REGISTERED NUMBER: 04730752

THE VERY GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the 39 weeks ended 2 April 2022

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For the 39 weeks ended 2 April 2022

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INTERIM RESULTS STATEMENT

The Directors present their interim results statement of The Very Group Limited and its subsidiaries ("the Group") for the 39 week period ended 2 April 2022.

Review of the business

As we continue to annualise against FY21, our strongest ever trading period, our business continues to show its relevance and resilience in the face of market uncertainty, as demonstrated by our Q3 FY22 YTD[1] results. Pre-exceptional EBITDA[2] increased 12.2% to £236.8m (Q3 FY21 YTD: £211.0m). The profit before tax for the period increased by 80.9% to £79.2m (Q3 FY21 YTD: profit before tax of £43.8m) after recognising exceptional items of £21.1m (Q3 FY21 YTD: £38.7m).

Total revenue

Total revenue decreased by 6.1% to £1,678.3m (Q3 FY21 YTD: £1,788.0m) as the online non-food market continues to normalise against the exceptional growth achieved in the prior year due to COVID-19 restricting ability to shop on the high street. Contrasted with a pre-pandemic comparative, this represents an increase of 9.5% on a two-year basis (Q3 FY20 YTD: £1,532.5m). Very.co.uk revenue fell slightly by 4.2% to £1,382.4m compared with prior year (Q3 FY21 YTD: £1,443.6m) but increased 16.9% on a two-year basis (Q3 FY20 YTD: £1,182.6m), benefitting from its combination of famous brands, mobile-first customer experience and opportunities for flexible ways to pay. Littlewoods revenue was down 14.1% to £295.9m (Q3 FY21 YTD: £344.4m) and down 15.4% on a two-year basis (Q3 FY20 YTD: £349.9m) as the strategic managed decline continues.

Retail sales

Annualising against a record period in Q3 FY21 YTD, Group retail sales[3] decreased by 7.9% and Very.co.uk retail sales declined by 5.4%. However, when compared with pre-pandemic performance, our flagship brand Very.co.uk saw sales growth of 23.2% with double-digit growth across all categories.

Q3 saw a continuation of the trend observed in Q1 and Q2 of a normalisation in customer baskets post-COVID-19. Fashion & Sports remained the strongest performing category with sales increasing by 10.6% versus Q3 FY21 YTD. This was driven by particularly strong performances of casual wear and ladies high street and premium fashion. Sportswear remains a key proposition, reporting growth of 2.9% in Q3 FY22 YTD. The strong performance in Fashion & Sport largely offset the decline in Electrical revenues, which were 11.0% down in Q3 FY22 YTD as customers shifted back towards pre-pandemic shopping habits, although it remains our largest category at 43.7% of total revenues. In line with our expectations, Home revenue also decreased by 20.5% following a record year in FY21, as customers continued to shift away from one-off spend on large home items towards a more typical basket, which prioritised clothing and sportswear. Developing Categories (which represents 11.0% of the retail sales mix and includes toys, gifts, beauty and leisure) saw stable revenues, increasing by 0.6% in Q3 FY22 YTD, with growth in the personal care and gifts categories, though this was offset by a decline in fragrance and toys.

Very Pay revenue

Very Pay revenue (rendering of services) for the group has increased by 6.5%, primarily driven by interest income which has increased by 4.4% and accounts for the majority of total Very Pay income. Interest income as a percentage of the average debtor book has remained stable at 16.5% (Q3 FY21 YTD: 16.3%) with the growth in income being driven by a 2.9% increase in the size of the Group's average debtor book during Q3 FY22 YTD.

1 Q3 FY22 YTD is the 39 weeks ended 2 April 2022. Q3 FY21 YTD is the 39 weeks ended 27 March 2021.

2 Pre-exceptional EBITDA is defined on page 5 of the Financial Statements.

3 Retail sales is on a management accounts basis excluding statutory adjustments, therefore differs to revenue from the sale of goods presented in the condensed consolidated income statement.

INTERIM RESULTS STATEMENT (continued)

Gross profit and costs

Statutory gross margin rate continued to improve against prior year, increasing by 1.7% pts to 36.7% (Q3 FY21 YTD: 35.0%), reflecting the growth in financial services revenue and reduction in bad debt which has offset a slight decline in retail margin.

In a continuation of the trend observed in the YTD, the bad debt expense as a percentage of the average debtor book remained lower than prior year at 4.1% (Q3 FY21 YTD: 4.9%), reflecting our continued investment in improving our credit decisioning processes. Bad debt remains a core focus area for the group and is continually monitored.

Distribution expenses before exceptional costs amortisation and depreciation decreased by £7.6m to £170.0m (Q3 FY21 YTD: £177.6m) but increased slightly as a percentage of revenue to 10.1% (Q3 FY21: 9.9%) owing to increased carrier costs. Administrative expenses before exceptional items, amortisation and depreciation were £210.5m (Q3 FY21 YTD: £238.0m) which as a percentage of revenue is 12.5% (Q3 FY21 YTD: 13.3%). This decrease is driven by savings made as part of a continued focus on managing the cost base. Total operating costs, excluding exceptional items, depreciation and amortisation, as a percentage of revenue decreased to 22.7% (Q3 FY21 YTD: 23.2%).

Pre-exceptional EBITDA and underlying EBITDA

Pre-exceptional EBITDA increased 12.2% to £236.8m (Q3 FY21 YTD: £211.0m). As a percentage of Group sales, the pre-exceptional EBITDA margin[4] increased 2.3%pts to 14.1% compared to the prior year (Q3 FY21 YTD: 11.8%). The higher pre-exceptional EBITDA reflects continued Very Pay revenue growth and strong cost control. Underlying EBITDA[5], which excludes fair value and pension adjustments, increased 8.3% to £231.4 (Q3 FY21 YTD: £213.7m).

