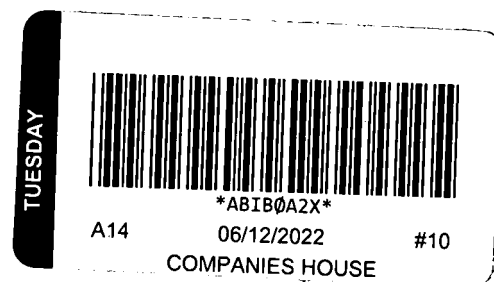


Registered Number 01081551

Argos Limited
Annual Report and Financial Statements

For the 52 weeks ended
5 March 2022



Argos Limited
Annual Report and Financial Statements
For the 52 weeks ended 5 March 2022

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Argos Limited

Strategic report for the 52 weeks ended 5 March 2022

Principal activities

Argos Limited (the "Company") is a retailer of general merchandise products for the home, which are available on its website www.argos.co.uk. Customers can purchase products through its network of stores, online and over the phone, with the option of picking them up from a store or having them delivered to their home.

Review of the business and future developments

The Company sells general merchandise and products for the home and is recognised for choice, value and convenience. The Company is a multi-channel retailer in that it offers its customers a number of convenient ways in which they can purchase their products. The Company is taking advantage of developments in technology that have brought about a fundamental and permanent shift in the way its customers shop. The successful internet and mobile channels help make the Company a market leader in multi-channel retailing. This is supported with a national network of 1,028 stores and collection points which provide the Company with local pick-up points, giving it both digital leadership and local presence. This provides a continued competitive advantage over the pure-play internet competitors. The results and dividends are discussed on page 5.

The Company has generated sales of £4.2bn in the year. Like-for-like sales decreased by 10.7%, as demand moderated after 11.3% growth in the previous year. At the year-end, the Company had net assets of £608.4m (2021 restated: £307.0m).

Section 172 Statement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 5 March 2022. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the long term success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group. The Directors primarily used scheduled Group property committee meetings and Group Operating Board meetings to consider and engage with the Group. These interactions informed key decisions that the Directors made during the year, such as approving the Company's financial statements.

Further details on how the Group engaged with its stakeholders, can be found in the 2022 Annual Report for J Sainsbury plc on pages 24-29.

Wates Corporate Governance Principles

The Company is a wholly-owned subsidiary of J Sainsbury plc and our governance and business decisions are integrated with J Sainsbury plc and its subsidiaries (the 'Group'). For the year ended 5 March 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (Principles). The Company is wholly owned subsidiary of J Sainsbury plc, which has complied in full with the Principles and Provisions of the UK Corporate Governance Code 2018 except for Provision 38 (further details can be found in the 2022 Annual for J Sainsbury plc on page 60).

Set out below is how we have applied the Principles over the past year:

Principle 1 – Purpose and leadership

The Company has adopted the Group's purpose and values which have been embedded throughout the business. Details of the strategic priorities and the Group's progress against them can be found on pages 9 to 23 of the 2022 Group Annual Report. Feedback from stakeholders was taken into account when determining the Group's strategic priorities, details of which can be found on pages 24 to 29 of the 2022 Group Annual Report.

Principle 2 – Board composition

Mark Given acted as Chair of the Company during the year. The day-to-day management and governance of the Argos business is integrated within the Group governance structure. The Board currently consists of Mark Given, Paula Nickolds and Blathnaid Bergin. Mark and Paula are also members of the Group Operating Board.

The Group Operating Board concentrates on the day-to-day management of the Group, including the business of the Company, and the execution of strategy set out by the Group Board. It also oversees the business of the Company, providing constructive challenge and robust governance. The Company's Board size, structure and succession planning is constantly reviewed to ensure it aligns with the Group's needs and the needs of our stakeholders.

Argos Limited

Strategic report for the 52 weeks ended 5 March 2022 (continued)

Diversity and inclusion

We are committed to being a truly inclusive retailer where every single one of our colleagues can fulfil their potential and where all our customers feel welcome when they shop with us. We embrace and actively promote diversity, inclusion and equity and aim to reflect the diverse communities we serve. The Group's Operating Board provide clear and committed leadership and accountability of our inclusion agenda, with members of the Operating Board acting as sponsors across wellbeing, diversity and inclusion, and our Colleague Networks. To ensure continued progress in this space, the governance of diversity and inclusion is a regular part of the Operating Board agenda.

Principle 3 – Director Responsibilities

The current Directors of the Company are Mark Given, Paula Nickolds and Blathnaid Bergin. Mark Given and Paula Nickolds' responsibilities are detailed in their biographies on our website <https://about.sainsburys.co.uk/about-us/our-management#operating-board>. The Directors had an induction programme on joining the Board.

To support its work the Board relies upon certain Group Committees, each of which has approved Terms of Reference setting out its areas of responsibility. The Committees include the Group Operating Board, Business Performance Review, Group Data Governance Committee, Group Safety Committee, Group Operational Resilience Committee, Plan for Better Steering Committee and the Customer, Commercial and Channels Forum. For more information about these Group Committees, see page 61 of the 2022 Group Annual Report.

Principle 4 – Opportunity and Risk

Details of the Group's business model can be found on pages 7 and 8 of the 2022 Group Annual Report. The risk management process is embedded through the Group and is supported by the bottom-up risk process within divisions and governance forums. For more information on the Group's Principal Risks and Uncertainties, see pages 38 to 50 in the 2022 Group Annual Report.

The internal controls framework encompasses controls relating to financial reporting, operations, compliance, and risk management. More information can be found on page 77 in the 2022 Group Annual Report.

Principle 5 – Remuneration

Pay and benefits for colleagues across the business is integrated within the Group's remuneration structure. The Group's objective is to have a fair, equitable and competitive total reward package that encourages colleagues to serve and help every customer, drives profitable sales and provides opportunities for colleagues to share in the business's success.

The Group Board determines the pay and benefits for colleagues across the business and the Group Remuneration Committee is responsible for:

- Determining and agreeing with the Board the Remuneration Policy for the Chairman, Executive Directors and the Operating Board Directors
- Setting individual remuneration arrangements for the Chairman, Executive Directors and Operating Board Directors
- Reviewing and noting the pay and benefits applying to colleagues across the Company and taking these into account when determining executive pay
- Approving the service agreements of each Executive Director, including termination arrangements
- Considering the achievement of the performance conditions under annual and long-term incentive arrangements

For more information on the work of the Group Remuneration Committee during the year, see pages 78 to 95 of the Group's Annual Report.

Principle 6 - Stakeholders

The Board has always deeply engaged with the Group's purpose, vision, values and goals recognising that they underpin everything we do as a business and help us strengthen relationships with our key stakeholders. It is the day-to-day responsibility of individual Directors to engage directly with stakeholders relevant to their roles and to provide this feedback to the Board at each meeting.

Argos Limited
Strategic report for the 52 weeks ended 5 March 2022 (continued)

The disclosure below provides further detail on how the Board has engaged with stakeholders.

Who are our stakeholders?	How do we engage with them?
<p>The Group</p>	<ul style="list-style-type: none"> - Through the Group Operating Board and other Group Committees detailed in the 2022 Group Annual Report on page 61. - Feedback from the Directors that are also members of the Group Operating Board.
<p>Customers Within Argos, we have 18.8 million active customers and the website is the third most visited online retailer in the UK. Our customer shop with us in stores, online and on our mobile app.</p>	<p>Customer feedback and overall metrics on consumer sentiment and trends were shared regularly with the Group Board and Operating Board. The Group Board heard what mattered to customers through:</p> <ul style="list-style-type: none"> - 2.7 million responses per year across our Sainsbury's and Argos customer feedback programmes (CSAT) - Social media listening - Market research - Qualitative customer focus groups and quantitative surveys - Nectar data, which helps us understand how customers are shopping - Brand tracking, which assesses the performance and perception of our different brands
<p>Colleagues Our colleagues include everyone who is employed by the business.</p>	<p>The Group Board engaged directly with colleagues through the National Great Place to Work Group, our Workforce Advisory Panel. It received presentations on culture, colleague engagement, talent retention and progression from our Group HR Director, and regular summaries from the Chief Executive Officer on key initiatives. Colleagues were updated on decisions made following their feedback through regular internal communications from the Chief Executive Officer and Operating Board members.</p> <ul style="list-style-type: none"> - Non-Executive Director meetings with National Great Place to Work Group members to directly understand the views of colleagues from across the business via their elected peers - Continual feedback through internal channels, including live presentations, question and answer sessions and internal social media discussions with the Operating Board - Honest, confidential colleague feedback on what it is like to work for the business through our annual colleague engagement survey, 'We're Listening', to inform improvements over the year - Colleague feedback through topic-specific 'temperature check' surveys throughout the year, helping us to understand colleagues' views and sentiments, enabling the Group Board and Operating Board to act swiftly - Regular updates provided to the Group Board, Remuneration and CR&S Committees on culture, engagement, diversity and inclusion, and colleague pay
<p>Suppliers We have Goods For Resale (GFR) suppliers that supply products for food, general merchandise and clothing and Goods Not For Resale (GNFR) suppliers supporting all functions including Logistics, Marketing, Technology and Retail. Our suppliers range from large multi-national companies to small independently run businesses.</p>	<p>The Group Board is cognisant of the impact its decisions have on suppliers and receives regular updates on supplier relationships. Working collaboratively with our suppliers helps us deliver innovation in food and we continue to build stronger relationships with exclusive brands.</p> <p>In order to maintain consistent communication with our suppliers, they have access to online supplier portals, enabling the sharing of news and development of new ways to work together.</p> <p>Management actively engage with both the GFR and GNFR supply chains to manage key risks, including the impacts of COVID-19, global supply chain issues and inflation on stock levels and logistics. This enabled us to manage our supply chain and continuity of supply to customers. Additionally, key supplier meetings with the Board are held to further enhance communication with these stakeholders.</p> <p>We take part in annual, independent surveys which benchmark us against other retailers and highlight areas for improvement; these include the Supplier Advantage survey and Groceries Supply Code of Practice supplier survey. The CR&S Committee received updates during the year on the outcomes of these surveys, which helped shape supplier-related initiatives.</p>
<p>Communities We play an active role in our communities, supporting them through charitable endeavours and generating a positive impact on our communities worldwide.</p>	<p>Customer and colleague feedback provided the Group Board with valuable information on how we can best support our customers and local communities, particularly in relation to the pandemic and household financial challenges. Partnering with Neighbourly, an award-winning giving platform that helps businesses make a positive impact in their communities by redistributing supermarket store-level surplus food to people in need, is an example of one of many initiatives we have put in place to support our communities.</p>

For further information on stakeholder engagement which applies throughout the Group, see pages 24 to 29 of the Group's Annual Report.

Argos Limited

Strategic report for the 52 weeks ended 5 March 2022 (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the J Sainsbury Group ("Group"), which includes the Company, are discussed on page 38 to 52 of the Group's 2022 annual report, which does not form part of this report. The Company is a significant part of the retail segment of the Group, so most of the risks detailed in that report are relevant to the Company, and are managed by the Directors on a basis consistent with, and as part of, the Group's structured risk management process.

The 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 - foreign exchange risk

The Company is subject to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward contracts, transacted with external banks. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts. The key objective of the foreign exchange transaction exposure management is to minimise potential volatility in profits which could arise as a result of exchange rate fluctuations whilst maintaining an appropriate relative position versus the retail peers.

Market risk - interest rate and credit risk

The Company's cash and borrowing requirements are managed centrally by the Group treasury function in order to manage the net interest income/expense for the Group as a whole. As a result, the Group's interest rate risk arises from the variance in market rate when deposits are made. The principal objective of the Group's interest rate risk management is to manage the trade-off between obtaining the most beneficial effective rates of interest whilst minimising the impact of interest rate volatility on profits before tax.

