opinion, NewRiver Retail (Paisley) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

NewRiver Retail (Paisley) Limited

Independent auditors' report to the members of NewRiver Retail (Paisley) Limited (continued) for the year ended 31 March 2023

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

NewRiver Retail (Paisley) Limited

Independent auditors' report to the members of NewRiver Retail (Paisley) Limited (continued) for the year ended 31 March 2023

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and section 1158 of the Corporation Tax Act 2010, Real Estate Investment Trust (REIT) status, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management over their consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluating management's controls designed to prevent and detect irregularities;
- Evaluating compliance with the REIT tax rules with the involvement of our tax specialists in the audit;
- Challenging assumptions made by management and managements' experts in determining their judgements and accounting estimates specifically surrounding the valuation of investment property; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or those posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

NewRiver Retail (Paisley) Limited

**Independent auditors' report to the members of NewRiver Retail (Paisley) Limited (continued)
for the year ended 31 March 2023**

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Laura Burkhardt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 August 2023

NewRiver Retail (Paisley) Limited

Statement of Comprehensive Income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	3	2,110	1,886
Property operating expenses	4	(1,212)	(1,072)
Net property income		898	814
Administrative expenses		(123)	(149)
Loss from changes in fair value of investment properties	6	(523)	(592)
Profit before taxation		252	73
Tax on profit	5	-	-
Profit and total comprehensive income for the year		252	73

All amounts relate to continuing activities.

The notes on pages 11 to 20 form part of these financial statements.

NewRiver Retail (Paisley) Limited

Statement of Financial Position as at 31 March 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Investment property	6		8,500		9,100
Current assets					
Debtors	7	8,585		7,598	
Cash at bank and in hand		670		752	
		<u>9,255</u>		<u>8,350</u>	
Creditors: amounts falling due within one year	8	<u>(11,973)</u>		<u>(11,920)</u>	
Net current liabilities			<u>(2,718)</u>		<u>(3,570)</u>
Total assets less current liabilities			<u>5,782</u>		<u>5,530</u>
Net assets			<u>5,782</u>		<u>5,530</u>
Capital and reserves					
Called up share capital	9		13,610		13,610
Accumulated losses	10		(7,828)		(8,080)
Total equity			<u>5,782</u>		<u>5,530</u>

The financial statements of the Company on pages 8 to 20, registration number 07655878, were approved by the Board of Directors and authorised for issue on 3 August 2023 and signed on their behalf by:



Will Hobman
Director

The notes on pages 11 to 20 form part of these financial statements.

NewRiver Retail (Paisley) Limited

Statement of Changes in Equity for the year ended 31 March 2023

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 April 2021	13,610	(8,153)	5,457
Profit and total comprehensive income for the year	-	73	73
As at 31 March 2022	13,610	(8,080)	5,530
Profit and total comprehensive income for the year	-	252	252
As at 31 March 2023	13,610	(7,828)	5,782

The notes on pages 11 to 20 form part of these financial statements.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements for the year ended 31 March 2023

1 Accounting policies

General information

NewRiver Retail (Paisley) Limited (the 'Company') is limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is 89 Whitfield Street, London, W1T 4DE, England and Wales. The principal activity of the Company is investment in real estate in the UK.

Basis of preparation

The financial statements of NewRiver Retail (Paisley) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention except for investment properties which are carried at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Functional currency

The functional currency of the Company is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, NewRiver REIT plc, which are available on its website www.nrr.co.uk.

The Company has taken advantage of the following exemptions in its individual financial statements:

- 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 the ultimate parent's consolidated 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 of the ultimate parent;
- and from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- The Company is exempt from disclosing transactions with members of the NewRiver group on the grounds that it is a wholly owned subsidiary of NewRiver REIT plc, the consolidated financial statements for which are publicly available.

The following principal accounting policies have been applied:

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

1 Accounting policies (*continued*)

Going concern

In considering the use of the going concern assumption in preparing the financial statements, the Directors note that the Company has net current liabilities of £2,718k (2022: £3,570k net current liabilities), net assets of £5,782k (2022: £5,530k net assets) and no external borrowings or debt covenants. Consequently, the Company is reliant on the continued financial support of NewRiver REIT plc (the 'Group' or the 'ultimate parent company'), to be able to meet its debts as they fall due. The Directors of the Company have received a letter of support from the ultimate parent company, which states that the ultimate parent company will provide the necessary financial support to meet the financial obligations of the Company and ensure it continues as a going concern for a period of at least 12 months from the approval of the financial statements.

Consequently, the Company is reliant on the continued financial support of NewRiver REIT plc (the 'Group' or the 'ultimate parent company'), to be able to meet its debts as they fall due. The Directors of the Company have received a letter of support from the ultimate parent company, which states that the ultimate parent company will provide the necessary financial support to meet the financial obligations of the Company and ensure it continues as a going concern for a period of at least 12 months from the approval of the financial statements.

