Home Retail Group Holdings (Overseas) Limited

Annual Report and Financial Statements

For the 52 weeks ended
2 March 2013

872776

Home Retail Group Holdings (Overseas) Limited
Annual Report and Financial Statements
2 March 2013

Contents Page

Directors' report	1 - 2
Independent auditors' report	3
Balance sheet	4
Statement of changes in equity	5
Notes to the financial statements	6 - 9

Home Retail Group Holdings (Overseas) Limited
Directors' report for the 52 weeks ended 2 March 2013

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 2 March 2013 (the year)

Registered number

The registered number of the Company is 872776

Principal activities, business review and future developments

The principal activity of the Company is that of a holding company It is envisaged that this will remain the activity of the Company for the foreseeable future

Results and dividends

The Company did not trade in the year and consequently incurred no profit or loss (2012 £nil) Accordingly, no income statement, statement of comprehensive income or statement of cash flows have been prepared The directors do not recommend the payment of a dividend (2012 £nil)

Principal risks and uncertainties

The management of business and the execution of the Company's strategy are subject to a number of risks The key business risks and uncertainties affecting the Company are considered to be the ability of its debtor to repay its loan Further discussion of these risks and uncertainties in the context of the Home Retail Group, which includes the Company, as a whole is provided on pages 30 to 31 of the Home Retail Group's 2013 annual report which does not form part of this report

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

The directors that held office during the year were as follows

R J Ashton
M P Thompson

P Parker resigned as Company Secretary on 28 June 2013 and P A McKelvey replaced him on this date There were no other appointments or resignations after the year end

Financial risk management

Home Retail Group operates a centralised treasury function which is responsible for managing the market risk (foreign exchange and interest rate risk), credit risk and liquidity risks associated with the Group's activities These activities include those of the Company The Group operates a structured risk management process which identifies, evaluates and prioritises risks and uncertainties

The Group's treasury function seeks to reduce exposures to foreign exchange, interest rate and other financial risks, and to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Policies and procedures are subject to review and approval by the Group's Board of Directors as well as subject to internal audit review

Market risk
The Company has no exposure to interest rate fluctuations as all amounts receivable and payable to Group companies are non-interest bearing

Credit risk
The Company monitors its group receivable balances on an ongoing basis with any provision for impairments made as required The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable The Company does not hold any collateral as security

The Company's treasury transactions are managed centrally by the Group treasury function The Group's exposure to credit risk with regard to treasury transactions is managed by dealing only with major banks and financial institutions Dealing activity is closely controlled and counterparty positions are monitored on a regular basis

Financial risk management (continued)

Liquidity risk

The Company's liquidity risk is managed centrally by the Group treasury function

The Group manages its cash and committed borrowing facilities to maintain liquidity and funding flexibility Liquidity is achieved through arranging funding ahead of requirements and maintaining sufficient undrawn committed facilities to meet short-term needs, and facilities are in place for this purpose At 2 March 2013, the Group had an undrawn committed borrowing facility available of £685m which had a contractual maturity date in July 2013 This facility, which was unsecured, included a covenant related to adjusted benchmark earnings before interest, tax, depreciation, amortisation and rent The Group had not drawn down on the facility and had been in compliance with the requirements of the covenant throughout the year Subsequent to the year-end, the Company has agreed a new unsecured, committed borrowing facility of £165m that will expire in March 2016 This new facility includes the covenant noted above and also includes a covenant related to net balance sheet debt As a result of agreeing this new facility, the £685m facility that existed at 2 March 2013 was cancelled prior to its contractual maturity date

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

Directors liability insurance and third party indemnification provisions

During the year the Company maintained liability insurance and third party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies These indemnities are Qualifying Third Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Company during business hours on any weekday except public holidays

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that

a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006

By order of the Board

P McKelvey

P McKelvey
Company Secretary

8 August 2013

Home Retail Group Holdings (Overseas) Limited

Independent auditors' report to the members of Home Retail Group Holdings (Overseas) Limited

We have audited the financial statements of Home Retail Group Holdings (Overseas) Limited for the 52 weeks ended 2 March 2013 which comprise the Balance sheet, the Statement of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 2 March 2013 and of its result for the 52 weeks then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Edward Lunt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date 8/8/2013