The Company monitors its group receivable balances on an ongoing basis with any provision for impairments made as required.

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. Foreign exchange counterparty limits are set for each organisation on a scale based on credit rating and maturity period.

Further details of the Group cash management policy are set out in note 33 on page 172 of the Group annual report.

Liquidity risk

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

The Group maintains a contingent committed revolving credit facility of £1,394 million. The £1,394 million facility is split into two facilities, a £300 million Facility (A) maturing in April 2025 and a £1,094 million Facility (B) has a final maturity of October 2024. As at 6 March 2022, £nil had been drawn (2021: £nil).

Key performance indicators (KPIs)

The Directors of J Sainsbury plc manage the Group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 30 to 31 of the Group's Annual Report, which does not form part of this report.

By the order of the Board



Paula Nickolds (Dec 1, 2022 15:42 GMT)

P.Nickolds
Director
1 December 2022

Argos Limited

Directors' report for the 52 weeks ended 5 March 2022

The Directors present their report and the financial statements of the Company for the 52 weeks ended 5 March 2022 ("the year") (Prior year: 52 weeks ended 6 March 2021).

Registered number

The registered number of the Company is 01081551.

Results and dividends

The profit for the year was £52m (2021 restated: loss of £57.9m). Exceptional items totalling £20.0m (2021 restated: (£202.1m) were incurred during the 52 weeks ended 5 March 2022. £29.7m income (2021: £nil) was received post balance sheet date in relation to a litigation case with Mastercard on "interchange fees". There were further costs associated with the closure of Argos stores. In addition, the Company had a net impairment charge of £nil (2021: £37.9m credit) against amounts owed by group undertakings. There is no cash impact because of this impairment.

The Directors do not recommend the payment of a final dividend (2021: £nil). The future developments and principal risks and uncertainties are discussed within the Strategic report on page 1.

Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from its ultimate parent company, which confirmed their intention and ability to provide financial support to enable the company to continue to trade for 12 months from the date of approval of these financial statements. Further information is included within note 2 of the financial statements.

The going concern assessment of the Company is linked to the Group's going concern and viability assessment which is included within the Group annual report on pages 51 to 52, 76 and 116. The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Directors

The Directors that held office during the year and up to the date of approval of the financial statements were as follows:

M Given
B Bergin (appointed January 2022)
P M Nickolds (appointed July 2021)
J P Wass (resigned January 2022)

There were no other appointments or resignations in the year.

Secretary

Sainsbury's Corporate Secretary Limited (appointed May 2021)
J Foo (resigned May 2021)

Land and Buildings

In the opinion of the Directors, the market value of the Company's properties is not significantly different from the amount stated in note 11 to the financial statements.

Political Donations

The Company has made no political donations and incurred no items of political expenditure during the year (2021: £nil).

Employees

The Company values the different perspectives, experiences and abilities of all our colleagues. We ensure that those living with a disability or long-term health condition are fully and fairly considered for employment with the Company through well-developed policies for the equal treatment of all. We have a workplace adjustments process in place for our colleagues who find themselves with a disability or long-term health condition; workplace adjustments can be made at any point during a colleague's employment with us. We are committed to providing equal opportunities for all colleagues and applicants through training, development and promotion. Further information can be found on pages 25 of the Annual Report and Financial Statements 2022 of J Sainsbury plc ("Group Annual Report"), which does not form part of this report, for further information on our diversity strategy.

Ethical policies

The Company takes bribery extremely seriously and is committed to ensuring compliance with laws and regulations. Colleagues are expected to abide by a set of clearly communicated formal policies, such as the Ethical Conduct Policy. Training in support of these policies is provided to colleagues especially in the commercial divisions, firstly during their induction into the Company and thereafter through annual refreshers.

Argos Limited

Directors' report for the 52 weeks ended 5 March 2022 (continued)

Corporate responsibility and Sustainability

The Company's parent has developed a wide variety of projects and policies to meet the needs of stakeholders under the heading 'Corporate Responsibility and Sustainability'. Further details can be found page 71 of the Group Annual Report, which does not form part of this report.

Financial risk management

This is discussed in the Strategic Report on page 4.

Post-balance sheet events

Income recognised in relation to legal disputes:

In 2022 agreements were reached in relation to overcharges from payment card processing fees, which largely reflect inter-bank "interchange fees". Net cash of £30m was received and £30m income was recognised related to Argos Limited litigation claim subsequent to the Company's balance sheet date.

Directors' indemnities

The Directors are indemnified to the extent permitted by the Articles of Association of the Company in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The ultimate parent company purchased and maintained Directors' and Officers' liability insurance throughout 2021/22, which was renewed for 2022/23. The insurance covers all Directors and Officers of companies in the Group. Neither the indemnities nor insurance provide cover in the event that the Director or Officer is proved to have acted fraudulently.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards. The Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (UK 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 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 UK-adopted international accounting standards 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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

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

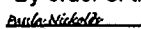
- a) so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's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

Independent Auditors

Ernst & Young LLP, have indicated their willingness to continue in office.

By order of the Board



P. Nickolds

Director

1 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED

Opinion

We have audited the financial statements of Argos Limited for the 52 week period ended 5 March 2022 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 27, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 5 March 2022 and of its profit for 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.

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 Auditor's 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 as applied to other entities of public interest, 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

How we evaluated management's assessment

- We understood the process undertaken by the directors to assess going concern.
- The Company is reliant on support from its parent, J Sainsbury plc. We have obtained and inspected the letter of support issued by the directors of J Sainsbury plc to the directors of the Company confirming their support for the period of 12 months after the date of issue of these financial statements.
- We obtained the annual report and accounts of J Sainsbury plc for the 52-week period ended 5 March 2022 and reviewed the latest market announcements, trading updates and management accounts to further corroborate the financial position of J Sainsbury plc.
- We made inquiries of the EY audit team which audits J Sainsbury plc to assess the ability of J Sainsbury plc to provide financial support to the Company until 1 December 2023. The Group audit team have performed the following procedures in relation to management's going concern assessment of J Sainsbury plc:
 - Obtained Group management's assessment prepared in April 2022 supporting their ability to provide the ongoing financial support pledged. This included assessing the adequacy of the going concern assessment to 9 September 2023 and considering the existence of any significant events or conditions beyond this period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

- Assessed the completeness of the risks and uncertainties identified by Group management in relation to their going concern assessment. This included considering whether any new information had become available since the April 2022 assessment that may cast doubt on the Group's ability to continue as a going concern.
 - Confirmed the stress testing scenarios and mitigation actions performed by management were still appropriate.
 - Performed additional audit procedures in respect of the period between 27 April 2022, the date of the audit opinion on the annual report and accounts of J Sainsbury plc for the 52-week period ended 5 March 2022, and the date of approval of these financial statements to determine whether there have been any changes that would require us to reconsider the conclusions of Group management.
 - Considered actual trading performance subsequent to the Group's period end and compared to the budget used in the year-end assessment.
- We reviewed the Company's going concern disclosures included in the financial statements, in order to assess whether the disclosures were appropriate and in conformity with reporting standards.

Our key observations

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern, through to a period of 12 months from when the financial statements are authorised for issue, given the ability to rely on the parental support.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

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 strategic report or 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 6, 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and the relevant UK tax compliance regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGOS LIMITED (continued)

- We understood how Argos Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. We identified a risk in relation to management override for supplier income amounts, cut-off for fixed supplier income amounts, and judgment and estimation related to supplier rebates. We also identified a fraud risk of management override in relation to manual adjustments to revenue. The procedures included testing, on a sample basis, agreements, settlements and underlying calculations of arrangements with suppliers and testing appropriateness of journal entries meeting a pre-defined criterion and impacting revenue.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included testing manual journals, with a focus on journals posted to revenue and journals indicating large or unusual transactions based on our understanding of the business, enquiries of legal counsel, internal audit and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the accounts with all applicable reporting requirements.

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

Ernst & Young LLP

Colin Brown (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

1 December 2022

Argos Limited
Profit and loss account
For the 52 weeks ended 5 March 2022

	Notes	52 weeks ended 5 March 2022 £'000	Restated 52 weeks ended 6 March 2021 £'000
Revenue		4,176,559	4,676,925
Cost of sales		(3,160,915)	(3,513,428)
Gross profit		1,015,644	1,163,497
Net operating expenses – before exceptional items	4	(930,420)	(996,470)
Operating profit before exceptional items		85,224	167,027
Net operating income/ (expenses) – exceptional items	6	20,032	(202,096)
Operating profit/ (loss)		105,256	(35,069)
- Interest receivable and similar income		11,376	13,841
- Interest payable and similar charges		(31,797)	(37,854)
Net interest (payable) and similar (charges)	7	(20,421)	(24,013)
Profit/(Loss) on ordinary activities before taxation		84,835	(59,082)
Tax on (profit)/ loss on ordinary activities	8	(32,799)	1,190
Profit/(Loss) for the financial year		52,036	(57,891)

Statement of comprehensive income
For the 52 weeks ended 5 March 2021

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 (Restated) £'000
Profit/(Loss) for the financial year	52,036	(57,891)
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedges effective portion of fair value movements - Commodity contracts	4,063	2,762
Tax (charge)/credit in respect of items that will be or have been reclassified	(11,817)	6,044
	(7,754)	8,806
Items that will not be reclassified to profit or loss:		
Cash flow hedges fair value movements – inventory hedges for foreign currency forward contracts	59,309	(29,325)
Remeasurement of the net defined benefit liability	248,145	(114,216)
Tax (charge)/credit in respect of items not reclassified	(51,864)	10,896
	255,590	(132,645)
Total other comprehensive income/ (expense) for the year, net of tax	247,836	(123,839)
Total comprehensive income/ (expense) for the year attributable to owners of the Company	299,872	(181,730)

Refer to note 2 for details of prior year restatement.

Argos Limited
Balance sheet
As at 5 March 2022, 6 March 2021 and 7 March 2020

Registered Number 01081551

		5 Mar 2022	6 Mar 2021 (Restated)	7 Mar 2020 (Restated)
	Notes	£'000	£'000	£'000
ASSETS				
Non-current assets				
Goodwill	9	1,511	3,131	9,508
Other Intangible assets	10	58,829	65,273	146,891
Tangible assets	11	215,805	231,983	220,109
Right-of-use assets	12	296,483	309,953	390,598
Investments in other companies	13	154,144	154,144	154,144
Net retirement benefit surplus	19	398,100	138,498	222,667
Total non-current assets		1,124,872	902,982	1,143,917
Current assets				
Stock	14	691,606	595,488	709,613
Trade receivables and other debtors	15	2,660,935	2,184,360	1,369,720
Other financial assets	20	32,989	2,233	5,827
Cash at bank and in hand	16	91,689	63,564	53,611
Total current assets		3,477,219	2,845,645	2,138,771
Total assets		4,602,091	3,748,627	3,282,688
LIABILITIES				
Non-current liabilities				
Provisions for liabilities	18	(134,001)	(91,616)	(34,979)
Lease Liabilities	12	(316,802)	(346,163)	(367,747)
Total non-current liabilities		(450,803)	(437,779)	(402,726)
Current liabilities				
Creditors - amounts falling due within one year	17	(3,406,688)	(2,782,694)	(2,247,825)
Provisions for liabilities	18	(53,170)	(83,285)	(41,348)
Lease liabilities	12	(80,113)	(87,810)	(84,542)
Other financial liabilities	20	(2,917)	(50,096)	(18,360)
Total current liabilities		(3,542,888)	(3,003,885)	(2,392,075)
Total liabilities		(3,993,691)	(3,441,664)	(2,794,801)
Net assets		608,400	306,963	487,887
Equity				
Called up share capital	22	624,560	624,560	624,560
Share premium account		51,733	51,733	51,733
Retained Earnings		(88,609)	(339,669)	(181,058)
Hedging reserve		20,716	(29,661)	(7,348)
Total equity		608,400	306,963	487,887

Refer to note 2 for details of prior year restatement.

