MARIE CLAIRE BEAUTY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 27 NOVEMBER 2016
COMPANY NUMBER 9252560

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Company information

Directors	Neill Abrams James Matthews Justine Southall Andrea Davies Amanda Scott Richard Exact
Company secretary	Neill Abrams Robert Cooper
Company number	9252560
Registered office	Aquarius House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans Hertfordshire AL1 3JX

Strategic Report

The Directors present the strategic report of Marie Claire Beauty Limited (the "Company") for the period ended 27 November 2016.

Principal activities

The Company was incorporated on 7 October 2014. The Company's ultimate parent company is Ocado Group plc, which, together with the Company and the direct and indirect subsidiaries of Ocado Group plc, form the "Ocado Group".

The principal activity of the Company is the retailing of beauty products.

Review of the business

During the period to 27 November 2016, the Company commenced trading as an online retailer of premium beauty products with one retail store.

Financial review

For the period to 27 November 2016 the Company achieved revenue of £1.1 million (2015 - £Nil) against cost of sales of £1.0 million (2015 - £0.5 million). Distribution and administrative costs of £2.9 million (2015 - £0.7 million) represent the costs incurred for the picking and the delivery operations. Included within trade and other payables of £6.8 million (2015 - £1.3 million) are payments to be made to group undertakings of £4.2 million (2015 - £0.9 million). There are currently no KPIs used by management which are specific to the Company.

Strategic objectives

We believe that growth will be driven by the quality of the proposition provided to our customers.

A positive shopping experience will be critical to encouraging consumers to try our service and to return to us for future shops. Our focus remains on improving our customers' shopping experience through the quality of our service, the breadth and availability of range, and competitiveness of our prices.

Principal risks and uncertainties

The Company has identified the following principal risks and uncertainties facing it, which the Board considers to be material to the development, performance, position or future prospects of the Company. These, together with the associated mitigations, where applicable, are summarised in the table below. However, these risks and uncertainties do not comprise all of the risks associated with the Company and are not set out in any order of priority. Additional risks and uncertainties currently not known to the Directors and/or which the Directors believe to be less material may also have a material adverse effect on the Company's business, financial condition or future prospects.

Risks	Mitigation Action/Control
Failure to develop retail proposition to appeal to broader customer base and sustain growth rates	- Growth of branded ranges and expansion of supplier base - Continuation of investment and optimisation of the marketing channels to acquire new customers
A risk of changes in regulations impacting the business	- Regular monitoring of regulatory developments to ensure that changes are identified (and procuring that the other members of the Ocado Group do the same)
Business interruption	- The Company maintains business continuity plans (and procured that other members of the Ocado Group do the same)
A risk of unintentional infringement of competition legislation	The Company took (or procured that other Ocado Group members took) the following measures: - Issued a revised competition compliance policy in 2014

Approved by the Board of Directors and signed on its behalf by:

Neill Abrams
Director
14 March 2017

Directors' Report

The Directors present their report of the Company for the period ended 27 November 2016.

Political contributions
The Company has not made any political donations during the period.

Board of Directors
The following Directors served during the period:

Neill Abrams
James Matthews
Justine Southall
Andrea Davies (appointed 27 July 2016)
Jackie Newcombe (resigned 27 July 2016)
Amanda Scott
Richard Exact

Directors' interests
One of the Directors, Amanda Scott, is an employee shareholder of the Company. The other Directors did not have beneficial interests in the shares of the Company at the end of the period.

Directors' insurance and indemnities
The Company's ultimate parent, Ocado Group plc, maintains directors' and officers' liability insurance cover for directors and officers as permitted under the Company's Articles and the Companies Act 2006. Such insurance policies cover the directors of Ocado Group plc and of each of its group undertakings, including the Company.

Research and development and future developments
The Ocado Group has dedicated in-house software, logistics and engineering design and development teams. The Company does not undertake significant research and development activity.

The Company's likely future developments including its strategy are described in the Strategic Report above.