In forming an assessment as to whether the ultimate parent company has the ability to provide financial support, the Directors have performed a detailed review of the current and projected financial position of the Group, making reasonable assumptions about the future trading performance. This involved preparing a severe but plausible adverse case forecast scenario. The scenario takes into account the current and near-term assessment of the Group's principal risks. Refer to the Group's Annual Report and Accounts (as set out in Note 14) for its disclosures made regarding the going concern and viability that would cover the going concern assessment for this Company.

Rental income

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a rent-free period is included in a lease, this is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

1 Accounting policies (*continued*)

Where a lease incentive payment, or surrender premiums are paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease as a reduction of rental income. It is management's policy to recognise all material lease incentives. Upon receipt of a surrender premium for the early termination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is accounted for from the effective date of the modification, being the date at which both parties agree to the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Letting costs are recognised over the lease term on a straight-line basis as a reduction of rental income.

Service charge income is recognised in the period in which it is earned and when performance obligations are met.

Lessor incentives

Incentive payments to new tenants to occupy the Company's investment properties are initially recorded as prepayments and treated as a reduction in revenue. The payments are charged to the Statement of Comprehensive Income over the term of the lease. Where such incentives relate to investment properties, the properties are carried at open market value less the amount of unamortised incentive.

Car Park income

Car Park income stream is recognised in the period in which it is earned and when performance obligations are made.

Commercialisation

Commercialisation is recognised in the period in which it is earned and when performance obligations are made.

Property operating expenses

Property expenses comprise rent related costs and other costs which are not recoverable from tenants. These are accounted for on an accruals basis.

Administrative Expenses

Administrative expenses are accounted for on an accruals basis.

Tax

The Company is part of the NewRiver REIT plc Group REIT regime which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the rent and ERVs for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

NewRiver Retail (Paisley) Limited

**Notes forming part of the financial statements
for the year ended 31 March 2023 (continued)**

1 Accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash at bank and in hand. The Company holds no cash equivalents.

Related party transactions

The Company is exempt from disclosing transactions with members of the NewRiver group on the grounds that it is a wholly owned subsidiary of NewRiver REIT plc, the consolidated financial statements for which are publicly available.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

1 Accounting policies (continued)

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Financial liabilities and equity

Financial liabilities and equity are classified according to the legal substance of the financial instruments contractual obligations, rather than the financial instrument's legal form.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investment property

Investment properties are stated at fair value. Small changes in the key estimates, such as the estimated future rental income, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the Statement of Financial Position. Certain estimates require an assessment of factors not within management's control, such as overall market conditions.

Estimated rental value (ERV): Is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Net equivalent yield (NEY): Is the net weighted average income return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the external valuers) assume rent received annually in arrears and on values before deducting prospective purchaser's costs.

Rents and ERVs have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable output could be to magnify the impact on the valuation.

An increase in ERV or decrease in NEY increases the valuation and a decrease in ERV or an increase in NEY decreases the valuation.

The estimated fair value may differ from the price at which the Company's assets could be sold. Actual realisation of net assets could differ from the valuation used in these financial statements, and the difference could be significant.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements
for the year ended 31 March 2023 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (*Continued*)

Critical judgements

The Directors believe there are no critical judgements, apart from those involving estimates, which have a significant effect on the amounts recognised in the financial statements.

3 Revenue

Rental income is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

Service charge income is recognised in the period in which it is earned and when performance obligations are met.

	2023 £'000	2022 £'000
Property rental and related income	1,448	1,206
Service charge income	662	680
	<hr/>	<hr/>
	2,110	1,886
	<hr/>	<hr/>

Tenant incentives of £2k (2022: £nil), commercialisation of £56k (2022: £53k) and car park income £75k (2022: £50k) are included in property rental and related income.

4 Property operating expenses

The Company had no employees (2022: nil) and had no employee costs in either the current or preceding financial year. The Directors of the Company did not receive any remuneration for their services during the current or preceding financial year. It is deemed impractical to allocate their remuneration between group undertakings for the purpose of disclosure.

Auditors' remuneration in relation to audit fees of £8.6k (2022: £8.7k) was incurred and borne by NewRiver REIT plc.

	2023 £'000	2022 £'000
Service charge expense	(974)	(992)
Provision for bad debts	(37)	107
Rates	(48)	(46)
Car park costs	(111)	(92)
Insurance	(25)	(26)
Other property operating expenses	(17)	(23)
	<hr/>	<hr/>
Property operating expenses	(1,212)	(1,072)
	<hr/>	<hr/>

5 Tax on profit

There is no charge to taxation for the year (2022: £nil) as the Company is part of the NewRiver REIT plc Group REIT regime which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

6 Investment property

	2023 £'000	2022 £'000
Fair value		
At 1 April	9,100	9,650
Valuation movement losses in the Statement of Comprehensive Income	(523)	(592)
Net capital expenditure and tenant incentives on investment properties	(77)	42
	<hr/>	<hr/>
At 31 March	8,500	9,100
	<hr/>	<hr/>

The property has been revalued as at 31 March 2023 by Colliers International UK Plc in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation manual. The historical cost of these investment properties including capitalised costs and tenant incentives is £24,769k (2022: £24,884k).