Finance costs

Net finance costs (before exceptional items) increased slightly to £78.0m (Q3 FY21 YTD: £76.9m) due to increased securitisation interest (owing to higher underlying market rates) and increased drawdowns on the revolving credit facility offsetting the benefit of the reduced interest rate on our refinanced senior secured notes issued in August 2021.

Exceptional items

Exceptional items of £21.1m (Q3 FY21 YTD: £38.7m) have been recognised in the period with £13.7m relating to costs incurred in Q1 as part of the refinancing of the £550m bond with the new £575m bond. The remaining balance includes £8.3m of professional fees relating to corporate projects which has been offset by a £0.9m credit relating to provision releases, previously recognised in exceptionals. Q3 FY21 YTD costs predominantly relate to regulatory costs and associated administrative expenses as well as exceptional costs associated with the move to East Midlands Gateway.

Taxation

The tax charge in the income statement of £14.0m is based on management's best estimate of the full year effective tax rate based on estimated full year profits (Q3 FY21 YTD: charge £8.5m). For the 39 weeks ended 2 April 2022 the effective tax rate that has been applied is 18% (27 March 2021: 19%). The tax charge includes a £4.0m credit in relation to exceptional items charged in the period (Q3 FY21 YTD: £7.4m credit).

4 Pre-exceptional EBITDA margin is defined on page 4 of the Financial Statements

5 Underlying EBITDA is defined on page 5 of the Financial Statements

INTERIM RESULTS STATEMENT (continued)

Statement of cash flows

Cash and cash equivalents decreased by £36.4m to £41.7m during the period (Q3 FY21 YTD: net cash and cash equivalents decreased by £113.9m to £92.5m).

The lower year-on-year cash outflow is driven by relatively consistent net cash outflows from operating activities year on year (Q3 FY22: £112.9m, Q3 FY21: £110.4m) and higher net cash outflows from investing activities year on year (Q3 FY22: £60.0m, Q3 FY21: £49.4m), offset by higher net cash inflows from financing activities of £136.5m in Q3 FY22 compared with £45.9m in Q3 FY21.

The cash outflow from operating activities is driven by i) the movement in inventories, which shows a smaller outflow in Q3 FY22 driven by a higher opening inventory position in FY22 than in FY21 as a result of strong trading in Q4 FY20, ii) the increase in trade and other receivables, which reflects continued growth in the Very Debtor book and the timing of prepayments, and iii) the movement in trade and other payables, resulting in a cash outflow in the current year, as a consequence of the prior year's higher investment in stock ahead of higher anticipated sales in Q3 FY21 compared with Q3 FY22.

Cash outflows in respect of capital additions for the period of £60.0m (Q3 FY21 YTD: £49.5m) were across business-as-usual and strategic investments.

The cash inflow from financing activities is comprised of i) increased proceeds from the secured revolving credit facility of £102.4m in the current year compared with the prior year (Q3 FY21: £63.4m), ii) drawing of the secured revolving credit facility by £60.0m in the current year which was not present in the prior year period, and iii) dividends paid to the parent company of £25.0m (Q3 FY21: nil).

Financial position

Increase in equity of £45.2m to £255.2m (3 July 2021: equity £210.0m, 27 March 2021: equity £134.9m) was driven by Comprehensive Income for the period of £70.2m, offset by the dividend paid of £25.0m.

Inventory held at 2 April 2022 increased against the 3 July 2021 position to £123.1m (3 July 2021: £102.2m, 27 March 2021: £112.7m), with the increase against Q3 last year owing to sales ahead of expectations last year, depressing the balance at quarter end. Trade and other receivables at 2 April 2022 increased against the 3 July 2021 position to £2,214.9m (3 July 2021: £2,075.5m, 27 March 2021: £2,182.2m), largely due to the growth of the Very Pay debtor book. Trade and other payables at 2 April 2022 decreased to £481.2m (3 July 2021: £566.1m, 27 March 2021: £586.0m).

The regulatory provision at 2 April 2022 has decreased against the 3 July 2021 position to £4.1m (3 July 2021: £11.1m, 27 March 2021: £17.2m) following £7.0m payments being made in the 9 month period. The remaining provision is based on an estimate of the remaining payments with £1.1m expected to be fully utilised within 12 months. The remaining £3.0m is expected to be utilised after 12 months.

Total lease liabilities at 2 April 2022 decreased to £164.6m from 3 July 2021 position (3 July 2021: £178.3m, 27 March 2021: £148.1m), as the liability has unwound.

Securitisation borrowings increased to £1,491.6m from the year end position (3 July 2021: £1,389.2m, 27 March 2021: £1,448.8m), driven by the increase in gross trade debtors. The securitisation borrowings figure includes £24.6m (3 July 2021: £25.2m, 27 March 2021: £25.6m) relating to the balance sheet receivables of Shop Direct Ireland Limited. During the period, the UK securitisation was extended for a further year to January 2025. The UK securitisation has a total facility size of £1,735.0m. The Ireland facility was extended in the prior year and has a total maximum commitment of €35.0m which expires in December 2024.

INTERIM RESULTS STATEMENT (continued)

Principal risks and uncertainties

The principal risks and uncertainties are as disclosed in the Group's consolidated financial statements for the period ended 3 July 2021.

Going concern

In determining that the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities (£2,216.6m[6] total borrowings with £150.0m[6] due within 12 months and £2,066.6m[6] due within 5 years). The Group has the following facilities; UK Securitisation facility of £1,735.0m, with £50.0m expiring in December 2023 and £1,685.0m expiring in January 2025, Ireland securitisation facility of €35.0m expiring in December 2024, Senior secured notes of £575.0m maturing in August 2026 and a revolving credit facility of £150.0m expiring in February 2026. Further detail on the going concern position of the group is included in note 2 to the Financial Statements.