Risk Management
The Company's risk management policies are summarised in the principal risks and uncertainties section of the Strategic Report.

Equal opportunities and disabled employees
The Company is committed to carrying out its business in a non-discriminatory way. We are committed to equal opportunities for all of our people, regardless of disability or background. We value diversity and through our equal opportunities policy we are dedicated to creating an environment that is free from discrimination, harassment and victimisation, where everyone is treated equally regardless of age, colour, disability, race, gender, sexual orientation, marital status, political views or religious belief. It is our policy that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Company continues. It is our policy that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

Results and dividends
The Company's results for the period are set out in the income statement on page 7. The Directors do not propose to pay a dividend for the period.

Post balance sheet events
There were no events occurring after the balance sheet date that affected the Company.

Directors' Report (continued)

Statement of Directors' responsibilities
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), and with those parts of the Companies Act 2006 applicable to companies reporting under 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 these 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors
In accordance with the Companies Act 2006, each Director who held office at the date of the approval of this Directors' Report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and that each Director has taken all the steps that they ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Forward-looking statements
Certain statements made in this report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, neither the Company nor the Directors undertakes to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Approved by the Board of Directors and signed on its behalf by:

Neill Abrams
Director
14 March 2017

Independent auditors' report to the members of Marie Claire Beauty Limited

Report on the financial statements

Our opinion

In our opinion, Marie Claire Beauty Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 27 November 2016 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 27 November 2016;
- the Income statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' responsibilities set out on page 4, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
24 March 2017

Income statement
for the period ended 27 November 2016

	Note	Period ended 27 November 2016 £m	Period ended 29 November 2015 £m
Revenue		1.1	-
Cost of sales		(1.0)	(0.5)
Gross profit		0.1	(0.5)
Distribution costs		(1.0)	(0.2)
Administrative expenses		(1.9)	(0.5)
Loss before tax	2.1	(2.8)	(1.2)
Taxation	2.6	-	-
Loss for the period		(2.8)	(1.2)

There is no other comprehensive income for the period.

Balance sheet
as at 27 November 2016

	Note	27 November 2016 £m	29 November 2015 £m
Non-current assets			
Property, plant and equipment	3.1	1.6	0.1
		1.6	0.1
Current assets			
Inventories	3.3	1.2	-
		1.2	-
Total assets		2.8	0.1
Current liabilities			
Trade and other payables	3.4	(6.8)	(1.3)
Net current liabilities		(5.6)	(1.3)
Net liabilities		(4.0)	(1.2)
Equity			
Called up share capital	4.1	-	-
Accumulated losses		(4.0)	(1.2)
Total equity		(4.0)	(1.2)

The financial statements on pages 7 to 16 were authorised for issue by the Board of Directors and signed on its behalf by:

Neill Abrams
Director
Marie Claire Beauty Limited
14 March 2017

Statement of changes in equity
for the period ended 27 November 2016

	Called up share capital £m	Accumulated losses £m	Total equity £m
Balance at inception 7 October 2014	-	-	-
Loss for the financial period	-	(1.2)	(1.2)
Balance at 29 November 2015	-	(1.2)	(1.2)
Loss for the financial period	-	(2.8)	(2.8)
Balance at 27 November 2016	-	(4.0)	(4.0)

Notes to the financial statements

Section 1- Basis of preparation

General information
Marie Claire Beauty Limited is a private limited company incorporated and domiciled in England and Wales. The address of its registered office is Aquarius House, Bessemer Road, Welwyn Garden City, Hertfordshire, AL7 1HH.

The financial period represents the 52 weeks to 27 November 2016.

Basis of preparation
The financial statements contain information about the Company as an individual company and do not contain consolidated financial statements as the parent of a group. The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council and has early adopted this standard.

The financial statements are presented in sterling, rounded to the nearest hundred thousand unless otherwise stated. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

Exemptions

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Ocado Group plc, a company incorporated in England and Wales. The consolidated financial statements of Ocado Group plc can be obtained from its registered office, which is Titan Court, 3 Bishops Square, Hatfield Business Park, Hatfield, Hertfordshire, AL10 9NE, or alternatively from its corporate website www.ocadogroup.com.

