

Home Depot (U.K.) Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 02961334 (England and wales)



Home Depot (U.K.) Limited

Company Information

Directors	Isabel C. Janci K. David Steele Richard V. McPhail III
Company secretary	K. David Steele Joel W. Rogers
Registered number	02961334
Registered office	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX
Independent auditors	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN

Home Depot (U.K.) Limited

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Home Depot (U.K.) Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the audited financial statements of Home Depot (U.K.) Limited (the "Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company during the year was that of procurement services to Home Depot Services LLC and other entities in the group of companies controlled by The Home Depot Inc. ("The Home Depot Group").

Post balance sheet events

Covid-19

Subsequent to the balance sheet date, the Covid-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Directors Report and in note 2. No further adjustments are deemed necessary in respect of this matter.

United Kingdom leaving the European Union

The United Kingdom formally left the European Union on 31 January 2020 and is currently in a transitional period which is due to end on 31 December 2020. During the transitional period negotiations regarding future arrangements with the European Union continue and as a result there is a large amount of uncertainty regarding the future. The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.

Going Concern

In preparing the financial statements, the Directors have considered the ability of the Company to continue as a going concern and have prepared cash flow forecasts to inform their decisions.

The parent company Home Depot International Inc. is the main creditor of the Company.

At the date of approval of these financial statements, the world is in the midst of the Covid-19 global pandemic with some countries only now starting to release lockdown measures introduced to contain the spread of the virus. The extent of the impact on the global economy is uncertain but there is an expectation of recessions in economies across the globe.

The Directors have reviewed the current and projected financial position of the Company and have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. While there is uncertainty relating to the potential impact on the business and the incremental costs that may be incurred as a result of Covid-19, the Directors do not believe that current conditions give rise to substantial doubt regarding the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

C L B Tome (resigned 31 August 2019)
J J Hunter (resigned 15 April 2019)
Isabel C. Janci
K. David Steele (appointed 14 April 2019)
Richard V. McPhail III (appointed 31 August 2019)

Home Depot (U.K.) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these audited 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; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

On 7 September 2020 Group Audit Service Limited trading as Wilkins Kennedy Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

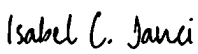
Azets Audit Services have indicated their willingness to continue in office, and will be proposed for re-appointment in accordance with Section 487 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Home Depot (U.K.) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

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

DocuSigned by:

B4780F561FD445E...
Isabel C. Janci
Director

Date: December 23, 2020

Home Depot (U.K.) Limited

Independent Auditors' Report to the Members of Home Depot (U.K.) Limited

Opinion

We have audited the financial statements of Home Depot (U.K.) Limited (the "Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Home Depot (U.K.) Limited

Independent Auditors' Report to the Members of Home Depot (U.K.) Limited (continued)

Other information

The other information comprises the information included in the Directors' 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors are not entitled to take advantage of the small companies exemption from the requirements to prepare a Strategic Report.

Home Depot (U.K.) Limited

Independent Auditors' Report to the Members of Home Depot (U.K.) Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Anil Kapoor (Senior Statutory Auditor)
For and on behalf of Azets Audit Services,
Statutory Auditor
2nd Floor
Regis House
45 King William Street
London
United Kingdom
EC4R 9AN

Date: 24.12.2020

Home Depot (U.K.) Limited

Profit and Loss Account For the Year Ended 31 December 2019

	Note	2019 €	2018 €
Turnover	4	661,552	644,536
Gross profit		661,552	644,536
Administrative expenses		(606,167)	(590,490)
Operating profit	5	55,385	54,046
Interest receivable and similar income		3	2
Profit on ordinary activities before taxation		55,388	54,048
Taxation on profit	8	(13,343)	(11,570)
Profit on ordinary activities after taxation for the financial year		42,045	42,478

There was no other comprehensive income for 2019 (2018: €NIL).

All amounts relate to continuing activities.

The notes on pages 10 to 16 form part of these financial statements.