The financial statements on pages 10 to 46 were approved by the Board of Directors and were signed on their behalf by:

Blathnaid Bergin
Blathnaid Bergin (Doc. 1, 2022/15/19 GH1)

B Bergin, Director
1 December 2022

Argos Limited
Statement of changes in equity
For the 52 weeks ended 5 March 2022

	Attributable to owners of the Company				
	Called up share capital	Share premium account	Profit and loss account	Hedging reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 6 March 2021 (as previously reported)	624,560	51,733	(374,120)	(29,661)	272,512
Opening balance adjustment	-	-	34,451	-	34,451
Balance at 6 March 2021 (restated)	624,560	51,733	(339,669)	(29,661)	306,963
Profit for the financial year	-	-	52,036	-	52,036
Other comprehensive income	-	-	196,280	51,554	247,834
Tax credit related to share-based compensation	-	-	73	-	73
Cash flow hedges gains and losses transferred to inventory	-	-	-	(1,177)	(1,177)
Movement in share-based compensation reserve	-	-	2,671	-	2,671
Total comprehensive income	-	-	251,060	50,377	301,437
Balance at 5 March 2022	624,560	51,733	(88,609)	20,716	608,400

	Attributable to owners of the Company				
	Called up share capital	Share premium account	Profit and loss account	Hedging reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 7 March 2020 (as previously reported)	624,560	51,733	(168,047)	(7,348)	500,898
Opening balance adjustment	-	-	(13,011)	-	(13,011)
Balance at 7 March 2020 (restated)	624,560	51,733	(181,058)	(7,348)	487,887
Loss for the financial year	-	-	(57,891)	-	(57,891)
Other comprehensive income/(expense)	-	-	(103,320)	(20,519)	(123,839)
Tax credit related to share-based compensation	-	-	45	-	45
Cash flow hedges gains and losses transferred to inventory	-	-	-	(1,794)	(1,794)
Movement in share-based compensation reserve	-	-	2,555	-	2,555
Total comprehensive (expense)	-	-	(158,611)	(22,313)	(180,924)
Balance at 6 March 2021	624,560	51,733	(339,669)	(29,661)	306,963

Refer to note 2 for details of prior year restatement.

Argos Limited

Notes to the financial statements

For the 52 weeks ended 5 March 2022

1. GENERAL INFORMATION

Argos 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, and is part of the J Sainsbury plc Group ("Group").

The financial year represents the 52 weeks to 5 March 2022 (prior financial year 52 weeks to 6 March 2021).

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.

The Company's financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006. 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 adopted International Financial Reporting Standards (IFRS).

The Company is a qualifying entity for the purposes of FRS 101. Note 25 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.

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 preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical accounting policies of the Company are described in further detail below.

Prior period restatements

Business rates within property provisions

The financial statements include a prior year restatement in relation to the treatment of business rates within property provisions. Where the Group no longer operates from a leased property, onerous property contract provisions are recognised for the least net cost of exiting from the contract. Unless a separate exit agreement with a landlord has already been agreed, the Company's policy is that this onerous contract provision includes all unavoidable costs of meeting the obligations of the contract – these include service charges and insurance, and have also historically included business rates.

There is apparent mixed practice across companies concerning the treatment of business rates in onerous contract provisions. However following additional guidance published this year by accounting advisory firms, the Group has reassessed its policy in this area, and concluded that business rates are a statutory obligation rather than a contractual one, and should be recognised as a periodic cost in line with IFRIC 21 "Levies". Prior period comparatives have therefore been restated to remove business rates from previously recognised property provisions.

Interest compounding

Financial statements include prior year restatement in relation to the treatment of interest rates on HRG Jersey Ltd Intercompany loan. If an intercompany borrowing entity fails to pay whole or any interest due under contractual agreements or by the date it is due such unpaid interest amount will be compounded. The Group chose not to settle interest rates intercompany transactions between Argos Limited and HRG Jersey Ltd as per the intercompany agreement and as a result interest rates on the intercompany loan have been restated using the compounded loan value rather than principal loan amount.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

2. BASIS OF PREPARATION (continued)

Prior period comparatives

The prior period comparatives have been restated in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Policies and Errors' and have impacted the primary financial statements as follows:

Income statement

	Before non-underlying items				Non-underlying items				Total			
	As previously reported £'000	Business rates adjustment £'000	Jersey loan adjustment £'000	As restated £m	As previously reported £'000	Business rates adjustment £'000	Jersey loan adjustment £'000	As restated £m	As previously reported £'000	Business rates adjustment £'000	Jersey loan adjustment £'000	As restated £m
For the 52 weeks to 6 March 2021												
Revenue	4,676,925	-	-	4,676,925	-	-	-	-	4,676,925	-	-	4,676,925
Cost of sales	(3,560,186)	(576)	-	(3,560,762)	-	47,334	-	47,334	(3,560,186)	46,757	-	(3,513,428)
Gross profit/(loss)	1,116,739	(576)	-	1,116,163	-	47,334	-	47,334	1,116,739	46,757	-	1,163,497
Administrative expenses	(996,470)	-	-	(996,470)	(218,617)	16,521	-	(202,096)	(1,215,087)	16,521	-	(1,198,566)
Operating profit/(loss)	120,269	(576)	-	119,693	(218,617)	63,854	-	(154,763)	(88,348)	63,278	-	(25,069)
Finance income	13,841	-	-	13,841	-	-	-	-	13,841	-	-	13,841
Finance costs	(33,062)	1	(5,140)	(38,201)	-	347	-	347	(33,062)	348	(5,140)	(37,854)
Profit/(loss) before tax	101,048	(575)	(5,140)	95,333	(218,617)	64,201	-	(154,416)	(117,569)	63,626	(5,140)	(59,082)
Income tax (expense)/credit	12,216	100	-	12,325	-	(11,134)	-	(11,134)	12,216	(11,025)	-	1,191
Profit/(loss) for the financial period	113,264	(465)	(5,140)	107,659	(218,617)	53,067	-	(165,550)	(105,353)	52,601	(5,140)	(57,891)

Balance sheets

	As at 6 March 2021				As at 7 March 2020			
	As previously reported £'000	Business rates adjustment £'000	Jersey loan adjustment £'000	As restated £'000	As previously reported £'000	Business rates adjustment £'000	Jersey loan adjustment £'000	As restated £'000
As at 6 March 2021								
Current liabilities								
Creditors (Corp Tax & Vco)	(2,743,621)	(12,905)	(26,168)	(2,782,694)	(2,224,917)	(1,880)	(21,028)	(2,247,825)
Provisions	(88,262)	4,977	-	(83,285)	(41,867)	519	-	(41,348)
Total current liabilities	(2,969,789)	(7,928)	(26,168)	(3,003,885)	(2,369,686)	(1,361)	(21,028)	(2,392,075)
Non-current liabilities								
Provisions	(160,163)	68,547	-	(91,616)	(44,357)	9,378	-	(34,979)
Total liabilities	(3,476,115)	68,547	-	(3,407,568)	(2,781,790)	9,378	-	(2,772,412)
Net assets	272,512	60,619	(26,168)	306,963	500,898	8,017	(21,028)	487,887
Equity								
Retained earnings	(374,120)	60,619	(26,168)	(339,669)	(168,047)	8,017	(21,028)	(181,058)
Total equity	272,512	60,619	(26,168)	306,963	500,898	8,017	(21,028)	487,887

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

2. BASIS OF PREPARATION (continued)

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from its ultimate parent company, which confirmed their intention and ability to provide financial support to enable the company to continue to trade for at least 12 months from the date of approval of these financial statements. The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed. The going concern assessment of the Company is linked to the Group's going concern and viability assessment which is included within the Group annual report on pages 51 to 52, 76 and 116.

In assessing the Company's ability to continue as a going concern, the Directors have considered the Group's most recent corporate planning and budgeting processes. This includes an annual review which considers profitability, the Group's cash flows, committed funding and liquidity positions and forecasted future funding requirements over three years, with a further two years of indicative movements.

In assessing going concern, scenarios in relation to the Group's principal risks have been considered in line with those disclosed in the viability statement on page 51, of the Group annual report, by overlaying them into the corporate plan and assessing the impact on cash flows, net debt and funding headroom. These severe but plausible scenarios included modelling inflationary pressures on both food margins and general recession-related risks, the impact of any regulatory fines, and the failure to deliver planned cost savings.

In performing the above analysis, the Directors have made certain assumptions around the availability and effectiveness of the mitigating actions available to the Company. These include reducing any non-essential capital expenditure and operating expenditure on projects, bonuses, and dividend payments.

The Group's most recent corporate planning and budgeting processes incorporates assumed cashflows to address climate change risks, including those associated with the Group's Plan for Better commitment which include reducing environmental impacts and meeting customer expectations in this area, notably through reducing packaging and energy usage across the estate. Climate-related risks do not result in any material uncertainties affecting the Company's ability to continue as a going concern.

Consideration was also given to the conflict in Ukraine which has continued to develop subsequent to the Company's balance sheet date. Inflationary pressures which may be caused by the conflict are already incorporated into the overall going concern assessment, as such the impact of the conflict in Ukraine does not impact the conclusions reached over going concern.

As a consequence of the work performed, the Directors considered it appropriate to adopt the going concern basis in preparing the Financial Statements with no material uncertainties to disclose.

Changes in accounting standards

The Company has considered the following amendments to published standards that are effective for the Company for the financial year beginning 7 March 2021 and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements other than disclosures.

- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' on the Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 'Leases' with regards to the exemption granted in the 'COVID-19-related rent concessions'

Standards and revisions effective for future periods:

The following standards and revisions will be effective for future periods:

- Amendments to IFRS 3 'Business Combinations' with reference to the Conceptual Framework
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use
- Amendments to IAS 1 'Presentation of Financial Statements' on the classification of liabilities as current or non-current
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' on the disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' on Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- IFRS 17 'Insurance Contracts'

The Company has considered the impact of the remaining above standards and revisions and have concluded that they will not have a significant impact on the Company's financial statements.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

2. BASIS OF PREPARATION (continued)

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 are discussed below:

Pensions and post-employment benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligations and net pension costs include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions may impact the amounts disclosed in the Company's balance sheet and profit and loss account.

The expected return on plan assets is calculated by reference to the plan investments at the year-end and is a weighted average of the expected returns on each main asset type (based on market yields available on these asset types at the year-end).

The Company determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the estimated average term of the related pension liability.

Other key assumptions within this calculation are based on market conditions or estimates of future events, including mortality rates, as set out in note 19. The carrying value of the retirement benefit obligations will be impacted by changes to any of the assumptions used, however is most sensitive to changes in the discount rate. Sensitivities to movements in the discount rate are included in note 19.

Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment (PPE), right-of-use assets, and finite-lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to dispose and its value in use, is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Where there has been a change in the estimates used to determine the recoverable amount and an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. An impairment loss reversal is recognised immediately in the income statement.

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.

Discount rate of lease liabilities

Lease liabilities are measured at the present value of lease payments to be made over the lease term, discounted using the IBR at the lease commencement date (for additions) or at the lease modification date (for modifications).

The discount rate used to calculate the lease liability is the rate implicit in the lease if it can be readily determined, or the Group's incremental borrowing rate (IBR) if not.

The IBRs depend on the start date and term of the lease, and are determined based on a number of inputs including a reference (risk free) rate and adjustments to reflect the Group's credit risk. The reference rates are based on UK overnight swap rates and the credit risk adjustments are based on the prices of instruments issued by the Group and quoted credit default swaps ('CDS').