Alternative performance measures

The Group uses a number of measures to assess financial performance that are not defined within IFRS and are widely referred to as 'Alternative Performance Measures' ("APMs"). The Directors use these measures to review the performance of the Group, as evidenced by their inclusion in the monthly Group Performance Report which is presented to the Board. Underlying EBITDA is an important APM as it provides the best indication of the underlying trading performance of the Group.

Reconciliation of operating profit to pre-exceptional EBITDA

	39 weeks to 2 April 2022	39 weeks to 27 March 2021	53 weeks to 3 July 2021
	£ m	£ m	£ m
Operating profit	170.9	120.7	188.6
Exclusion of exceptional items	7.4	38.7	41.3
Operating profit before exceptional items	178.3	159.4	229.9
Exclusion of depreciation and amortisation	58.5	51.6	70.4
Pre-exceptional EBITDA	**236.8**	**211.0**	**300.3**

Reconciliation of pre-exceptional EBITDA to pre-exceptional EBITDA margin

	39 weeks to 2 April 2022	39 weeks to 27 March 2021	53 weeks to 3 July 2021
	£ m	£ m	£ m
Pre-exceptional EBITDA	236.8	211.0	300.3
Total revenue	1,678.3	1788.0	2,317.1
Pre-exceptional EBITDA margin	**14.1%**	**11.8%**	**13.0%**

6 The borrowing facilities presented here are at their nominal values. The primary financial statements and the notes to the financial present the facilities at values determined in accordance with IFRS 9 and as such will differ from the values shown here.

INTERIM RESULTS STATEMENT (continued)

Alternative performance measures (continued)

Reconciliation of operating profit to underlying EBITDA

	39 weeks to 2 April 2022	39 weeks to 27 March 2021	53 weeks to 3 July 2021
	£ m	£ m	£ m
Operating profit	170.9	120.7	188.6
Exceptional items	7.4	38.7	41.3
Operating profit before exceptional items	178.3	159.4	229.9
Depreciation and Amortisation	58.5	51.6	70.4
Pre-exceptional EBITDA	236.8	211.0	300.3
Adjusted for:			
Fair value adjustments to financial instruments	(4.0)	4.8	3.1
Fair value adjustments to trade creditors	(1.4)	(2.7)	(3.1)
Pension adjustments	-	0.6	0.2
Underlying EBITDA	**231.4**	**213.7**	**300.5**

Reconciliation of administrative expenses before amortisation, depreciation and exceptional items

	39 weeks to 2 April 2022	39 weeks to 27 March 2021	53 weeks to 3 July 2021
	£ m	£ m	£ m
Administrative expenses	273.7	320.0	409.4
Amortisation charged to administrative expenses	(44.1)	(39.8)	(54.8)
Depreciation charged to administrative expenses	(11.7)	(11.8)	(15.6)
Exceptional items	(7.4)	(30.4)	(32.9)
Administrative expenses before amortisation, depreciation and exceptional items	210.5	238.0	306.1

Reconciliation of distribution costs before amortisation, depreciation and exceptional items

	39 weeks to 2 April 2022	39 weeks to 27 March 2021	53 weeks to 3 July 2021
	£ m	£ m	£ m
Distribution costs	172.7	185.9	250.0
Depreciation charged to distribution costs	(2.7)	-	-
Exceptional items	-	(8.3)	(8.4)
Distribution costs before amortisation, depreciation and exceptional items	170.0	177.6	241.6

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		39 weeks to 2 April 2022 (unaudited)			**39 weeks to 27 March 2021 (unaudited)**			**53 weeks to 3 July 2021 (audited)**		
	Notes	**Pre-exceptional items £'m**	**Exceptional items (Note 4) £'m**	**Total £'m**	**Pre-exceptional items £'m**	**Exceptional items (Note 4) £'m**	**Total £'m**	**Pre-exceptional items £'m**	**Exceptional items (Note 4) £'m**	**Total £'m**
Sale of goods		1,378.9	-	1,378.9	1,507.0	-	1,507.0	1,957.5	-	1,957.5
Rendering of services		299.4	-	299.4	281.0	-	281.0	359.6	-	359.6
Total revenue	3	1,678.3	-	1,678.3	1,788.0	-	1,788.0	2,317.1	-	2,317.1
Cost of sales		(1,063.2)	-	(1,063.2)	(1,162.6)	-	(1,162.6)	(1,470.9)	-	(1,470.9)
Gross profit		615.1	-	615.1	625.4	-	625.4	846.2	-	846.2
Distribution costs		(172.7)	-	(172.7)	(177.6)	(8.3)	(185.9)	(241.6)	(8.4)	(250.0)
Administrative costs		(266.3)	(7.4)	(273.7)	(289.6)	(30.4)	(320.0)	(376.5)	(32.9)	(409.4)
Other operating income		2.2	-	2.2	1.2	-	1.2	1.8	-	1.8
Operating profit	3	178.3	(7.4)	170.9	159.4	(38.7)	120.7	229.9	(41.3)	188.6
Finance income		-	-	-	0.1	-	0.1	0.2	-	0.2
Finance costs		(78.0)	(13.7)	(91.7)	(77.0)	-	(77.0)	(107.1)	-	(107.1)
Profit before tax		100.3	(21.1)	79.2	82.5	(38.7)	43.8	123.0	(41.3)	81.7
Tax (charge)/credit	7	(18.0)	4.0	(14.0)	(15.9)	7.4	(8.5)	20.2	7.4	27.6
Profit/(Loss) for the period		82.3	(17.1)	65.2	66.6	(31.3)	35.3	143.2	(33.9)	109.3
Profit/(Loss) attributable to equity holders of the Group		82.3	(17.1)	65.2	66.6	(31.3)	35.3	143.2	(33.9)	109.3