Home Retail Group Holdings (Overseas) Limited
Balance sheet
As at 2 March 2013

	Notes	2013	2012
ASSETS		**£'000**	£'000
Fixed assets			
Investments in subsidiaries	7	**13**	13
Total fixed assets		**13**	13
Current assets			
Debtors - amounts falling due within one year	8	**10,461**	10,461
Total current assets		**10,461**	10,461
Total assets		**10,474**	10,474
LIABILITIES			
Current liabilities			
Creditors - amounts falling due within one year	9	**(146)**	(146)
Total current liabilities		**(146)**	(146)
Total liabilities		**(146)**	(146)
Net assets		**10,328**	10,328
Capital and reserves			
Called up share capital	10	**1**	1
Share premium account		**4,612**	4,612
Capital redemption reserve		**1**	1
Profit and loss reserve		**5,714**	5,714
Total shareholders' funds		**10,328**	10,328

The financial statements on pages 4 to 9 were approved by the Board of Directors and were signed on their behalf by

R. J. Ashton

R J Ashton
Director
8 August 2013

Home Retail Group Holdings (Overseas) Limited
Statement of changes in equity
For the 52 weeks ended 2 March 2013

	Attributable to equity holders of the Company				
	Share capital £'000	**Share premium account £'000**	**Capital redemption reserve £'000**	**Profit and loss reserve £'000**	**Total £'000**
Balance at 3 March 2012	1	4,612	1	5,714	10,328
Profit for the financial year					-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Transactions with owners					
Equity dividend paid during the year	-	-	-	-	-
Balance at 2 March 2013	**1**	**4,612**	**1**	**5,714**	**10,328**

	Attributable to equity holders of the Company				
	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 26 February 2011	1	4,612	1	5,714	10,328
Profit for the financial year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Transactions with owners					
Equity dividend paid during the year	-	-	-	-	-
Balance at 3 March 2012	1	4 612	1	5,714	10,328

Profit and loss account and statement of comprehensive income

For the 52 weeks ended 2 March 2013

The Company did not trade in the year and consequently incurred no profit or loss There were no cash movements during the year for the Company as any cash transactions were executed by other members of the Home Retail Group on behalf of the Company As a result no profit and loss account or statement of comprehensive income have been presented in these financial statements

Home Retail Group Holdings (Overseas) Limited
Notes to the financial statements
For the 52 weeks ended 2 March 2013

1 General information

Home Retail Group Holdings (Overseas) Limited (the Company) is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 The Company's registered address is Avebury, 489-499 Avebury Boulevard, Milton Keynes MK9 2NW

The financial year represents the 52 weeks to 2 March 2013 (2012 53 weeks to 3 March 2012)

2 Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand They are prepared on a going concern basis and under the historic cost convention modified for the revaluation of certain financial instruments, share-based payments and post-employment benefits The principal accounting policies applied in the preparation of these financial statements are set out in note 3 Unless otherwise stated, these policies have been consistently applied to all the periods presented

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS

The Company is a qualifying entity for the purposes of FRS 101 Note 11 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained

The Company has adopted the intermediate parent exemption under section 400 of the Companies Act 2006, whereby it is not required to prepare consolidated financial statements as the ultimate parent company prepares publicly available consolidated financial statements in accordance with IFRS

These are the first financial statements of the Company prepared in accordance with FRS 101 The Company's date of transition to FRS 101 is 4 March 2012 The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations The impact of these amendments to the Company's previously adopted accounting policies in accordance with EU-adopted IFRS was not material on the shareholders' equity as at the date of transition and as at 2 March 2013 and on the profit or loss for the year ended 2 March 2013

The key disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows
- Statement of cash flows
- IFRS 2 Share-based payments, IFRS 7 Financial Instrument disclosures, IAS 1 – Information on management of capital IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective IAS 24 disclosure of key management personnel compensation and for related party transactions entered into between two or more members of a group, the requirement to present roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16), intangible assets (IAS 38)

The financial statements have been prepared under the historical cost convention A summary of the more important accounting policies is set out below