The Company capitalises any tenant incentives and then amortises these on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

The property receives rental income which is wholly attributable to the principal activity of the Company (as detailed in note 3).

7 Debtors

	2023 £'000	2022 £'000
Trade debtors	63	81
Restricted monetary asset	255	50
Service charge debtors	78	175
Amounts owed by group undertakings	8,113	7,235
Prepayments and accrued income	73	53
Other debtors	3	4
	<hr/>	<hr/>
	8,585	7,598
	<hr/>	<hr/>

Included in service charge debtors are other service charge debtors of £72k (2022: £nil) and VAT of £24k (2022: £184k) offset by bad debt service charge provision of £18k (2022: £9k).

Trade debtors are stated after provision for impairment of £34k (2022: 22k).

The restricted monetary asset relates to cash balances which legally belong to the Company but which the Company cannot readily access. They do not meet the definition of cash and cash equivalents and consequently are presented separately from cash in the Statement of Financial Position.

Amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand.

NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements
for the year ended 31 March 2023 (continued)

8 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade Creditors	59	1
Service charge creditors	296	179
Amounts owed to group undertakings	11,325	11,253
Other creditors	10	87
Value Added Taxation	84	227
Accruals and deferred income	199	173
	<u>11,973</u>	<u>11,920</u>

Included in service charge creditors are service charge creditors of £nil (2022: £26k), deferred income of £83k (2022: £86k), other service charge creditors of £208k (2022: £64k) and accruals of £5k (2022: £3k).

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

9 Called up share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
13,610k (2022: 13,610k) Ordinary shares of £1 each (2022: £1 each)	13,610	13,610
	<u>13,610</u>	<u>13,610</u>

10 Reserves

Accumulated losses

Includes all current and prior years retained profits and losses, less dividends paid.

11 Financial commitments and operating lease arrangements

	Land and buildings 2023 £'000	Land and buildings 2022 £'000
Rentals receivable on operating leases:		
Within 1 year	1,057	1,124
Between 2 and 5 years	2,483	2,562
After five years	442	871
	<u>4,982</u>	<u>4,557</u>

The Company held no annual commitments under non-cancellable operating leases.

12 Capital commitments and contingent liabilities

The Company did not have any capital commitments or contingent liabilities as at 31 March 2023 (2022: none).

NewRiver Retail (Paisley) Limited

**Notes forming part of the financial statements
for the year ended 31 March 2023 (continued)**

13 Financial risk management

Financial risk profile

The Company's financial instruments comprise intercompany loans, cash and various items such as debtors that arise directly from the Company's operations.

Market risk

The Company is exposed to changes in property values within the market. Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- i) changes in the general economic climate;
- ii) local conditions in respective markets, such as an oversupply, or a reduction in demand, for commercial space in a specific area;
- iii) competition from other available properties; and
- iv) government regulations, including planning, environmental and tax laws.

The above are regularly monitored by the Directors of the entity and reviewed on a quarterly basis.

Market risk is managed by detailed financial analysis, assessment of underlying performance of the tenant and market research and analysis of retailer performance.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company has the support of its ultimate parent company, therefore there is sufficient liquidity for a period of at least twelve months from the date of signing these financial statements to continue its operations and to meet its liabilities as they fall due, please see Note 1 for further details.

Credit risk

The Company's principal financial assets are cash, trade receivables and other receivables.

The Company manages its credit risk through policies to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks. The Company may suffer a void period where no rents are received. The quality of the tenant is assessed based on an extensive tenant covenant review scorecard prior to acquisition of the property. The assessment of the tenant credit worthiness is also monitored on an ongoing basis. Credit risk is assisted by the vast majority of occupational leases requiring that tenants pay rentals in advance. The Company monitors rent collection in order to anticipate and minimise the impact of default by tenants. All outstanding rent receivables are regularly monitored.

Cash and cash equivalents are held with financial institutions subject to credit rating reviews by the major ratings agencies. The credit rating reviews do not indicate any issues affecting the financial condition of depositories.

Currency risk

The Company is not exposed to significant currency risks as the Company has no exposure to different currencies.

NewRiver Retail (Paisley) Limited

**Notes forming part of the financial statements
for the year ended 31 March 2023 (*continued*)**

14 Ultimate parent company and controlling party

At 31 March 2023 and 31 March 2022 the Company's ultimate parent company and ultimate controlling party was NewRiver REIT plc, a company incorporated in the UK and at the same registered address as the Company. The smallest and largest group in which the results of the company are consolidated is NewRiver REIT plc, the financial statements of which are available on the company's website "www.nrr.co.uk." The immediate parent undertaking is NewRiver Retail (Portfolio No.4) Limited.

15 Subsequent events

There have been no subsequent events since the Statement of Financial Position date which affect these financial statements.