The above results were derived from continuing operations.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	39 weeks to 2 April 2022 (unaudited) £'m	39 weeks to 27 March 2021 (unaudited) £'m	53 weeks to 3 July 2021 (audited) £'m
Profit for the period		65.2	35.3	109.3
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement on retirement benefit obligations before tax		8.6	40.6	50.4
Income tax effect	7	(2.2)	(0.1)	(8.7)
Other comprehensive income for the period for items that will not be reclassified subsequently to profit or loss		6.4	40.5	41.7
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation loss		(1.4)	(1.5)	(1.6)
Other comprehensive income for the period		5.0	39.0	40.1
Total comprehensive income attributable to:				
Equity holders of the company		70.2	74.3	149.4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2 April 2022 (unaudited) £'m	27 March 2021 (unaudited) £'m	3 July 2021 (audited) £'m
Assets				
Non-current assets				
Goodwill		202.5	202.5	202.5
Intangible assets		260.0	240.1	246.8
Property, plant and equipment		23.2	11.1	25.7
Right-of-use assets		149.9	136.0	164.1
Deferred tax assets		178.6	162.1	194.2
		814.2	751.8	833.3
Current assets				
Inventories		123.1	112.7	102.2
Trade and other receivables	6	2,214.9	2,182.2	2,075.5
Income tax asset		1.1	4.7	1.5
Cash at bank	10	41.7	92.5	78.1
Derivative financial instruments	5	3.4	-	-
		2,384.2	2,392.1	2,257.3
Total assets		3,198.4	3,143.9	3,090.6
Equity				
Share capital	11	(200.0)	(200.0)	(200.0)
Accumulated (profit)/deficit		(55.2)	65.1	(10.0)
Equity attributable to owners of the company		(255.2)	(134.9)	(210.0)
Non-current liabilities				
Loans and borrowings	9	(575.6)	(550.0)	(550.0)
Securitisation facility	9	(1,491.6)	(1,448.8)	(1,389.2)
Retirement benefit obligations	12	(1.6)	(1.0)	(1.6)
Deferred income		(26.5)	(27.7)	(26.4)
Lease liabilities		(152.3)	(139.8)	(166.7)
		(2,247.6)	(2,167.3)	(2,133.9)
Current liabilities				
Trade and other payables		(481.2)	(586.0)	(566.1)
Loans and borrowings	9	(148.4)	(150.0)	(90.0)
Retirement benefit obligations	12	-	(18.7)	(8.7)
Lease liabilities		(12.3)	(8.3)	(11.6)
Deferred income		(44.7)	(48.4)	(48.6)
Provisions	8	(9.0)	(28.0)	(21.1)
Derivative financial instruments	5	-	(2.3)	(0.6)
		(695.6)	(841.7)	(746.7)
Total liabilities		(2,943.2)	(3,009.0)	(2,880.6)
Total equity and liabilities		(3,198.4)	(3,143.9)	(3,090.6)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'m	Accumulated profit/(deficit) £'m	Total £'m
Changes in equity for the 39 weeks to 2 April 2022 (unaudited)			
Balance as at 4 July 2021	200.0	10.0	210.0
Profit for the period	-	65.2	65.2
Other comprehensive income	-	5.0	5.0
Total comprehensive income	-	70.2	70.2
Dividend paid to parent company	-	(25.0)	(25.0)
Balance as at 2 April 2022	200.0	55.2	255.2
Changes in equity for the 39 weeks to 27 March 2021 (unaudited)			
Balance as at 28 June 2020	200.0	(139.4)	60.6
Profit for the period	-	35.3	35.3
Other comprehensive income	-	39.0	39.0
Total comprehensive income	-	74.3	74.3
Balance as at 27 March 2021 (Restated)[1]	200.0	(65.1)	134.9
Changes in equity for the 53 weeks to 3 July 2021 (audited)			
Balance as at 28 June 2020	200.0	(139.4)	60.6
Profit for the period	-	109.3	109.3
Other comprehensive expense	-	40.1	40.1
Total comprehensive income	-	149.4	149.4
Balance as at 3 July 2021	200.0	10.0	210.0

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	39 weeks to 2 April 2022 (unaudited) £'m	39 weeks to 27 March 2021 (unaudited) £'m	53 weeks to 3 July 2021 (audited) £'m
Cash flows from operating activities			
Profit for the period	65.2	35.3	109.3
Adjustments for:			
Depreciation	14.4	11.8	15.6
Amortisation	44.1	39.8	54.8
Financial instrument net (gains)/losses through profit and loss	(4.0)	4.8	3.1
Finance income	-	(0.1)	(0.2)
Finance costs	91.7	77.0	106.3
Income tax charge/(credit)	14.0	8.5	(27.6)
Decrease in provisions	(12.1)	(97.8)	(104.6)
Adjustments for pensions	-	1.9	1.1
Operating cash flows before movements in working capital	213.3	81.2	157.8
Increase in inventories	(20.9)	(47.3)	(36.8)
Increase in trade and other receivables	(145.2)	(114.3)	(1.0)
(Decrease)/Increase in trade and other payables	(85.4)	35.7	19.0
Cash generated by operations	(38.2)	(44.7)	139.0
Income taxes paid	(1.4)	(1.0)	(3.0)
Interest paid	(73.3)	(64.7)	(103.2)
Net cash (outflows)/inflows from operating activities	**(112.9)**	**(110.4)**	**32.8**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	39 weeks to 2 April 2022 (unaudited) £'m	39 weeks to 27 March 2021 (unaudited) £'m	53 weeks to 3 July 2021 (audited) £'m
Net cash outflows from operating activities	(112.9)	(110.4)	32.8
Cash flows from investing activities			
Interest received	-	0.1	0.2
Acquisitions of property plant and equipment	(0.8)	(3.6)	(18.6)
Acquisitions of intangible assets	(59.2)	(45.9)	(67.9)
Net cash outflows from investing activities	(60.0)	(49.4)	(86.3)
Cash flows from financing activities			
Payments of lease liabilities	(15.2)	(17.5)	(18.6)
Proceeds from securitisation facility	102.4	63.4	3.8
Net proceeds from senior secured notes	25.0	-	-
Payment of bond early redemption premium	(10.7)	-	-
Proceeds from/ (repayment of) secured revolving credit facility	60.0	-	(60.0)
Dividends paid to parent company	(25.0)	-	-
Net cash inflows/(outflows) from financing activities	136.5	45.9	(74.8)
Net decrease in cash and cash equivalents	(36.4)	(113.9)	(128.3)
Opening cash and cash equivalents (Note 10)	78.1	206.4	206.4
Closing cash and cash equivalents (Note 10)	41.7	92.5	78.1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Very Group Limited is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act. The address of its registered office is First Floor, Skyways House, Speke Road, Speke, Liverpool L70 1AB.