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

2. BASIS OF PREPARATION (continued)

Provisions

Provisions have been made for onerous contracts, dilapidations, restructuring, insurance and warranties. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events and market conditions. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. The carrying amount of provisions will be impacted by changes in the discount rate.

The insurance provision relates to the Company's outstanding insurance claims liabilities in relation to public and employer's liability claims, and third party motor claims. Claims provisions are based on assumptions regarding past claims experience and on assessments by an independent actuary and are intended to provide a best estimate of the most likely or expected outcome.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Other provisions includes provisions for warranties.

Details of provisions are set out in note 18.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to either lease the assets for additional terms, or terminate the lease early (a break option). The Company applies judgement in evaluating whether it is reasonably certain to exercise these options. That is, it considers all relevant factors that create an economic incentive for it to exercise them. For leased properties, this includes the current and expected profitability of the respective site, as well as the length of time until the option can be exercised. The judgement currently applied is that the Company assumes contractual terms unless it is reasonably certain that an extension or break option will be applied.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy). Any reassessment of the lease term will be reflected in a recalculation of the lease liability and respective right-of-use asset.

Non-underlying items

In order to provide additional insight into the underlying performance of the business, certain items are excluded from the Company's underlying results and presented as 'profit before non-underlying items' on the face of the income statement. This is consistent with how the performance of the Company is reviewed by management. Determining which items are to be adjusted requires judgement, and considers both the nature and scale of the item, as well as the circumstances surrounding it. Reversals of prior non-underlying items are considered based on the same criteria.

Profit before non-underlying items is not defined by International Financial Reporting Standards and is one of the APMs used by the Company. Therefore it may not be directly comparable with adjusted measures of other companies.

Further information on non-underlying items included in the Company's income statement are included in notes 3.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services to external customers, net of value added tax, rebates, discounts and expected returns. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue on goods to be delivered is recognised when the customer receives delivery of the goods. The Company operates a variety of sales promotion schemes that give rise to goods being sold at a discount to the standard retail price. Commissions receivable on the sale of services for which the Company acts as agents are included within revenue. All revenue arises in the United Kingdom.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Supplier arrangements

Supplier incentives, rebates and discounts, collectively known as 'Supplier arrangements' is income which relates to product costs and is recognised within cost of sales and income related to activities where the costs are recognised within net operating expenses. Income is recognised based on the expected entitlement that has been earned up to the balance sheet date. The Company only recognises supplier arrangements income where there is documented evidence of an agreement with a supplier. The types of supplier arrangements recognised by the Company are:

<i>Type of commercial income</i>	<i>Description</i>	<i>Accounting policy</i>
Marketing and advertising income	Examples include contributions to the funding for other advertising and short-term product promotions.	Other marketing and advertising income is recognised once agreed with a supplier and over the period as set out in the specific supplier agreement.
Volume-based rebates	Income earned by achieving specific volume targets agreed with the supplier for specific products.	Income is recognised through the year based on forecasts for expected sales or purchase volumes, informed by current performance, trends, and the terms of the supplier agreement. Income is invoiced throughout the year in accordance with the specific supplier terms. The majority of these arrangements run for one calendar year.

Supplier arrangements related to inventory held on the balance sheet is deferred within stock as a cost price reduction. Income earned but not collected at the balance sheet date is recognised within trade and other debtors.

Supplier arrangement amounts recognised in the profit and loss account for the above categories in the financial year were as follows:

	2022 £'000	2021 £'000
Fixed Amounts (within cost of sales)	113,714	132,947
Supplier rebates (within cost of sales)	37,054	23,707
Marketing and advertising income (within operating expenses)	21,983	19,841
Total supplier arrangements	172,751	176,495

There are certain other types of funding which is collected from suppliers, for example discounts received on settlement of creditor balances and cost recoveries from suppliers for product quality issues which have been excluded from the above disclosure.

Of the above amounts, the following was outstanding and held on the balance sheet:

	52 weeks to 05 March 2022 £'000	52 weeks to 06 March 2021 £'000
Within inventory	(4,229)	(4,819)
Within current trade receivables		
Supplier arrangements due	4,695	11,579
Accrued supplier arrangements	22,845	28,940
Within current trade payables		
Supplier arrangements due	1,011	(1,608)
Accrued supplier arrangements	(3,743)	(6,322)

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the profit and loss account with the exception of differences on transactions that are subject to effective cash flow hedges. Translation differences on non-monetary items are reported as part of the fair value gain or loss and are included in either equity or the profit and loss account as appropriate.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Goodwill

Goodwill is the excess of the fair value of the consideration payable for an acquisition of a business over the fair value of the identifiable net assets acquired at the date of acquisition. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating unit (CGU). The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to dispose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not subsequently reversed.

Other intangible assets

Certain costs incurred in the developmental phase of an internal project are capitalised as intangible assets provided that a number of criteria are satisfied. These include the technical feasibility of completing the asset so that it is available for use or sale, the availability of adequate resources to complete the development and how the asset will generate probable future economic benefit.

The cost of other intangible assets with finite useful economic lives is amortised over that period. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If impaired, they are written down to the higher of fair value less costs to sell and value-in-use.

Brands

Acquired brands have a finite useful life and are initially recognised at their fair value at the date of acquisition and subsequently held at cost less accumulated amortisation. Amortisation is calculated to spread the cost of the brands over their estimated useful lives of 10 years on a straight-line basis. This amortisation method reflects the pattern in which the asset's future economic benefits are expected to be consumed.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are held at cost and are amortised on a straight-line basis over three to five years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will generate economic benefits beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised on a straight-line basis over three to ten years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Tangible assets

Tangible assets are held at cost being the purchase price and other costs directly attributable to bringing the asset into use less accumulated depreciation and any impairment in value. An impairment charge is recognised where the carrying value of the asset exceeds its recoverable amount, being the higher of the asset's fair value less costs to sell and its value-in-use. Value-in-use calculations are performed using cash flow projections discounted at a rate taking account of the specific risks inherent within the Company's business.

Depreciation is charged on a straight-line basis as follows:

- Freehold properties are depreciated over 50 years;
- Leasehold premises are depreciated over the period of the lease;
- Plant and equipment are depreciated over 2 - 10 years according to the estimated life of the asset;
- Land is not depreciated; and
- Assets under the course of construction are not depreciated.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments

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

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any subsequent remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial costs incurred, and lease payments made at or before the commencement date less any incentives received.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The majority of the Company's leases are discounted using the IBR.

The IBRs depend on the start date and term of the lease and are determined based on a reference (risk free) rate and adjustments to reflect the Company's credit risk. The reference rates are based on UK overnight swap rates and the credit risk adjustments are based on the prices of instruments issued by the Company and quoted credit default swaps ("CDS"). IBRs are determined quarterly.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease (a break clause), if it is reasonably certain not to be exercised.

The lease payments include fixed payments and variable lease payments that depend on an index or a rate (using the relevant rate at the commencement date of the lease), less any lease incentives receivable. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. For agreements which contain both lease and non-lease components, such as cleaning and maintenance services, the non-lease component is excluded from the lease payments used to measure the lease liabilities.

After the commencement date of the lease, the lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured when there is a change in the future lease payments due to a change in the lease term such as a recognition of an extension or break option, such as a recognition of an extension or break option, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies short-term lease recognition exemption to those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases, that are considered uniformly low value (i.e. below £5,000). Lease payments on short-term leases and leases of low value assets are expensed to the income statement, as well as costs relating to variable lease payments, dependent on performance of usage and 'out of contract' payments.

Debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of debtors. The amount of the provision is recognised in the balance sheet, with the cost of unrecoverable trade debtors recognised in the profit and loss account immediately.

Stock

Stock is stated at the lower of cost and net realisable value. The cost basis in use within the Company are general retail goods valued on a standard cost or weighted average basis which approximates to actual cost. Commercial income received in respect of specific stock is treated as a reduction in the cost of this stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost includes all direct expenditure and other appropriate costs incurred in bringing stock to their present location and condition. The costs also include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to their purchase.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year. They are recognised initially at fair value and subsequently remeasured at amortised cost.

Current tax

Current tax is 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 tax 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 tax 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.

Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is certain.

Provisions are made for property provisions, including onerous lease contracts for stores that have closed or where a decision to close has been announced, and for those stores where the projected future trading income is insufficient to cover the lower of exit cost or value-in-use. Provisions for other costs and income on store closures are recognised where such an outflow or inflow is likely.

Provisions are also made for the estimated cost of insurance claims incurred by the Company but not settled at the balance sheet date, restructuring costs and other liabilities.

Pensions and post-employment benefits

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligations at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income.

The Company also contributes to the defined contribution Home Retail Group Personal Pension Plan. The scheme is funded by contributions partly from the employee and partly from the Company at rates determined in accordance with the scheme rules. The cost of these are charged to the profit and loss account during the year in which contributions are payable.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments

The Company classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables 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 receivable. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and are included in current assets. Loans and receivables comprise trade and other receivables, cash and cash equivalents and current asset investments in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivatives are recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates its derivatives as cash flow hedges.

The Company documents the relationship between hedging instruments and hedged items at the hedge inception, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. Movements on the hedging reserve in equity are shown in the Company's statement of comprehensive income.

Cash flow hedges

The cash flow hedges are intended to hedge the foreign currency exposures of the future purchases of inventory. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. Any gain or loss relating to the ineffective portion would be recognised immediately in the profit and loss account. The hedged cash flow is expected to occur up to 12 months into the future and will be transferred to the profit and loss account via stock carrying value as applicable.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the profit and loss account over the period to maturity.

Fair value estimation

The fair value of financial instruments traded in organised active financial markets is based on quoted market prices at the close of business on the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price. The fair value of financial instruments for which there is no quoted market price is determined by a variety of methods incorporating assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The nominal value less estimated credit adjustments of trade debtors and creditors are assumed to approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Share-based payments

The Company operates a number of equity-settled, share-based compensation plans. The fair value of the shares granted is recognised as an expense after taking into account the best estimate of the number of awards expected to vest. The vesting estimate is revisited at each balance sheet date. Non-market performance conditions are included in the vesting estimate. Expenses are incurred over the vesting period. Fair value is measured at the date of grant using whichever of the Black-Scholes or Monte Carlo models, or closing market price is most appropriate to the award. Market-based performance conditions are included in the fair value measurement on grant date and are not revisited for actual performance.

Profit before non-underlying items

In order to provide shareholders with additional insight into the underlying performance of the business, certain items are excluded from the Company's underlying results and presented as 'profit before non-underlying items' on the face of the income statement. This is consistent with how the performance of the Company is reviewed by management. Determining which items are to be adjusted requires judgement, and considers both the nature and scale of the item, as well as the circumstances surrounding it. Reversals of prior non-underlying items are considered based on the same criteria.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Profit before non-underlying items is not defined by International Financial Reporting Standards. Therefore it may not be directly comparable with adjusted measures of other companies.

The Company has not included any additional costs incurred or credits received directly in relation to the impacts of COVID-19 within non-underlying items. Whilst some items (such as additional expenses incurred protecting colleagues and customers) are discrete and can be separately quantified, others, such as incremental online sales cannot be reliably disaggregated from the Company's underlying performance. The Company has therefore concluded that presenting some movements as underlying and others as non-underlying would give an imbalanced view that is not easily comparable to past and subsequent periods. In addition, the repayment of business rates relief announced in December has also been treated as underlying, due to being a cost that would have been incurred in an ordinary trading year.