Home Depot (U.K.) Limited

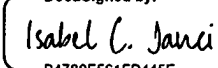
Registered number:02961334

Balance Sheet As at 31 December 2019

	Note	2019 €	2018 €
Current assets			
Debtors: amounts falling due within one year	9	412	945
Cash at bank and in hand	10	526,140	469,560
		<u>526,552</u>	<u>470,505</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(335,724)	(321,722)
		<u>190,828</u>	<u>148,783</u>
Net current assets		<u>190,828</u>	<u>148,783</u>
Total assets less current liabilities		<u>190,828</u>	<u>148,783</u>
Net assets		<u><u>190,828</u></u>	<u><u>148,783</u></u>
Capital and reserves			
Called up share capital	12,13	1,636	1,636
Profit and loss account	13	189,192	147,147
		<u>190,828</u>	<u>148,783</u>
Shareholders' funds		<u><u>190,828</u></u>	<u><u>148,783</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 84780F561FD445E...
 Isabel C. Janci
 Director

Date: December 23, 2020

The notes on pages 10 to 16 form part of these financial statements.

Home Depot (U.K.) Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital €	Profit and loss account €	Shareholders' funds €
At 1 January 2019	1,636	147,147	148,783
Comprehensive income for the year			
Profit for the year	-	42,045	42,045
Total comprehensive income for the year	-	42,045	42,045
At 31 December 2019	1,636	189,192	190,828

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital €	Profit and loss account €	Shareholders' funds €
At 1 January 2018	1,636	104,669	106,305
Comprehensive income for the year			
Profit for the year	-	42,478	42,478
Total comprehensive income for the year	-	42,478	42,478
At 31 December 2018	1,636	147,147	148,783

The notes on pages 10 to 16 form part of these financial statements.

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Home Depot (U.K.) Limited ("the Company"), is a private company limited by shares, and is incorporated and domiciled in England and Wales under the Companies Act 2006 (registration number 02961334). The address of its registered office is Thames Tower, Station Road, Reading, Berkshire RG1 1LX and the nature of the Company's operations and its principal activity are set out in the Directors Report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Home Depot Inc. as at 31 December 2019 and these financial statements may be obtained from 2455 Paces Ferry Road, Atlanta, Georgia 20339-4024, USA.

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

In preparing the financial statements, the Directors have considered the ability of the Company to continue as a going concern and have prepared cash flow forecasts to inform their decisions.

The parent company Home Depot International Inc. is the main creditor of the Company.

At the date of approval of these financial statements, the world is in the midst of the Covid-19 global pandemic with some countries only now starting to release lockdown measures introduced to contain the spread of the virus. The extent of the impact on the global economy is uncertain but there is an expectation of recessions in economies across the globe.

The Directors have reviewed the current and projected financial position of the Company and have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. While there is uncertainty relating to the potential impact on the business and the incremental costs that may be incurred as a result of COVID-19, the Directors do not believe that current conditions give rise to substantial doubt regarding the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The following accounting policies have been applied:

2.4 Turnover

Turnover represents amounts receivable for services from other entities in The Home Depot Group and relates to services provided in Europe. Revenue is calculated based on a 10% mark up of costs incurred by Home Depot (U.K.) Limited.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exchange rate differences are recognised in profit or loss in the period in which they arise.

2.6 Restricted stock

The Company is part of a group share based payment scheme involving the issue of restricted stock units to employees. When restricted stock units are granted to employees the fair value of those units is charged to profit or loss evenly over the period from the grant date to the date on which the units vest.

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash at bank, trade creditors, amounts owed by and to group undertakings and accruals.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

There are no judgements or estimates which are deemed to have had a significant effect on the amounts recognised in the financial statements.