The Very Group Limited is the UK's largest integrated pureplay digital retailer and financial services provider, providing a multi-category range of famous brands, market-leading e-commerce and technology capabilities, and unique financial services products offering flexible ways to pay.

These consolidated interim financial statements were approved for issue on 24 May 2022.

2. Summary of accounting policies

Basis of preparation

This condensed set of financial statements for the 39 weeks ended 2 April 2022 should be read in conjunction with the annual financial statements for the 53 week period ended 3 July 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

The interim financial information has been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards and in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's annual financial statements for the 53 week period ended 3 July 2021.

The financial information included in this set of condensed accounts for the 53 week period ended 3 July 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of those accounts, prepared under International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, has been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group for the 52 weeks ending 2 July 2022 will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. This condensed set of financial statements has been prepared applying the accounting policies and presentation that will be applied in the preparation of the Group's consolidated financial statements for the 52 weeks ending 2 July 2022.

The financial statements are drawn up to Saturday 2 April 2022 for the current 39 week period. The financial information for the comparative periods relates to the 39 week period ended Saturday 27 March 2021 and the 53 week period ended Saturday 3 July 2021.

New standards, interpretations and amendments not yet effective

A number of new standards and interpretations have been issued but are not yet effective for the Group. These standards are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of accounting policies (continued)

New standards, interpretations and amendments not yet effective (continued)

The Group intends to change its accounting policy related to the capitalisation of certain software costs in the annual financial statements of the Group for the 52 weeks ending 2 July 2022; this change follows the IFRIC Interpretation Committee's agenda decision published in April 2021 and relates to the capitalisation of costs under 'Software as a Service' (SaaS) arrangements.

The Group's accounting policy has historically been to capitalise costs directly attributable to the SaaS arrangements as intangible assets in the Balance Sheet, irrespective of whether the services were performed by the SaaS supplier or third party. Following the adoption of the above IFRIC agenda guidance, current SaaS arrangements are identified and assessed to determine if the Group has control of any of the software. For those arrangements where the group does not have control of any of the developed software, the Group should derecognise the intangible asset previously capitalised.

As at 2 April 2022, the Group has capitalised £10.3m related to these licences within capital in progress (27 March 2021: £5.6m) and has £12.3m net book value of intangible assets that have been brought into use (27 March 2021: £11.8m). The estimated impact in the period to 2 April 2022 would be £6.7m of additional cost to be recognised for licences capitalised in the current period (27 March 2021: £4.3m). This would be offset by the reversal of the depreciation charge on existing assets of £3.4m (27 March 2021: £2.7m). Hence, the cumulative impact would be a £3.3m reduction in profit before tax and a £6.7m reduction in underlying EBITDA (27 March 2021: £1.6m reduction in profit before tax and a £4.3m reduction in underlying EBITDA). The full year forecasted impact is a reduction in profit of £4.8m and a £9.3m reduction in underlying EBITDA (Full year to 3 July 2021: reduction in profit of £3.3m and a £7.0m reduction in underlying EBITDA).

The financial impact of the change in accounting policy relating to SaaS has not been included in this condensed set of financial statements for the 39 weeks ended 2 April 2022. Following an independent review of the financial calculations relating to the change in accounting policy by request of the audit committee, the impact of the policy change will be included in the annual financial statements of the Group for the 52 weeks ending 2 July 2022, including any related prior year adjustments.

Critical accounting judgements and key sources of estimation uncertainty

Full details of the Group's critical accounting judgements and key sources of estimation uncertainty are included in the Group's consolidated financial statements for the 53 week period ended 3 July 2021. There have been no changes to the Group's critical accounting judgements and key sources of estimation uncertainty in the 39 weeks ended 2 April 2022.

The Group has been in a long running dispute with HMRC in respect of the methodology used for the Group's partial exemption calculation. The Group has received three assessments of £2.4m, £8.5m and £2.7m from HMRC covering the period April 2015 to March 2020, which have all been paid in line with standard practice to proceed to tribunal. During the period, the Group paid an additional £1.9m to HMRC covering the period to March 2021. As discussions are still on-going with HMRC and a satisfactory outcome has not yet been achieved, the Directors have continued to accrue in line with professional advice, accruing at £7.6m as at the balance sheet date (3 July 2021: £7.0m). The net asset balance of £7.9m has been recognised as a tax deposit within other receivables in the Group accounts (3 July 2021: £6.6m). Based on the amounts reflected in the balance sheet as at 3 July 2021, the directors estimate that an unfavourable settlement of this case could result in a charge to the income statement of up to £7.9m though no formal tribunal date has yet been set.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of accounting policies (continued)

Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities. Given the current uncertain economic climate, realistic assumptions for working capital performance have been used to determine the level of financial resources available to the Group and to assess liquidity risk. The key risk identified for these assumptions is the impact that a deterioration in the economic climate would have on revenues and the debtor book.

The Group has carefully considered its cash flows and banking covenants for the 18 months from the date of issue of these interim financial statements. These have been considered in conjunction with the current economic climate, including the continued impact of the Covid-19 pandemic and related variants.