The Company has also excluded the following items from underlying profit:

- Exceptional items - items which are both non-recurring and material in either size or nature are presented as exceptional items within the profit and loss account. The separate reporting of exceptional items helps provide a better indication of underlying performance of the company. The most significant exceptional items in the current year relate to restructuring programmes and impairment charges. More details on each are included in note 6.
- Non-underlying finance movements – these include fair value remeasurements on derivatives not in a hedging relationship. The fair value measurements are impacted by external market factors and can fluctuate significantly year-on-year.
- IAS 19 pension interest and expenses include the financing element and scheme expenses of the Company's defined benefit scheme. These are reported outside underlying profit as they no longer relate to the Company's on-going activities following closure of the scheme to future accrual.
- Other – these are items which are material and infrequent in nature and do not relate to the Group's underlying performance.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

4. NET OPERATING EXPENSES

	52 weeks ended 5 March 2022			52 weeks ended 6 March 2021 (Restated)		
	Before exceptional items	Exceptional items (note 6)	After exceptional items	Before exceptional items	Exceptional items (note 6)	After exceptional items
	£'000	£'000	£'000	£'000	£'000	£'000
Expenses by function						
Selling costs	(546,480)	-	(546,480)	(740,571)	-	(740,571)
Administrative expenses	(383,940)	20,032	(363,908)	(255,899)	(202,096)	(457,995)
Net operating expenses	(930,420)	20,032	(910,388)	(996,470)	(202,096)	(1,198,566)

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 (restated) £'000
Profit / (loss) before tax is stated after (charging)/crediting:		
Cost of stocks recognised as an expense in cost of sales	(3,037,810)	(3,446,284)
Write down of stocks	(123,105)	(113,902)
Profit on sale of tangible assets	-	-
Depreciation of tangible assets (note 11,12)	(127,738)	(146,781)
Amortisation of other intangible assets (note 10)	(28,906)	(42,558)
Impairment of Plant and Equipment (note 11)	9	(14,630)
Reversal of impairment of Right of Use asset (note 12)	775	(74,120)
Exceptional items (note 6)	20,032	(202,096)
Auditors' remuneration:		
Company audit	(350)	(295)

£Nil of the amortisation of other intangible assets (2021: £nil) is included in cost of sales in the profit and loss account.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

5. EMPLOYEE COSTS AND EMPLOYEE NUMBERS

	52 weeks ended 5 March 2022	52 weeks ended 6 March 2021
	£'000	£'000
Employee costs		
Wages and salaries	(388,421)	(408,182)
Social security costs	(20,340)	(26,471)
Other pension costs	(10,082)	(11,964)
Share-based payments	(2,559)	(2,640)
Total	(421,402)	(449,257)

The monthly average number of persons employed by the Company during the year including Directors and those employed on a part-time basis, was made up as follows:

	52 weeks ended 6 March 2022		52 weeks ended 6 March 2021	
	Number of employees	Full time equivalent	Number of employees	Full time equivalent
Average number of employees				
Stores	13,589	7,443	17,511	8,865
Administration and other	3,279	2,829	3,516	3,063

Argos Limited also employed 33 (2021: 141) full-time and 23 (2021: 108) full time equivalent employees, whose related employee costs are borne directly by Habitat Retail Limited.

All of the Directors are also employees of the ultimate parent company, J Sainsbury plc or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

During the year no Directors (2021: no directors) exercised share options, and no director (2021: none) received shares or became entitled to receive shares under long-term incentive schemes.

6. EXCEPTIONAL ITEMS

	52 weeks ended 5 March 2022	52 weeks ended 6 March 2021 (Restated)
	£'000	£'000
Reorganisation, restructuring and integration charges following acquisition by J Sainsbury Group	(113)	(168)
Restructuring programmes	(7,929)	(223,104)
Impairment on non-financial assets	(1,620)	(16,772)
Income recognised in relation to legal disputes	29,694	-
Release/(Charge) of provision against amounts owed by group undertakings	-	37,948
Total exceptional items	20,032	(202,096)

Restructuring programmes:

In the prior year, it has been agreed to accelerate the structural integration of Sainsbury's and Argos and further simplify the Argos business model. As a result, around 420 Argos stores will be closed by March 2024, leaving the total number of UK standalone stores at around 100. To support this, a total of 32 Local Fulfilment Centres will be built across the UK that will operate the Group's fast track delivery operations, delivering to customers' homes and to Argos stores and collection points across the country.

In addition, the Group is creating a new supply chain and logistics operating model, moving to a single integrated supply chain and logistics network across Sainsbury's and Argos. As a result of this, a number of existing depots are closing. Further, the Group has reviewed its Store Support Centre ways of working and as a result is reducing its office space.

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

6. EXCEPTIONAL ITEMS (continued)

Included in restructuring programmes was an impairment charge of £nil (2021: £78.3m). £74.1m related to the write down of leases assets (refer to note 12), £4.2m related to the impairment of plant, property and equipment. The remaining costs relate to closure provisions, accelerated depreciation of assets and redundancy provisions.

With regards to the above restructuring and impairment charges, the costs incurred arise as a result of implementing changes for the future to evolve and reshape the business. They are therefore different in nature to income and costs that were incurred to maintain business as usual activity and which have been reported within underlying profit.

As the costs incurred facilitate future underlying cost savings, it was considered whether it was appropriate to report these costs within underlying profit. Whilst they arise from changes in the Company's underlying operations, they can be separately identified, are material in size and do not relate to ordinary in-year trading activity. In addition, the areas being closed / restructured no longer relate to the Company's remaining underlying operations and their exclusion provides meaningful comparison between financial years.

Impairment of non-financial assets:

The COVID-19 pandemic has resulted in changes to customer shopping habits, patterns and sources of finance. Despite this, the Group has proved resilient through the pandemic, with higher online sales growth helping to offset the additional in-store costs. However the changes in customer behaviour have led to an acceleration of the Group's structural integration of Sainsbury's and Argos during the period and through this, a review of the economic performance of the Group's assets has been performed as a result of store rationalisation, changes in channel mix, and changes in customer borrowing and cash usage behaviour. This has been deemed an indicator of impairment and a full impairment review has therefore been performed.

An impairment charge of £1.6m has been recognised in the period and comprises:

	£'000
Impairment of property, plant and equipment	-
Impairment of goodwill (Index stores)	(1,620)
	(1,620)

Income recognised in relation to legal disputes:

In 2022 agreements were reached in relation to overcharges from payment card processing fees, which largely reflect inter-bank "interchange fees". Net cash of £30m was received and £30m income was recognised related to Argos Limited litigation claim subsequent to the Company's balance sheet date.

Reorganisation, restructuring and integration charges following acquisition by J Sainsbury Group:

Exceptional charges of £0.1m (2021: £0.2m) have been incurred resulting from the integration with J Sainsbury Group.

7. NET INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR CHARGES/(INCOME)

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 £'000
Interest receivable and similar income		
Bank loans and other interest	-	49
Dividend from subsidiary	11,376	11,226
Interest income on post-employment benefit asset	-	1,142
Financing fair value remeasurements - net exchange gains	-	1,424
Total interest receivable and similar income	11,376	13,841
Interest payable and similar charges		
Interest to group undertakings	(19,769)	(19,777)
IFRS 16 lease interest	(10,654)	(12,761)
Bank loans and other interest	(17)	(48)
Discount unwind on provision	(857)	(476)
Interest expense on post-employment benefit liabilities	(200)	-
Financing fair value remeasurements - net exchange losses	(300)	-
Total interest payable and similar charges	(31,797)	(33,062)

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 (Restated) £'000
Analysis of (charge)/credit in the year		
Current tax:		
UK corporation tax	(9,279)	(12,006)
Adjustments in respect of prior years	2,292	(980)
Total current tax (charge)	(6,987)	(12,986)
Deferred tax:		
Origination and reversal of temporary differences	(13,317)	15,600
Adjustments in respect of prior years	-	737
Revaluation of deferred tax balances	(4,195)	(2,161)
Rate change impact	(8,300)	-
Total deferred tax (charge)/credit	(25,812)	14,176
Total tax (charge)/credit in profit and loss account	(32,799)	1,190

Factors affecting the tax charge

The effective tax rate for the year of 38.8% tax charge (2021: 10.4% tax credit), is higher (2021: lower) than the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are explained on the following page.

Income tax credited or (charged) to equity and/or other comprehensive income during the year is as follows:

	Share-based payments £'000	Retirement benefit obligations £'000	Fair- value movements £'000	Total £'000
52 weeks ended 5 March 2022				
Current tax recognised in equity or other comprehensive income	(40)	-	-	(40)
Deferred tax recognised in equity or other comprehensive income	(73)	45,153	10,701	55,781
Revaluation of deferred tax balances	-	6,711	1,117	7,828
Income tax credited/(charged)	(113)	51,864	11,818	63,569
52 weeks ended 6 March 2021				
Deferred tax recognised in equity or other comprehensive income	(45)	(9,133)	(5,912)	(15,090)
Revaluation of deferred tax balances	-	(1,763)	(132)	(1,895)
Income tax (charged)	(45)	(10,896)	(6,044)	(16,985)

Argos Limited
Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

8. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The current and deferred tax in relation to the Company's defined benefit pension scheme's remeasurements and fair value movements have been charged or credited through other comprehensive income where appropriate.

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 (Restated) £'000
Profit/(Loss) before tax	84,835	(59,081)
Profit/(Loss) before tax multiplied by the standard rate of corporation tax in the UK	(16,119)	11,225
Effects of:		
Expenses not deductible for taxation purposes	(1,919)	(3,039)
Transfer pricing adjustments	(6,806)	(1,032)
Adjustments in respect of prior years	(1,893)	(1,157)
Non-taxable income	2,161	2,133
Rate change impact	(8,300)	(2,161)
Other	(995)	(1,002)
IFRS 16	(77)	-
Exceptional items not deductible for taxation purposes	(416)	5,896
Controlled Foreign Company charge	-	(981)
Group relief surrendered for nil consideration	1,565	(8,692)
Total tax (charge)/credit in profit and loss account	(32,799)	1,190

It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was enacted during the accounting period.

As a result, existing temporary differences on which deferred tax has been provided have been revalued, where appropriate, to reflect the fact they will now unwind at 25% rather than 19%. The impact of this is a charge of £16.1m, recognised as a £8.3m charge to the income statement and a £7.8m charge recognised through OCI.

9. GOODWILL

	Goodwill £'000
Cost	
At 5 March 2022 and 6 March 2021	38,498
Impairment	
At 5 March 2022	(35,367)
Impairment in year	(1,620)
Impairment at 5 March 2022	(36,987)
Net Book Value 5 March 2022	1,511
Net Book Value 6 March 2021	3,131

The goodwill balance above relates to the Company's acquisition of the Index business and a number of its stores. The goodwill represents the excess of the fair value of the consideration paid to acquire new businesses over the fair value of the separately identifiable and separable net assets at the date of the acquisition. The CGU is deemed to be the chain of stores acquired.

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

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9. GOODWILL (continued)

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to dispose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The calculation of the Retail CGUs value in use is calculated on the cash flows expected to be generated by the stores using the latest budget data. This was then discounted at a pre-tax rate of seven per cent over the lease length of the stores. The discount rate is based on the Company's pre-tax weighted average cost of capital. Impairment losses recognised for goodwill are not subsequently reversed.

Based on the operating performance of the CGU, an impairment of £1.6m was identified in the current financial year (2021: £6.4m).