After considering the Application Guidance to FRS 100, the Company has taken advantage of the disclosure exemptions permitted under FRS 101 given that it is included in the consolidated financial statements of its ultimate parent, Ocado Group plc. The consolidated financial statements are prepared under International Financial Reporting Standards (IFRS's) and International Financial Reporting Standards Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"). The disclosure exemptions adopted, where applicable, are the requirements of:

- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 13 *Fair Value Measurement*, paragraphs 91 to 99
- IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) and paragraphs 134 to 136 of IAS 1 *Presentation of Financial Statements*, 73(e) of IAS16 *Property, Plant and Equipment*, paragraph 118(e) of IAS 38 *Intangible Assets*
- IAS 7 *Statement of Cash Flows*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30 to 31
- IAS 24 *Related Party Disclosures* paragraph 17 and the requirement under this standard to disclose related party transactions entered into between two or more members of the Ocado Group where the any subsidiary within the Ocado Group which is party to the transaction is wholly owned by such a member.

Standards, amendments and interpretations adopted by the Company in 2015/16, or issued but not yet effective:

The Company has considered the following new standards, interpretations and amendments to published standards that are effective for the Company for the financial period beginning 1 August 2014 and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements.

		Effective Date
IFRS 5	Share-based Payments	1 January 2016
IFRS 10	Consolidated Financial Statement*	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IFRS 12	Disclosures of Interests in Other Entities*	1 January 2016
IAS 1	Presentation of Financial Statements	1 January 2016
IAS 16	Property, Plant and Equipment	1 January 2016
IAS 28	Investments in Associates and Joint Ventures	1 January 2016

* The amendments for investment entities which are effective in IFRS 10 and IFRS 12, above, are not relevant for the Company.

Notes to the financial statements (continued)

Section 1- Basis of preparation (continued)

Standards, amendments and interpretations issued that are not effective, and which have not be early adopted by the Company:

The following further new standards, interpretations and amendments to published standards and interpretations which are relevant to the Company have been issued but are not effective for the financial period beginning 1 August 2014 and have not been adopted early:

		Effective Date
IFRS 2	Share-based payments	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 12	Disclosure in Other Entities	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2018

The following new standards are not yet effective and the impact on the Company is currently under review:

- IFRS 15 "Revenue from Contracts with Customers" (endorsed by the EU) provides on the recognition and measurement of revenue. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. This applies to all contracts with customers except those in the scope of other standards. This new standard will replace IAS 12 "Revenue" and is effective for annual periods beginning on or after 1 January 2018 unless adopted early. The Company is currently reviewing the impact of IFRS 15.
- IFRS 16 "Leases" provides guidance on the classification, recognition and measurement of leases to help provide useful information to the users of financial statements. The main aim of this standard is to ensure all leases will be reflected on the balance sheet, irrespective of substance over form. The new standard will replace IAS 17 "Leases" and is effective for annual periods beginning on or after 1 January 2019 unless adopted early. The Company is currently reviewing the impact of IFRS 16.

Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributable to a note are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Sterling is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Critical accounting estimates and assumptions
The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 period are set out below and in more detail in the related notes:

- Going concern basis including its effect on the impairment of assets (see below).

Notes to the financial statements (continued)

Section 1- Basis of preparation (continued)

Going concern basis including its effect on the impairment of assets
Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis. There has been no material uncertainty identified which would cast significant doubt upon the Company's ability to continue using the going concern basis of accounting for the 12 months following the approval of these financial statements.

After making appropriate enquiries, having considered the business activities as set out on page 2 and the facts described above, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the Company's net liabilities. The Company has received a letter of support from Ocado Holdings Limited, stating that its present policy is to provide financial support to the Company, if required, over the course of the next 12 months.

Accordingly, the financial statements have been prepared on a going concern basis.