The Group continued to trade effectively throughout the pandemic with the online store remaining open and office-based colleagues working from home. Actions taken by the Group have included cost reduction, tight management of capital spend and inventory management. The multi-category offering has provided resilience against movements in individual product categories and there has been an increase in customer account applications, including credit accounts. Despite its significant negative economic and social impact, Covid-19 has accelerated online retail growth and increased consumers' appetite for flexible ways to pay, as well as led more brands to look for new online sales and distribution channels. The Group is well placed to capitalise on these trends and the unique opportunities we have as a business in the years to come.

There are clearly challenges in quantifying the expected future impact of Covid-19 on the Group. However, Group forecasts have been stress tested for a number of scenarios and the Group has deployed strategies and tools to closely manage cash flow and mitigate any issues.

Following the work undertaken by the Group the Directors are confident that the Group has sufficient liquidity for the next 18 months, and they are confident the Group will satisfy covenant requirements.

Forecasts have been stress tested with sensitivities around reductions in revenue, deterioration in customer payments and increased write offs of trade receivables. Sufficient headroom remains under each of the scenarios. Reverse stress testing has also been applied to the forecasts which represent a significant deterioration in the key assumptions from the base case forecasts. The reverse stress test scenarios are considered to be remote. After making appropriate enquiries the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the business segmental analysis set out below, showing the principal brands which represent the Group's reportable segments under IFRS 8.

Pre-exceptional EBITDA represents the pre-exceptional EBITDA earned by each segment without allocation of central administration costs including Directors' salaries, finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive, who is the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

By business segment

Analysis of revenue:	**39 weeks to 2 April 2022 £'m**	**39 weeks to 27 March 2021 £'m**	**53 weeks to 3 July 2021 £'m**
Very†	1,382.4	1,443.6	1,878.4
Littlewoods◊	295.9	344.4	438.7
	1,678.3	1,788.0	2,317.1
Gross profit	615.1	625.4	846.2
Distribution costs excluding depreciation and exceptionals	(170.0)	(177.6)	(241.6)
Administrative costs excluding depreciation, amortisation and exceptionals	(210.5)	(238.0)	(306.1)
Other operating income	2.2	1.2	1.8
Pre-exceptional EBITDA*:			
Very†	294.5	293.7	399.0
Littlewoods◊	86.2	93.0	120.6
Central costs	(143.9)	(175.7)	(219.3)
	236.8	211.0	300.3
Exceptional items	(7.4)	(38.7)	(41.3)
Depreciation	(14.4)	(11.8)	(15.6)
Amortisation	(44.1)	(39.8)	(54.8)
Operating profit	170.9	120.7	188.6

* Pre-exceptional EBITDA is defined as operating profit from continuing operations before amortisation of intangible assets, depreciation and exceptional items.
† Very revenue includes Very.co.uk.
◊ Littlewoods revenue includes Littlewoods.com and LittlewoodsIreland.ie.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

	39 weeks to 2 April 2022 £'m	39 weeks to 27 March 2021 £'m	53 weeks to 3 July 2021 £'m
Operating profit	170.9	120.7	188.6
Finance income	-	0.1	0.2
Finance costs excluding exceptionals	(78.0)	(77.0)	(107.1)
Exceptional finance costs	(13.7)	-	-
Profit before taxation	79.2	43.8	81.7

The analysis on the previous page is in respect of continuing operations.

By geographical location of destination

	39 weeks to 2 April 2022 £'m	39 weeks to 27 March 2021 £'m	53 weeks to 3 July 2021 £'m
Revenue:			
United Kingdom	1,613.0	1,698.9	2,204.6
Republic of Ireland	65.3	89.1	112.5
	1,678.3	1,788.0	2,317.1
Operating profit:			
United Kingdom	162.8	109.7	175.4
Republic of Ireland	8.1	10.2	13.2
Rest of World	-	0.8	-
	170.9	120.7	188.6

The analysis above is in respect of continuing operations.

Turnover by origin is not materially different from turnover by destination.

In common with many retailers, retail sales and therefore, to an extent, pre-exceptional EBITDA are subject to seasonal fluctuations and retail sales are weighted towards the first half of the financial year which includes the key Christmas period. This also results in seasonal variations in key balance sheet accounts including inventories, receivables and payables.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Exceptional items before tax

	39 weeks to 2 April 2022 £'m	**39 weeks to 27 March 2021 £'m**	**53 weeks to 3 July 2021 £'m**
Regulatory costs and associated administrative expenses	-	26.9	29.4
Restructuring costs	(0.1)	-	-
New fulfilment centre costs charged to distribution costs	-	8.4	8.4
Warranty claims provision release	(0.8)	-	-
Professional fees	8.3	-	-
Site closure costs	-	3.4	3.5
Charged to operating profit	7.4	38.7	41.3
Exceptional finance costs	13.7	-	-
	21.1	38.7	41.3

In the period to 2 April 2022, the Group successfully refinanced its £550m bond with £575m of new senior secured notes, which carry a lower coupon rate of 6.5% and will be renewable in August 2026. Exceptional finance costs recognised in the period relate to the premium paid for early redemption of the previous bond, which was not due until November 2022, along with the write-off of unamortised arrangement fees on the previous bond.

A redundancy credit of £0.1m has been recognised relating to the release of the remaining restructuring provision at the former fulfilment sites in Greater Manchester. Given that the restructuring project is now complete, with no further costs expected to be incurred, the remaining provision has been released and recognised as an exceptional credit consistent with the initial recognition of the provision (original provision of £26.4m recognised in FY18).

A warranty provision credit of £0.8m has been recognised relating to the release of the warranty provision which has been held in the accounts since FY17. This provision was in relation to a historic issue with warranties on cancelled non-regulated retail products dating back as far as 2008 rather than existing warranties. Since no issues have arisen, along with the number of years that have passed since the warranties were taken out, the provision is no longer deemed to be required and so has been released in the period. The release has been recognised as an exceptional credit consistent with the initial recognition of the provision.