10. OTHER INTANGIBLE ASSETS

	Computer software £'000	Brands £'000	Total £'000
Cost			
Balance at 6 March 2021	335,360	22,500	357,860
Additions	22,461	-	22,461
Disposals	(301)	-	(301)
At 5 March 2022	357,520	22,500	380,020
Accumulated amortisation			
Balance at 6 March 2021	(270,087)	(22,500)	(292,587)
Charge for the year	(28,906)	-	(28,906)
Disposals	302	-	302
At 5 March 2022	(298,691)	(22,500)	(321,191)
Net book value at 5 March 2022	58,829	-	58,829
Net book value at 6 March 2021	65,273	-	65,273
Assets in the course of construction included above at 5 March 2022	2,328	-	2,328

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11. TANGIBLE ASSETS

	Notes	Land & Buildings £'000	Plant & Equipment £'000	Total £'000
Cost				
Balance at 6 March 2021		192,063	413,854	605,917
Additions		(582)	36,494	35,912
Disposals		(11,566)	(14,717)	(26,283)
At 5 March 2022		179,915	435,631	615,546
Accumulated depreciation				
Balance at 6 March 2021		(123,466)	(250,468)	(373,934)
Charge for the year		(6,355)	(45,775)	(52,130)
Impairment Charge	4, 6	(2,871)	2,880	9
Disposals		11,438	14,876	26,314
At 5 March 2022		(121,254)	(278,487)	(399,741)
Net book value at 5 March 2022		58,661	157,144	215,805
Net book value at 6 March 2021		68,597	163,386	231,983
Assets in the course of construction included above at 5 March 2022		3,637	57,276	60,913

12. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Set out below are the carrying amounts of right-of-use assets recognised and the amounts during the period.

Net book value	Land & Buildings £'000	Plant and Equipment £'000	Total £'000
At 6 March 2021	260,882	49,071	309,953
Additions	27,780	-	27,780
Adjustments to leases	5,993	27,590	33,583
Depreciation charge	(67,828)	(7,780)	(75,608)
Reversal of Impairment charge	775	-	775
At 5 March 2022	227,602	68,881	296,483

Argos Limited
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12. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Refer to Note 6 for details of the impairment charge of £0.8m (2021: £74.1m) recognised on right-of-use-assets.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022	2021
	£'000	£'000
At 6 March 2021	(433,973)	(452,289)
New leases and modifications	(52,112)	(79,503)
Interest expense	(9,938)	(12,761)
Payments	99,108	110,580
At 5 March 2022	<u>(396,915)</u>	<u>(433,973)</u>

Maturity analysis

	2022	2021
	£'000	£'000
Contractual undiscounted cash flows		
Less than one year	(87,978)	(90,427)
One to two years	(75,631)	(72,470)
Two to three years	(55,204)	(60,879)
Three to four years	(38,834)	(45,095)
Four to five years	(32,802)	(33,862)
Five to ten years	(84,055)	(100,759)
Ten to fifteen years	(21,507)	(29,444)
More than fifteen years	(39,990)	(41,037)
Total undiscounted lease liability	<u>(436,001)</u>	<u>(473,973)</u>
Lease liabilities included in the statement of financial position	<u>(396,915)</u>	<u>(433,973)</u>
Current	(80,113)	(87,810)
Non-current	(316,802)	(346,163)

The following are the amounts recognised in the profit or loss:

		52 weeks ended	52 weeks ended
	Notes	5 March 2022	6 March 2021
		£'000	£'000
Depreciation of right-of-use assets		(75,608)	(89,787)
Reversal of impairment of right of use assets	4, 6	775	(74,120)
Interest on lease liabilities		(9,938)	(12,761)
Expenses relating to short term leases		-	(25,570)
Total amount recognised in profit or loss		<u>(84,771)</u>	<u>(202,238)</u>

Argos Limited
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For the 52 weeks ended 5 March 2022

13. INVESTMENTS IN OTHER COMPANIES

	Subsidiaries
	£'000
Cost	
At 5 March 2022 and 6 March 2021	178,963
Impairment	
At 5 March 2022 and 6 March 2021	(24,819)
Net book value at 5 March 2022 and 6 March 2021	154,144

The investments in other companies above are stated at cost and include the following trading companies:

Company Name	Principal activity	Class of nominal shares held	Proportion of nominal shares held
Home Retail Group Holdings (Overseas) Limited	Holding company	Ordinary	100%
Argos Distributors (Ireland) Limited	General merchandise retailing	Ordinary	100%
Argos Business Solutions Limited	Financial Services	Ordinary	100%
Argos SURBS Investment Limited	Investment Company	Ordinary	100%

The Company considers impairment of its investment in subsidiaries by estimating the recoverable amounts of the investments, which are based on the net assets of the subsidiary.

During the year, a provision of £nil (2021: £24,819m) was made against investments in subsidiaries where the carrying value exceeded the recoverable amount.

A full list of the Company's subsidiaries is detailed in note 27.

14. INVENTORY

	2022	2021
	£'000	£'000
Finished goods	691,606	595,488

The amount of inventories recognised as an expense and charged to cost of sales for the 52 weeks to 5 March 2022 was £3,161m (2021: £3,560m).

Inventory losses and provisions recognised as an expense for the year were £87.3m (2021: £66.2m).

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15. TRADE RECEIVABLES AND OTHER DEBTORS

	2022	2021
	£'000	£'000
Amounts falling due after more than one year:		
Deferred tax	29,749	41,676
	29,749	41,676
Amounts falling due within one year:		
Trade debtors	28,896	33,982
Less provision for impairment of debtors	(4,243)	(5,017)
	24,653	28,965
Amounts owed by group undertakings	2,484,263	2,029,965
Other debtors	47,823	17,289
Prepayments and accrued income	74,447	66,465
	2,631,186	2,142,684
Total	2,660,935	2,184,360

The non-trading balances owed by group undertakings are unsecured, repayable on demand and bear no interest.

Receivable balances with other Group entities are reviewed for potential impairment based on the ability of the counterparty to meet its obligations. This is assessed by considering the net asset position of the entity and whether the amounts owed to the Company are covered. No impairment losses were recognised in the year.

Further details of the deferred tax asset can be found in note 21.

16. CASH AT BANK AND IN HAND

	2022	2021
	£'000	£'000
Cash at bank and in hand	91,689	63,564

17. CREDITORS

	Amounts falling due within one year 2022 £'000	Amounts falling due after more than one year 2022 £'000	Amounts falling due within one year 2021 £'000	Amounts falling due after more than one year 2021 £'000
Trade creditors	(523,086)	-	(599,506)	-
Amounts owed to group undertakings	(2,511,321)	-	(1,754,855)	-
Social security costs and other taxes	(38,702)	-	(57,081)	-
Accruals and deferred income	(175,784)	-	(178,644)	-
Bank overdrafts	(9,330)	-	(35,287)	-
Corporation tax creditor	(23,391)	-	(5,076)	-
Other creditors	(125,074)	-	(152,245)	-
Total	(3,406,688)	-	(2,782,694)	-

Trade and other creditors are non-interest bearing and the fair values are not considered to differ materially from the recognised book values. Other amounts owed to group undertakings at the year-end are unsecured, repayable on demand at amortised cost using the effective interest rate method.

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18. PROVISIONS FOR LIABILITIES

	Property £'000	Insurance provisions £'000	Restructuring provisions £'000	Deferred tax £'000	Other £'000	Total £'000
At 6 March 2021 (Restated)	(91,546)	(9,200)	(29,479)	(12,595)	(32,081)	(174,901)
Charged to the profit and loss account	(3,273)	(1,536)	17,079	(25,633)	(683)	(14,046)
Utilised during the year	27,070	3,566	-	-	23,861	54,497
Charged to the SOCI or SOCIE	-	-	-	(51,864)	-	(51,864)
Discount unwind	(857)	-	-	-	-	(857)
Balance at 5 March 2022	(68,606)	(7,170)	(12,400)	(90,092)	(8,903)	(187,171)

	2022 £'000	2021 £'000
Analysed as		
Amounts falling due within one year	(53,170)	(83,285)
Amounts falling due after more than one year	(134,001)	(91,616)
	(187,171)	(174,901)

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Property provisions

Property Provisions include provisions for onerous contracts which are recognised where expected cash outflows exceed the anticipated future benefits. The amounts provided are based on the Company's best estimate of the likely committed outflow, net of anticipated future benefits. These provisions do not include rent in accordance with IFRS 16, however do include unavoidable costs related to the lease, such as service charges and business rates. The charge for the year is as a result of the store and depot closures which form part of the restructuring programmes announced during the year, as detailed in note 6.

Property provisions also include provisions for dilapidations which are recognised where the Group has the obligation to make-good its leased properties. These provisions are recognised based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amount expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

Insurance provisions

The provision relates to the Group's outstanding insurance claims liabilities in relation to public and employer's liability claims, and third party motor claims. Claims provisions are based on assumptions regarding past claims experience and on assessments by an independent actuary and are intended to provide a best estimate of the most likely or expected outcome.

Restructuring provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

The charge for the year mostly comprises redundancy payments as part of the store and depot closures announced during the year as detailed in note 6, as well as announced head-office restructures during the year.

Other provisions include warranty provisions.

Further details of the deferred tax provision can be found in note 21.

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19. POST-EMPLOYMENT BENEFITS

During the year, the Company operated both defined benefit and defined contribution schemes. A defined benefit scheme is a pension scheme that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution scheme is a pension scheme under which both the Company and employees pay contributions into an independently administered fund. The cost of providing these benefits, recognised in the profit and loss statement, comprises the amount of contributions payable to the schemes in respect of the year.

All retirement benefit obligations are related to the Argos section of the Sainsbury's Pension Scheme plus unfunded pension liabilities relating to former senior employees of Home Retail Group. The retirement benefit obligations at the year-end have been calculated by Isio, the actuarial advisers to the Company, using the projected unit credit method and based on adjusting the position at the date of the previous triennial valuations (see below) for known events and changes in market conditions as allowed under IAS 19 'Employee Benefits'.

Defined benefit scheme

Triennial valuation

The Scheme was subject to a triennial actuarial valuation, carried out by Willis Towers Watson for the Trustee, as at 30 September 2018 on the projected unit basis and a recovery plan was agreed. On the basis of the assumptions agreed, the actuarial deficit as at 30 September 2018 was £538 million. The deficit recovery plan agreed with the Trustee in July 2019 provides for payments of £30m by 30 June 2019, £20m by 31 March 2020, £10m in September 2020 and £10m in March 2021.

The remainder of the deficit will be repaid by the property partnership arrangement below.

Under the revised funding plan, Sainsbury's established a new Scottish Limited partnership - Sainsbury's Thistle Scottish Limited Partnership ("The Partnership") with the Scheme on 17 July 2019. This replaced the existing property partnership (Sainsbury's Property Scottish Partnership).

In respect of the establishment of the Partnership, Argos Ltd made contributions totalling £168 million to the merged pension scheme. Properties were transferred into a newly formed property holding company (Sainsbury's Pension Property Holdings Ltd) from the Sainsbury's Property Scottish Partnership and other Sainsbury's Group Companies. These will be leased by the Sainsburys Supermarkets Ltd under a 40-year arrangement. Rental receipts facilitate payments of interest and capital on loan notes issued to the Partnership.

The Scheme's interest in the Partnership entitles it to annual distributions over up to 20 years. The distributions will be made through three payment streams:

- 1) Payments to the Sainsbury's section (approximately £15 million per year)
- 2) Payments to the Argos section (approximately £20 million per year)
- 3) Switching payment stream, paid to either the Sainsbury's section or Argos section (initially approximately £23 million per year, increasing to £33 million by 2038)

In addition to the above, cash contributions of £10 million were paid during the year (2021: cash contributions of £40 million).

The payments to the Sainsbury's and Argos sections (streams 1 and 2) stop in 2030, or when the relevant section reaches its funding target, if earlier.

The switching stream is initially paid to the Sainsbury's section. Once that funding target is achieved, payments switch to the Argos section. Payments continue until 2038 or until both sections have reached their funding targets, if earlier. The level of property in the Propco reduces as the Scheme reaches the funding targets.

The next triennial funding valuation as at 30 September 2021 is currently being completed by the Trustee. The results of this valuation are not yet available.