4. Turnover

Turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2019 €	2018 €
United States of America	<u>661,552</u>	<u>644,536</u>

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating profit

The operating profit is stated after charging:

	2019 €	2018 €
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	8,625	9,327
Exchange differences	4,756	4,547
	<u>13,381</u>	<u>13,874</u>

6. Employee costs

	2019 €	2018 €
Wages and salaries	306,680	289,765
Social security costs	67,549	62,325
	<u>374,229</u>	<u>352,090</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Average number of employees	<u>3</u>	<u>2</u>

7. Restricted stock

Restricted stock units in the parent company The Home Depot Inc. (which is a listed company based in the United States) are awarded to employees of the Company. The awards have a four year vesting period with 50% vesting after two years and are amortised over the vesting period. The charge in the Profit and Loss Account for the year ended 31 December 2019 was €39,116 (2018 - €36,651*).

*In the prior year financial statements the 2018 charge was incorrectly stated as €32,581. This error was in the narrative disclosure only and has no other impact on the financial statements.

8. Taxation on profit

	2019 €	2018 €
Corporation tax		
Current tax on profits for the year	13,343	10,883
Adjustments in respect of previous periods	-	687
Taxation on profit on ordinary activities	<u>13,343</u>	<u>11,570</u>

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

There were no other factors that affect future tax charges.

	2019 €	2018 €
Profit on ordinary activities before tax	55,388	54,048
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	10,524	10,269
Effects of:		
Expenses not deductible for tax purposes	1,678	773
Prior period exchange rate difference between opening and closing spot rates	-	564
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	646	123
Current exchange rate difference between opening and closing spot rates	495	(159)
Total tax charge for the year	13,343	11,570

Factors that may affect future tax charges

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act 2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. Subsequent to the balance sheet date, on 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020.

There were no other factors that may affect future tax charges.

9. Debtors: amounts falling due within one year

	2019 €	2018 €
Prepayments and accrued income	412	945

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

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Cash and cash equivalents

	2019 €	2018 €
Cash at bank and in hand	<u>526,140</u>	<u>469,560</u>

11. Creditors: amounts falling due within one year

	2019 €	2018 €
Trade creditors	10,891	13,809
Amounts owed to group undertakings	274,800	263,311
Corporation tax	24,189	10,887
Other taxation and social security	937	14,171
Accruals and deferred income	24,907	19,544
	<u>335,724</u>	<u>321,722</u>

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

12. Share capital

	2019 €	2018 €
Allotted, called up and fully paid		
1,000 (2018: 1,000) Ordinary shares of £1 each	<u>1,636</u>	<u>1,636</u>

The Company has one class of ordinary shares which carries no right to fixed income.

13. Capital and reserves

The Company's capital and reserves are made up as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits, losses and other comprehensive income made by the Company, as well as distributions and other adjustments.

Home Depot (U.K.) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Related party transactions

Turnover derived from entities controlled by The Home Depot Inc. was €661,552 (2018: €644,536).

	2019 €	2018 €
Amounts owed to group undertakings at the balance sheet date	<u>274,800</u>	<u>263,311</u>

15. Controlling party

The Company's ultimate parent company is The Home Depot Inc. and its immediate parent company is Home Depot International Inc. The smallest and largest group in which the Company's results are consolidated is that headed by The Home Depot Inc.. Both of these companies are organised under the laws of the State Delaware, United States of America. Copies of the companies consolidated financial statements of The Home Depot Inc. may be obtained from 2455 Paces Ferry Road, Atlanta, Georgia 20339-4024, USA.

The directors do not consider there to be an ultimate controlling party.

16. Post balance sheet events

Covid-19

Subsequent to the balance sheet date, the Covid-19 outbreak has escalated to a global pandemic. The impact of this has been considered on the financial statements up to the date of signing. The impact on the going concern assessment has been considered in the Directors Report and in note 2. No further adjustments are deemed necessary in respect of this matter.

United Kingdom leaving the European Union

The United Kingdom formally left the European Union on 31 January 2020 and is currently in a transitional period which is due to end on 31 December 2020. During the transitional period negotiations regarding future arrangements with the European Union continue and as a result there is a large amount of uncertainty regarding the future. The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.