Professional fees of £8.3m have been recognised in the period to 2 April 2022 relating to costs incurred in relation to corporate projects.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Exceptional items before tax (continued)

During the period ended 3 July 2021 there was an increase in the customer redress claims provision of £29.4m to recognise the remaining cost of settling all outstanding claims. During the 39 weeks ended 2 April 2022 there has been no further increase. The remaining provision of £4.1m at 2 April 2022 (27 March 2021: £55.2m; 3 July 2021: £11.1m) is expected to be fully utilised within 12 months.

On 11 April 2018 the Group announced a proposal to upgrade its fulfilment capabilities by creating an automated 850,000 square foot distribution and returns centre in the East Midlands. The Group had begun to exit its existing fulfilment sites in Greater Manchester, a process which finalised in April 2021. As the Group was dual running multiple sites in the prior year, all running costs for the East Midlands site including depreciation and finance costs related to the site's leases were included in exceptional costs up until the point at which the site became fully operational.

Once the site became the Group's principal distribution centre, in the first quarter of the prior year, running costs associated with the East Midlands site began to be charged to normal operating profit. The exceptional costs since that point relate to the sites which are being exited.

Due to the closure of the Group's customer care centre in Aintree, a provision was recognised during the period ended 3 July 2021 to cover expenditure such as dilapidations, facilities costs such as utilities, security and rates, and the costs associated with moving the customer care centre colleagues previously based in the Aintree site to the Group's head office. These costs totalled £3.5m in the period ended 3 July 2021.

5. Derivative financial instruments

The Group uses fair values to measure its financial instruments using the following classifications:

- Level 1 – quoted prices for similar instruments
- Level 2 – directly observable market inputs other than Level 1 inputs
- Level 3 – inputs not based on observable market data

At the balance sheet date details of outstanding forward exchange contracts that the Group has committed to are as follows:

	2 April 2022 £'m	**27 March 2021 £'m**	**3 July 2021 £'m**
Notional amount – Sterling contract value	104.6	81.9	150.4
Fair value of asset/(liability) recognised	3.4	(2.3)	(0.6)

Changes in the fair value of derivative financial instruments amounted to a gain of £4.0m in the period (period to 27 March 2021: loss of £4.8m, period to 3 July 2021: loss of £3.1m), which is included in administrative expenses.

The fair value of foreign currency derivative contracts is their market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2 – directly observable market inputs other than Level 1 inputs. There were no transfers between Level 1 – quoted prices for similar instruments and Level 2 during the year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade and other receivables

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Trade receivables	1,428.3	1,380.9	1,347.3
Amounts owed by group undertakings (note 13)	527.0	527.5	511.3
Prepayments	182.6	185.3	162.2
Other receivables	77.0	88.5	54.7
Total trade and other receivables	2,214.9	2,182.2	2,075.5

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Gross trade receivables	1,697.9	1,630.5	1,586.3
Allowance for bad debts	(269.6)	(249.6)	(239.0)
Net trade receivables	1,428.3	1,380.9	1,347.3

7. Income tax

Income tax expense is recognised based on management's best estimate of the full year effective tax rate based on estimated full year profits. For the 39 week period ended 2 April 2022 the effective tax rate that has been applied is 18% (27 March 2021: 19%).

In the March 2021 Budget, the Government announced, with effect from 1 April 2023, an increase in the main rate of corporation tax from 19% to 25%. The Finance Bill 2021 was substantively enacted on 24 May 2021, the increase in the corporation tax rate has therefore been reflected in the valuation of our deferred tax assets at the balance sheet date.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Provisions

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 4 July 2021	0.8	9.2	11.1	21.1
(Decrease) in provisions	(0.8)	(0.1)	-	(0.9)
Provisions utilised	-	(4.2)	(7.0)	(11.2)
At 2 April 2022	-	4.9	4.1	9.0
Non-current	-	-	3.0	3.0
Current	-	4.9	1.1	6.0
	-	4.9	4.1	9.0

The restructuring provision relates to costs associated with the closure of the Group's customer care centre in Aintree. The remaining provision of £4.9m is expected to be fully utilised within 12 months.

The regulatory provision reflects the estimated cost of all historical shopping insurance claims and associated processing costs. £1.1m of this provision is expected to be utilised within 12 months from the balance sheet date whilst the remaining provision of £3.0m is expected to be fully utilised after 12 months.

The warranty provision of £0.8m was released to the Income Statement during the period following a comprehensive review. This provision was in relation to a historic issue with warranties on cancelled non-regulated retail products dating back as far as 2008 rather than existing warranties. Since no issues have arisen, along with the number of years that have passed since the warranties were taken out, the provision is no longer deemed to be required and so has been released in the period.

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 28 June 2020	0.8	23.9	101.1	125.8
Increase in provisions	-	3.4	26.9	30.3
Provisions utilised	-	(17.3)	(110.8)	(128.1)
At 27 March 2021	0.8	10.0	17.2	28.0
Non-current	-	-	-	-
Current	0.8	10.0	17.2	28.0
	0.8	10.0	17.2	28.0

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Provisions (continued)

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 28 June 2020	0.8	23.9	101.1	125.8
Increase in provisions	-	6.1	26.8	32.9
Provisions utilised	-	(20.8)	(116.8)	(137.6)
At 3 July 2021	0.8	9.2	11.1	21.1
Non-current	-	-	-	-
Current	0.8	9.2	11.1	21.1
	0.8	9.2	11.1	21.1

9. Loans and borrowings

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Secured non-current loans and borrowings at amortised cost			
Securitisation facility	1,491.6	1,448.8	1,389.2
Senior secured notes	575.6	550.0	550.0
	2,067.2	1,998.8	1,939.2
Current loans and borrowings at amortised cost			
Secured revolving credit facility	148.4	150.0	90.0

Within the securitisation facility £24.6m (27 March 2021: £25.6m, 3 July 2021: £25.2m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