IFRIC 14

Under IFRIC 14, a company is required to measure any economic benefits available to it in the form of refunds or reductions to future contributions at the maximum amount that is consistent with the terms and conditions of the pension scheme. These are regarded as available to a company if it has an unconditional right to realise them at some point during the life of the pension scheme or when all benefits are finally settled. Such an unconditional right would not exist when the availability of the refund or the reduction in future contribution would be contingent upon factors beyond the company's control.

Management is of the view that it has an unconditional right to a refund of surplus under IFRIC 14. As such no adjustment has been made for potential additional liabilities.

In forming this conclusion management has considered whether the Group can control the run-off of the Scheme until there are no liabilities left, consistent with IFRIC 14. For example, if the Trustee has a unilateral power to wind up the Scheme while there are liabilities remaining then it is viewed that the Group cannot access surplus through this route. For both sections, management have assessed that the Group can control run-off until no liabilities remain by complying with its obligations under the Scheme rules and pensions legislation, and there will therefore be a gradual settlement of the planned liabilities over the life of each section.

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Notes to the financial statements (continued)
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19. POST-EMPLOYMENT BENEFITS (continued)

The Scheme rules list certain situations under which the Trustee can wind up the Scheme, however whilst there is gradual settlement of the Scheme's liabilities as determined above, these are concluded to be within the control of the Group. As a result, it is concluded that the Trustee does not have a unilateral power to wind up the Scheme nor augment benefits while the Scheme is ongoing.

Unfunded defined benefit scheme

The Company has in place arrangements which secure unfunded pension benefit arrangements for certain Directors and senior managers by granting charges to an independent trustee over an independently managed portfolio of marketable securities owned by the Company.

The Company's unfunded defined benefit arrangement closed to future accrual with effect from 30 April 2013. The unfunded pension liabilities are unwound when each employee reaches retirement and takes their pension from the Group payroll or is crystallised in the event of an employee leaving or retiring and choosing to take the provision as a one-off cash payment.

IAS 19 valuations

The valuations used for IAS 19 have been based on the most recent actuarial funding valuations and have been updated by OSIO to take account of the requirements of IAS 19 in order to assess the liabilities of the schemes at the year-end. As required by IAS19, the value of the defined benefit obligations at the year-end has been measured using the projected unit method.

Income Statements

	52 weeks ended 5 March 2022 £'000	52 weeks ended 6 March 2021 £'000
Administrative expenses	1,300	(1,400)
Interest cost on pension liabilities ¹	(27,500)	(22,658)
Interest income on plan assets	27,300	23,800
Finance income / (expense) (note 7)	(200)	1,142
Total net charge to the profit and loss account	1,100	(258)

¹ Includes interest of £0.3m (2021: £0.3m) for the unfunded pension scheme.

Contributions to the Company's defined contribution pension arrangements are in addition to those set out in this note and are charged directly to the profit and loss account.

Argos Limited
Notes to the financial statements (continued)
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19. POST-EMPLOYMENT BENEFITS (continued)

Other comprehensive income

Remeasurements of the retirement benefit obligations have been recognised as follows:

	2022	2021
	£'000	£'000
Return on plan assets, excluding amounts included in interest	160,700	(109,777)
Actuarial (losses)/gains arising from changes in:		
Finance assumptions ¹	26,445	(15,839)
Demographic assumptions ²	20,100	3,400
Experience ³	40,900	8,000
Total actuarial (losses)	87,445	(4,439)
Impact of minimum funding IFRIC14	-	-
Total remeasurements	248,145	(114,216)

1 Includes £0.9m loss for the unfunded pension scheme (2021: £0.1m loss).

2 Includes £0.5M gain for the unfunded pension scheme (2021: £nil gain).

3 Includes £nil loss for the unfunded pension scheme (2021: £0.7m loss).

Balance Sheets

The movements during the year in the net surplus recognised in the balance sheet were as follows:

	2022	2021
	£'000	£'000
At 6 March 2021 and 7 March 2020	138,498	222,667
Total charge recognised in the profit and loss account	1,100	(258)
Remeasurement of the net defined benefit liability	248,145	(114,216)
Contributions paid	10,357	30,305
At 5 March 2022 and 6 March 2021	398,100	138,498

The Home Retail Group Pension Scheme closed to future accrual with effect from 31 January 2013. Because of the closure, all previously active members of the scheme are now treated as deferred members. The effect of the closure is that these members are no longer entitled to pension benefits linked to future salary increases.

During the year, the Company paid contributions totalling £10.4m (2021: £30.3m) to the Home Retail Group Pension Scheme, including £Nil (2021: £20.0m) as part of the deficit recovery plans agreed with the scheme trustees, and £10.4m (2021: £10.3m) as part of the establishment of the property LP.

The estimated amount of contributions expected to be paid by the Company during the next financial year is £30m, all of which relates to the 2018 Valuation deficit recovery plan.

Argos Limited
Notes to the financial statements (continued)
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19. POST-EMPLOYMENT BENEFITS (continued)

The amounts recognised in the balance sheet are determined as follows:

	2022	2021
	£'000	£'000
Fair value of scheme assets	1,727,352	1,565,054
Present value of non-insured funded scheme liabilities	(1,312,452)	(1,409,456)
Surplus in funded scheme	414,900	155,598
Present value of unfunded pension arrangements	(16,800)	(17,100)
Post-employment benefit obligation recognised in the balance sheet	398,100	138,498

The weighted average duration to payment of the schemes' expected non-insured cash flows is 21 years (2021: 22 years).

Assumptions

The principal actuarial assumptions used to calculate the present value of the defined benefit obligations were as follows:

	2022	2021
	%	%
Inflation rate-RPI	3.60	3.15
Inflation rate-CPI	2.90	2.45
Future pension increases	2.30 - 3.45	2.15-3.10
Discount rate	2.40	1.95
Life expectancy:		
at age 65 for a male currently aged 65	21.3 years	21.7 years
at age 65 for a female currently aged 65	23.9 years	24.0 years
at age 65 for a male currently aged 45	22.5 years	23.0 years
at age 65 for a female currently aged 45	25.4 years	25.5 years

Discount rate

The discount rate for the Scheme is derived from the expected yields on high quality corporate bonds over the duration of the Group's pension scheme and extrapolated in line with gilts with no theoretical growth assumptions. High quality corporate bonds are those for which at least one of the main ratings agencies considers to be at least AA (or equivalent).

Inflation

On 25 November, the Government and UK Statistics Authority's joint consultation response on RPI reform was published. This confirmed their intention to amend the RPI calculation methodology to be aligned to that already in use for the calculation of the CPI (including housing) with effect from 2030. As a result, the Group reduced the post 2030 gap between RPI and CPI to nil in the prior year, effectively assuming RPI will be aligned with CPI post 2030, resulting in a single weighted average RPI-CPI gap of 0.70% p.a. for the 5th March 2022 year-end. This approach has been applied consistently in the current year.

Mortality

The base mortality assumptions are based on the SAPS S2 tables, with adjustments to reflect the Scheme's population. Future mortality improvements for the 2022 year-end are CMI 2021 projections with a long term rate of improvement of 1.25 per cent p.a. Future mortality improvements for the 2021 year-end were CMI 2020 projections with a long term rate of improvement of 1.25 per cent p.a.

While Covid-19 had an impact on mortality in 2020, the impact on future mortality trends is currently unknown. All IAS 19 calculations use the CMI model, which measures potential changes to future mortality trends. The Group's policy is to use the available version as at the year-end (the 2021 results used the CMI 2020 model). The latest CMI model, CMI 2021, was released on 9 March 2022.

The CMI 2020 model showed a significant reduction of 11.8 per cent in the 2020 rates of longevity for the general population. This is well outside the range of annual mortality changes in the last 40 years.

Argos Limited
Notes to the financial statements (continued)
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19. POST-EMPLOYMENT BENEFITS (continued)

As a result of this significant change in mortality, the CMI modified the calibration process for CMI 2020 to allow choice on the weighting placed on an individual year's data. For the Core version of CMI 2020, a weight of zero per cent was applied to 2020 data and weightings of 100 per cent for other years, so the potentially exceptional 2020 experience was ignored when modelling future improvements. This approach has been maintained for CMI 2021, with zero per cent weighting applied to 2020 and 2021 data. In the prior year, the Group determined that putting a high weighting on the impact of 2020 could undervalue the liability so a zero per cent weighting was therefore applied to the 2020 mortality data.

The level and quality of knowledge on the long-term impact of Covid-19 is still uncertain, however there have now been two years of adverse experience and management is of the opinion that this justifies some allowance in long-term mortality trends. The choice of weighting to apply to 2020 and 2021 data is judgemental. The UK has continued to see the impact of the pandemic into 2021 with significant excess deaths compared to pre-pandemic levels. Deaths for 2021 are therefore expected to be higher than 2019 but not as high as 2020 given the success, thus far, of the vaccination program at reducing hospitalisations and deaths. With 2020 and 2021 experiencing negative mortality improvements relative to 2019, it is felt that it would be overly conservative to adopt the Core CMI 2021 model which shows improvements in mortality in 2020, 2021 and beyond.

A 10 per cent weighting has therefore been applied to the 2020 and 2021 mortality data, broadly reflecting that the effects of the pandemic are significantly reduced going forwards with mortality rates for 2022 immediately returning to those in 2019. Thereafter, mortality improvements are in line with the CMI 2021 Core model. The impact of different weightings on the Scheme liabilities is included in the sensitivities section within this note.

Sensitivities

The following sensitivities are based on management's best estimate of a reasonably anticipated change. The sensitivities are calculated using the same methodology used to calculate the retirement benefit obligation, by considering the impact for a given change in assumption. The net retirement benefit obligation is the difference between the retirement benefit obligation and the fair value of plan assets. Changes in the assumptions may occur at the same time as changes in the fair value of plan assets. There has been no change in the calculation methodology since the prior period.

Sensitivity analysis	£m
Financial sensitivities	
An increase of 0.5% in the discount rate would decrease the present value of funded obligations by	120
A decrease of 0.5% in the discount rate would increase the present value of funded obligations by	138
An increase of 0.5% in the inflation rate would increase the present value of funded obligations by	109
A decrease of 0.5% in the inflation rate would decrease the present value of funded obligations by	99
An increase of 0.5% in the inflation rate for future pension increases would increase the present value of funded obligations by	64
A decrease of 0.5% in the inflation rate for future pension increases would reduce the present value of funded obligations by	60
Demographic sensitivities	
An increase of one year to the life expectancy would increase the present value of funded obligations by	55
Changing the 2020 and 2021 weighting parameters in CMI 2021 to 0% would increase the present value of funded obligations by	17
Changing the 2020 and 2021 weighting parameters in CMI 2021 to 25% would decrease the present value of funded obligations by	17

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19. POST-EMPLOYMENT BENEFITS (continued)

The movements in the retirement benefit liabilities (including unfunded) are as follows:

	2022	2021
	£'000	£'000
Opening defined benefit liabilities	(1,426,556)	(1,437,359)
Interest cost	(27,500)	(22,658)
Remeasurements due to:		
Changes in financial assumptions	26,400	(15,839)
Changes in demographic assumptions	20,100	3,400
Impact of minimum funding	-	-
Experience on benefit liabilities	40,900	8,000
Benefits paid	34,800	37,900
Past service credit / (charge)	2,600	-
Closing defined benefit liabilities	(1,329,256)	(1,426,556)
Analysed as:		
Retirement benefit obligations	(1,312,600)	(1,409,498)
Unfunded obligations	(16,656)	(17,058)

The movements in the fair value of the plan assets are as follows:

	2022	2021
	£'000	£'000
Opening market value of scheme assets	1,565,054	1,660,026
Interest income	27,298	23,800
Return on plan assets, in excess of interest income	160,700	(109,777)
Post-employment benefit scheme administration costs	(1,300)	(1,400)
Contributions paid by the Company	10,400	30,305
Benefits paid	(34,800)	(37,900)
Closing market value of scheme assets	1,727,352	1,565,054

Defined contribution schemes

The pension cost represents contributions payable by the Company to the defined contribution schemes and amounted to £10.0m (2021: £12.1). Contributions totalling £ 0.8m (2021: £0.6m) were payable to the schemes at 5 March 2022 and are included within trade and other payables.