Impairment of assets based on the separation of the business into cash generating units
The Company is required to undergo an assessment of the future viability of assets grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Given the Company's current operating structure, the lowest level at which cash flows can reasonably be assessed is for the Company as a whole. Based on the future projections referred to above, the Board does not consider that any impairment of assets is required. There are a large number of assumptions and estimates involved in calculating these future projections, including management's expectations of:

- Increase in gross sales;
- Growth in EBITDA;
- The estimation and cost of future funding.

Section 2 – Results for the year
2.1 Loss before tax

Accounting policies
Revenue
The Company follows the principles of IAS 18 "Revenue", in determining appropriate revenue recognition policies.

Revenue comprises the fair value of consideration received or receivable for the sale of goods. These are shown net of returns, relevant marketing vouchers/offers and value added taxes. Relevant vouchers/offers include money-off coupons, conditional spend vouchers and offers such as buy three for the price of two. Delivery receipts are included in revenue.

Revenue from the sale of goods is always recognised at despatch. Revenue is recorded when the collection of the amount due is reasonably assured.

Cost of sales
Cost of sales represents the cost of goods and other products the Group sells and any associated licence fees which are either fixed or driven by the volume of sales of specific products or product groups.

Distribution costs
Distribution costs consist of all the costs incurred, excluding product costs, to the point of sale.

Administrative expenses
Some of the following administrative expenses are charged to the Company by a different entity within the Ocado Group, with the remainder incurred directly by the Company. Administrative expenses consist of employment related costs and professional fees.

2.2 Segmental reporting

The principal activity of the Company is retailing. The Company is not reliant on any major customer for 10% or more of its revenue.

In accordance with IFRS 8 "Operating Segments", an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker and for which discrete information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, as required by IFRS 8. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors. The principal activities of the Company are currently managed as one segment. Consequently, all activities relate to this segment.

Notes to the financial statements (continued)

2.3 Gross sales

	Period ended 27 November 2016	Period ended 29 November 2015
	£m	£m
Revenue	1.1	-
VAT	0.1	-
Marketing vouchers	0.1	-
Gross sales	1.3	-

2.4 Operating loss

	Period ended 27 November 2016	Period ended 29 November 2015
	£m	£m
Operating loss is stated after charging the following:		
Cost of inventories recognised as an expense	0.9	0.5

During the period, the Company obtained the following services from its auditors:

	Period ended 27 November 2016	Period ended 29 November 2015
	£000	£000
Audit services		
- Statutory Company audit	8.0	7.5

2.5 Employee information

Employment costs during the financial period were as follows:

	Period ended 27 November 2016	Period ended 29 November 2015
	£m	£m
Staff costs during the period:		
Wages and salaries	1.3	0.4
Total employment cost expense	1.3	0.4

	Number	Number
Average monthly number of employees		
Operational staff	20	2
Total employment cost expense	20	2

Total remuneration paid to directors employed by the Company for the period was £289,000 (2015: £138,000).

Employee Shareholder Scheme

During 2016, the Company introduced the Marie Claire Beauty Limited Employee Shareholder Status ("ESS") arrangement. The ESS is an HMRC-approved arrangement between the Company and its Director and employee, Amanda Scott. Under the scheme, a one-off award of restricted A ordinary shares in the Company was issued to Amanda Scott.

Details of the movement in the Director's interests in A ordinary shares pursuant to the Marie Claire Beauty Limited Employee Shareholder Scheme (the "Employee Shareholder Scheme") outstanding during each period are as follows:

	27 November 2016 Number of share awards	29 November 2015 Number of share awards
Outstanding at the beginning of the period	-	-
Granted during the period	2	-
Outstanding at the beginning of the period	2	-

Notes to the financial statements (continued)

2.6 Taxation
Accounting policies

The tax charge for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation
Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation
Deferred tax is recognised using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Taxation – Income statement

	Period ended 27 November 2016 £m	Period ended 29 November 2015 £m
Recognised in the income statement		
Current tax:		
UK corporation tax on losses of the period	-	-
Income tax charge	-	-

As enacted in Finance Act 2014, the standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the effective rate for the period is 20% (2015 - 20.4%).