During the period, the Group successfully refinanced the £550m 7.75% bonds with £575m of new listed bonds, which carry a lower coupon rate of 6.5%. The senior secured notes are now due August 2026. The senior secured notes are presented in the above table at amortised cost of £575.6m. The existing £150m secured revolving credit facility was renewed in August 2021 and at the period end had an expiry of February 2026. The facility rolls over on a monthly basis and is repayable on demand. The revolving credit facility is presented net of prepaid arrangement fees.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Loans and Borrowings (continued)

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
The borrowings are repayable as follows:			
Within one year	148.4	150.0	90.0
In the second year	74.5	550.0	550.0
In the third to fifth year	1,992.7	1,423.2	1,389.2
Over five years	-	25.6	-
Amount due for settlement after one year	2,067.2	1,998.8	1,939.2

The principal features of the Group's borrowings are as follows:

(a) The Group has drawn £1,467.0m (27 March 2021: £1,423.2m) on its UK securitisation facility. This is secured by a charge over certain eligible trade debtors of the Group and is without recourse to any of the other Group assets. During the period, the securitisation facility was renewed and now expires in January 2025 for 'AS' Notes (£1,068.6m), 'AJ' Notes (£138.4m), 'B' Notes (£105.0m) and 'C1' Notes (£105.0m). The 'C2' Notes (£50.0m) expire in December 2023. The total facility size is £1,735.0m.

(b) The Group has senior secured notes with a nominal value of £575.0m, at 6.5%, due August 2026 with a secured revolving credit facility of £150.0m which was fully drawn down at 2 April 2022 (27 March 2021: £150m). The senior secured notes are presented at amortised cost.

(c) The Group has an Irish securitisation facility against which it has drawn down £24.6m (27 March 2021: £25.6m), secured by a charge over certain eligible trade debtors of the Group. The facility was extended in the prior year and has a total maximum commitment of €35.0m which expires in December 2024.

10. Reconciliation of net cash and cash equivalents

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Cash at bank	41.7	92.5	78.1
Net cash and cash equivalents in statement of cash flows	41.7	92.5	78.1

Cash and cash equivalents comprise cash net of outstanding bank overdrafts of which there are none. The carrying amount of these assets is approximately equal to fair value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Share Capital

Allotted, called up and fully paid shares

	2 April 2022		27 March 2021		3 July 2021	
	No. m	**£'m**	**No. m**	**£'m**	**No. m**	**£'m**
Ordinary shares of £1 each	200	200	200	200	200	200

12. Pension schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme for all employees; the Shop Direct Group Personal Pension Plan.

The defined contribution scheme is in compliance with employer pension duties in accordance with part 1 of the Pensions Act 2008, including auto enrolment requirements. Contributions to the defined contribution schemes are charged to the income statement.

Defined benefit pension schemes

There are three main elements of the defined benefit pension schemes, namely the Scheme, UURBS and Ex-gratia. A combined summary of these elements is shown below:

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Scheme – defined benefit pension scheme deficit	-	(18.0)	(8.7)
UURBS and Ex-gratia – present value of scheme liabilities	(1.6)	(1.7)	(1.6)
Retirement benefit obligations	(1.6)	(19.7)	(10.3)

The Littlewoods pension scheme ("Scheme")

The Littlewoods Pensions Scheme ("Scheme"), which is a defined benefit arrangement based on final pensionable salaries, is set up under trust and the assets of the scheme are held separately from those of the Company. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed by the parent undertaking and all other Shop Direct Holdings Limited Group companies and the Scheme Trustee. The Scheme was closed to new entrants with effect from 1 October 2001 and is closed to future accrual.

From 1 October 2001 certain employees of the Company were eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the Company contribute.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Pension schemes (continued)

On 19 August 2020 and 15 June 2021, formal agreements were reached between the Group and the Trustees of The Littlewoods Pensions Scheme ("Scheme") with regards to future Company Scheme contribution obligations. Both agreements had been documented in revised Schedules of Contributions. The initial agreement allowed for a single future contribution of £18.7m payable on or before 31 August 2021 which was then reduced to a single contribution of £9.4m payable on or before 32 April 2022 by the second agreement.

On 21 December 2021, a further agreement was reached with regards to the 2 April 2022 contribution obligation. This has been documented in a revised Schedule of Contributions, which allows for reduction of the scheme deficit to £nil.

These agreements have reduced the Scheme liability to £nil as at 2 April 2022 (3 July 2021: £8.7m).

13. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed. Transactions between the Group and its fellow group companies are disclosed below.

During the year, Group companies entered into the following transactions with fellow group companies and related parties who are not members of The Very Group Limited Group:

Recharged costs

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Yodel Delivery Network Limited	2.3	2.4	2.7
Arrow XL Limited	1.0	0.4	0.5
	3.3	2.8	3.2

Purchase of services

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Yodel Delivery Network Limited	(62.0)	(60.1)	(76.2)
Drop & Collect Limited	-	(14.4)	(16.9)
Arrow XL Limited	(26.4)	(33.0)	(44.1)
Trenport Property Holdings Limited	(0.5)	(1.0)	(1.5)
Shop Direct Holdings Limited	(3.8)	(3.8)	(7.5)
	(92.7)	(112.3)	(146.2)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Related party transactions (continued)

The Group had the following balances outstanding with its fellow group companies:

Amounts due from fellow Group undertakings

	2 April 2022 £'m	27 March 2021 £'m	3 July 2021 £'m
Shop Direct Holdings Limited	494.2	489.2	488.0
Yodel Delivery Network Limited	6.3	2.5	2.3
Arrow XL Limited	1.8	-	0.3
Drop & Collect Limited	-	0.6	0.4
Primevere Limited	8.9	22.9	6.1
Primevere Equipment Limited	15.8	12.3	14.2
	527.0	527.5	511.3

The amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.