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities The resulting accounting estimates, which are based on management's best judgement at the date of the financial statements, will, by definition, seldom equal the related actual results The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and future periods where appropriate The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, particularly in relation to the assumptions used in assessing the carrying value of investments and receivables, are discussed within the summary of principal accounting policies below

3 Summary of principal accounting policies

Investments

Investments are included in the balance sheet at cost Where appropriate, a provision is made for any impairment in their value

Impairment of assets

Assets are subject to impairment reviews whenever changes in events or circumstances indicate that an impairment may have occurred Assets are written down to the higher of fair value less costs to sell and value-in-use Value-in-use is calculated by discounting the expected cash flows from the asset at an appropriate discount rate for the risks associated with that asset This includes estimates of both the expected cash flows and an appropriate discount rate which use management's assumptions and estimates of the future performance of the asset Differences between expectations and the actual cash flows will result in differences in the level of impairment required

A previously recognised impairment loss is reversed if there has been a significant change in the underlying assumptions used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised in prior years

Current and non-current tax

Current tax and non-current tax are based on taxable profit for the year Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred taxation

Deferred taxation is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts However, if the deferred taxation arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred taxation assets are recognised to the extent that temporary differences can be utilised either through future profits generated by the Company or through being made available via group relief

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

Dividends

Dividends proposed by the Board of Directors and unpaid at the year-end are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting Interim dividends are recognised in the financial statements when they are paid

Financial instruments

The only financial instruments of the Company relate to loans and debtors

Loans and debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the debtor Loans and debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment They are included in current assets Loans and debtors comprise group debtors

4 Net operating expenses

Costs of £1,526 (2012 £1,526) for the annual audit of the financial statements of the Company are borne by Argos Limited, and no recharge is made to the Company

5 Directors' emoluments and employee information

The Company had no employees in either year

No director received emoluments in respect of their services to the Company during the year (2012 £nil)

6 Taxation

	52 weeks ended 2 March 2013 £'000	53 weeks ended 3 March 2012 £'000
Analysis of charge in the year		
Current tax		
UK corporation tax	-	-
Total tax charge	-	-

Factors affecting the tax charge
The effective tax rate for the period of nil% (2012 nil%), is lower than the standard rate of corporation tax in the UK of 24 17% (2012 26 0%) The differences are explained below

	52 weeks ended 2 March 2013 £'000	53 weeks ended 3 March 2012 £'000
Profit before tax	-	-
Profit before tax multiplied by the standard rate of corporation tax in the UK	-	-
Effects of		
Transfer pricing adjustments	(126)	(137)
Loss relief claimed by group companies	126	137
Total tax charge	-	-

7 Investments in subsidiaries

	Subsidiaries £'000
Cost	
At 26 February 2011, 3 March 2012 and 2 March 2013	**13**
Net book value	
At 26 February 2011, 3 March 2012 and 2 March 2013	**13**

The Company holds the whole of the issued ordinary shares of Home Retail Group (Asia) Limited, a holding company, which was incorporated in Hong Kong In the opinion of the directors the value of the investment is not less than the amount at which the investment is stated in the balance sheet

8 Trade and other debtors

	Amounts falling due within one year 2013 £'000	Amounts falling due within one year 2012 £'000
Amounts owed by immediate parent company	**10,461**	10,461

The amounts owed by the immediate parent company are unsecured, repayable on demand and non-interest bearing No balances owed by the immediate parent company are past due or impaired

9 Trade and other creditors

	Amounts falling due within one year 2013 £'000	Amounts falling due within one year 2012 £'000
Amounts owed to group undertakings	**(146)**	(146)

The amounts owed to group undertakings are unsecured, repayable on demand and non-interest bearing

10 Share capital	**2013 £**	2012 £
Allotted, called-up and fully paid		
500 (2012 500) ordinary shares at £1 each	**500**	500

11 Ultimate parent undertakings

The Company's immediate parent undertaking is Argos Limited, a company registered in England and Wales, by virtue of its 100% shareholding in the Company

The Company's ultimate and controlling party is Home Retail Group plc, a company registered in England and Wales The largest and smallest group of undertakings for which group financial statements have been prepared was that of Home Retail Group plc Copies of these financial statements are available from its registered office at Avebury, 489-499 Avebury Boulevard, Milton Keynes MK9 2NW