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

	Period ended 27 November 2016 £m	Period ended 29 November 2015 £m
Loss before tax	2.8	1.2
Effective tax credit at the UK tax rate of 20% (2015: 20.4%)	0.6	0.2
Effect of:		
Group relief claimed for nil payment	(0.6)	(0.2)
Income tax charge for the period	-	-

Notes to the financial statements (continued)

Section 3 — Operating assets and liabilities

3.1 Property, plant and equipment

Accounting policies
Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates estimated to write off the cost of the relevant assets less their estimated residual values by equal annual amounts over their expected useful lives. Residual values and expected useful lives are reviewed and adjusted, if appropriate, at the end of each financial period.

Depreciation on other non-current assets is charged to administrative expenses

Fixtures and fittings 5-10 years, or the lease term if shorter

Estimation of useful life
The charge in respect of periodic depreciation is derived by estimating an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their useful life, such as changes in technology.

	Fixtures, fittings, plant and machinery £m
Cost	
At inception 7 October 2014	-
Additions	0.1
At 29 November 2015	0.1
Additions	1.5
At 27 November 2016	1.6
Accumulated depreciation	
At inception 7 October 2014	-
Additions	-
At 29 November 2015 and 27 November 2016	-
Net book value	
At 27 November 2016	1.6
At 29 November 2015	0.1

3.2 Working capital
Accounting policies
Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method.

3.3 Inventories

	27 November 2016 £m	29 November 2015 £m
Goods for resale	1.2	-

3.4 Trade and other payables

	27 November 2016 £m	29 November 2015 £m
Taxation and social security	0.2	-
Accruals	2.4	0.4
Amounts due to group undertakings	4.2	0.9
	6.8	1.3

Notes to the financial statements (continued)

Section 4 — Capital structure and financing costs

The Company has no external borrowings.

4.1 Share capital and reserves

Accounting policy

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The number of authorised, allotted and called up share capital and share premium accounts are set out below. All shares are fully paid and have equal voting rights. Each of the £0.01 Ordinary shares has a nominal value of £0.01. Each of the A Ordinary shares has a nominal value of £0.01.

	£1 Ordinary shares Number	Share Capital £m
At 29 November 2015 and 27 November 2016	1	-

	£0.01 Ordinary shares Number	Share Capital £m
At 29 November 2015	-	-
At 27 November 2016	100	-

	£0.01 A Ordinary shares Number	Share Capital £m
At 29 November 2015	-	-
At 27 November 2016	2	-

Section 5 – Other notes

5.1 Related party transactions

Key management personnel

Only the Directors are deemed to be key management personnel. It is the Board which has responsibility for planning, directing and controlling the activities of the Company. There were no material transactions or balances between the Company and its key management personnel or members of their close family.

Group undertakings

The transactions during the period and balances at the balance sheet date are provided below. The Company has balances outstanding with Ocado Group entities following incorporation.

	27 November 2016	29 November 2015
Transactions with group undertakings	£m	£m
Increase in amounts due to group undertakings	3.3	0.9

	27 November 2016	29 November 2015
Year-end balances arising from transactions with group undertakings	£m	£m
Payables:		
Loans and payables due to group undertakings	4.2	0.9

5.2 Commitments

Capital commitments

The Company has no capital commitments at the period end.

5.3 Post balance sheet events

There are no other events after the balance sheet date that require disclosure in or adjustment to these financial statements.

5.4 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Speciality Stores Limited, and the ultimate controlling party is Ocado Group plc, a company incorporated in the United Kingdom.

Ocado Group plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 27 November 2016. The consolidated financial statements of Ocado Group plc can be obtained from Titan Court, 3 Bishops Square, Hatfield Business Park, Hatfield, Hertfordshire, AL10 9NE.