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Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

19. POST-EMPLOYMENT BENEFITS (continued)

Risks associated with the Group's defined benefit pension scheme

The Trustee considers that its primary responsibility in respect of investments is to ensure, for the duration of the Scheme, that funds will be available to meet the benefit payment obligations as they fall due. Based on this responsibility and its obligation to manage the investments its investment objectives are as follows:

In respect of the Argos Section:

1. Target a 50% or better chance of being fully funded on a gilts + 0.5% funding level basis by September 2022; and
2. To limit the downside risk associated with the investment policy, wherever possible.

The risks associated with achieving the above strategy are as follows:

Risk	Description	Mitigation
Investment Strategy Risks	Underperformance of Defined Benefit investment strategy relative to the Pension Scheme's liabilities reduces the future resources available to meet pension obligations.	The Scheme adopts a liability driven investment framework to generate excess asset returns with reference to its liabilities by largely removing its interest and inflation uncertainties.
Investment Implementation Risks	Poor execution including investment manager underperformance relative to their targets leads to lower funding levels.	Over two thirds of investment mandates are managed to closely follow a portfolio benchmark with limited investment decisions made by managers.
Custody Risks	Inadequate controls lead to inaccurate record keeping and loss of assets through investment fraud.	The top tier global custodian Northern Trust is used to oversee the Scheme's assets. The Trustee also uses an independent third party to periodically review Northern Trust.
Sustainability, including ESG and climate risks	Investment managers have poor ESG, Stewardship and climate risks oversight policies.	The Scheme incorporates ESG, stewardship and other related risks into its Statement of Investment Principles (SIP) and publishes an annual Implementation Statement. Investment managers are requested to confirm whether they operate in line with the Scheme's official policies. The approach that the Trustee has adopted as part of its ongoing process to deliver a net zero goal by 2050 includes investment decisions based on new climate governance and reporting standards, engagement with corporates and government, maintaining outcomes focused climate objectives in investments and the role of the Scheme's investment managers in signing up to the UN Principles of Responsible Investment and having net zero targets.
Investment Regulatory Risks	Insufficient training and awareness of regulatory requirements results in non-compliance with regulations	The Scheme is advised by Eversheds Sutherland on legal and regulatory matters, and closely follows changes in regulatory and other legal requirements for pensions and investments. Periodic training is provided to the Investment Committee, advisers and, if necessary, the full Board by relevant experts.
Investment Liquidity Risks	Insufficient liquidity to meet ongoing cashflow requirements in respect of member benefit payments.	The Scheme adopts a collateral sufficiency framework which ensures sufficient high quality liquid assets are maintained in order to meet liquidity requirements, even in times of market stress. The Investment Adviser liaises with the Scheme Actuary to understand future cashflow requirements
Investment Counterparty Risks	Financial losses may incur due to failure of counterparties or inability to roll-over derivative positions.	Asset Managers manage credit limits for all their derivative counterparty exposures and monitor positions over derivative roll dates.
Longevity Risks	The Scheme pays benefits longer than expected due to Scheme members' increasing life expectancy.	Longevity risk is managed as part of the Scheme's integrated risk management framework. The Scheme monitors longevity risk closely and aims to achieve sufficient funding level by meeting milestone target to prepare for members' increasing life expectancy.
Currency Risks	The Scheme's unhedged foreign currency exposure leads to additional volatility for non-sterling denominated assets' returns.	Foreign currency exposure is closely monitored and hedging programmes are implemented to efficiently control foreign currency risk at reasonable hedging costs.

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Notes to the financial statements (continued)
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20. OTHER FINANCIAL ASSETS AND LIABILITIES

	2022 £'000	2021 £'000
Other financial assets		
Forward foreign exchange contracts - cash flow hedges	26,234	1,141
Commodity contracts – fuel	6,755	1,092
Total other financial assets	32,989	2,233
Other financial liabilities		
Forward foreign exchange contracts - cash flow hedges	(2,917)	(49,885)
Commodity contracts – fuel	-	(211)
Total other financial liabilities	(2,917)	(50,096)

Forward foreign exchange contracts

The forward foreign exchange contracts are intended to hedge the foreign currency exposures of future purchases of inventory. The hedged cash flows are expected to occur up to one year into the future.

Gains and losses recognised in the hedging reserve in shareholders' equity on forward foreign exchange contracts as at the year-end will be released within one year from the balance sheet date. The notional principal amounts of the outstanding forward foreign exchange contracts at 5 March 2022 were £797.4m (2021: £824.9m). The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

21. DEFERRED TAX

The movements in deferred income tax assets and liabilities during the financial year, prior to the offsetting of the balances within the same tax jurisdiction, are shown below:

	2022 £'000	2021 £'000
Opening net deferred tax (liability)/asset	29,081	(3,058)
Prior year adjustment to profit and loss account	(4,197)	738
Profit and loss account credit/(charge)	(13,317)	16,517
Rate change impact (charged)/credited to profit and loss account	(8,300)	(2,101)
Rate change impact credited to statement of total comprehensive income and statement of changes in equity	(7,829)	1,895
Deferred tax credited/(charged) to statement of total comprehensive income and statement of changes in equity	(55,781)	15,090
Closing net deferred tax asset/(liability)	(60,343)	29,081

The deferred tax amounts recognised are as follows:

	2022 £'000	2021 £'000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than one year	29,748	41,676
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than one year	(90,091)	(12,595)
Net deferred tax asset/(liability)	(60,343)	29,081

Closing deferred tax has been calculated at the enacted rate of 25% (2021: 19%), which differs from the UK corporation tax rate applied to the current year adjusted profits at 19% (2021: 19%).

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21. DEFERRED TAX (continued)

	Accelerated tax depreciation £'000	Fair Value Gains £'000	Other £'000	Share options £'000	Total £'000
Deferred tax assets:					
At 7 March 2020	8,215	1,120	6,809	239	16,383
Credit/(charge) to income statement	7,681		8,819	17	16,517
Prior year adjustment to income statement	738	-	-	-	738
Deferred tax credited to statement of comprehensive income	-	5,912	-	45	5,957
Rate change impact to equity or other comprehensive income	-	132	-	-	132
Rate change impact	1,120	-	801	28	1,949
Balance at 6 March 2021	17,754	7,164	16,429	329	41,676
Credit/(charge) to income statement	(1,678)	-	(2,641)	75	(4,244)
Prior year adjustment to income statement	(3,526)	-	(668)	-	(4,194)
Deferred tax credited to equity statement of comprehensive income	-	(10,701)	-	73	(10,628)
Rate change impact to equity or other comprehensive income	-	(1,117)	-	-	(1,117)
Rate change impact to income statement	3,963	-	4,143	149	8,255
At 5 March 2022	16,513	(4,654)	17,263	626	29,748

	Post- employment benefit obligations £'000	Total £'000
Deferred tax liabilities:		
At 7 March 2020	(19,441)	(19,441)
Deferred tax charged to statement of comprehensive income	9,133	9,133
Rate change impact to income statement	(4,050)	(4,050)
Rate change impact to equity or other comprehensive income	1,763	1,763
At 6 March 2021	(12,595)	(12,595)
Credit/(charge) to income statement	(9,074)	(9,074)
Deferred tax credit to equity or statement of comprehensive income	(45,152)	(45,152)
Rate change impact to income statement	(16,557)	(16,557)
Rate change impact to equity or other comprehensive income	(6,713)	(6,713)
At 5 March 2022	(90,091)	(90,091)

Deferred income tax assets have been recognised in respect of all income tax losses and other temporary differences giving rise to deferred income tax assets because it is probable that these assets will be recovered. Deferred income tax assets and liabilities are only offset where there is a legally enforceable right of offset and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority.

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Notes to the financial statements (continued)
For the 52 weeks ended 5 March 2022

22 CALLED UP SHARE CAPITAL

	2022 £'000	2021 £'000
Allotted, authorised, called-up and fully paid:		
2,498,239,323 (2021: 2,498,239,323) ordinary shares at 25p each	624,560	624,560

23. SHARE-BASED PAYMENT ARRANGEMENTS

Summary of share option and share award arrangements

During the year ended 5 March 2022, J Sainsburys Group plc had a number of share option and share award arrangements for its employees all of which are equity-settled. Employees of this Company participated in these schemes and the Company was recharged the fair value of the schemes. Details of these arrangements are as follows:

Share options

The J Sainsburys and Home Retail Group plc save-as-you-earn (SAYE) plan permits the grant to employees of options over the Company's share linked to a building society save-as-you-earn contract for a term of three and five years with contributions from employees of between £5 and £250 per month. Options are normally capable of being exercised at the end of the three or five-year period at an exercise price calculated at 10% or 20% discount (dependent upon the date of grant) to market price over the three dealing days preceding invitation to participants. Options must be exercised within six months of the end of the three or five-year SAYE contract. Employees who were members of the Home Retail Group scheme had the choice on acquisition of rolling over their options into J Sainsbury Shares or vesting their pro-rated entitlement.

The weighted average share price for share options exercised during the year was £1.80 (2021: £2.13)

Share options outstanding at the end of the year

Share options at the end of the year had the following exercise price and remaining contractual lives:

Range of exercise prices £	As at 5 March 2022			
	Number of options	Weighted average exercise price £	Weighted average remaining lives	
			Expected years	Contractual years
1.00 – 1.99	3,243,664	1.63	2.3	2.8
2.00 – 2.99	1,371,010	2.37	1.5	2.0

Range of exercise prices £	As at 6 March 2021			
	Number of options	Weighted average exercise price £	Weighted average remaining lives	
			Expected years	Contractual years
1.00 – 1.99	5,438,561	1.65	2.3	2.8
2.00 – 2.99	1,090,006	2.60	1.3	1.8

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24. CAPITAL COMMITMENTS

Capital expenditure for which contracts have been placed:

	2022	2021
	£'000	£'000
Tangible assets	(2,144)	(2,402)
Intangible assets	(1,553)	(62)
	(3,697)	(2,464)

25. ULTIMATE PARENT UNDERTAKINGS

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

The Company's ultimate parent and controlling party is J Sainsbury 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 J Sainsbury plc. Copies of these financial statements are available from its registered office at 33 Holborn, London, EC1N 2HT.

26. POST BALANCE SHEET EVENTS

Income recognised in relation to legal disputes:

In 2022 agreements were reached in relation to overcharges from payment card processing fees, which largely reflect inter-bank "interchange fees". Net cash of £30m was received and £30m income was recognised related to Argos Limited litigation claim subsequent to the Company's balance sheet date.

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27. SUBSIDIARIES AND RELATED UNDERTAKINGS

Undertaking	Address of the undertaking	Direct/ indirect holding	Interest
Chad Valley Limited	B	Direct	100
First Stop Stores Limited	B	Direct	100
Argos SURBS Investment Limited	A	Direct	100
Home Retail Group Holdings (Overseas) Limited	B	Direct	100
Brand Leaders Limited	B	Direct	100
Home Retail Group Pension Scheme Nominees Limited †	A	Direct	100
Home Store & More Limited †	B	Direct	100
Argos Card Transactions Limited	B	Direct	100
Premier Incentives Limited †	B	Direct	100
Argos Best Sellers Limited †	B	Direct	100
Argos Business Solutions Limited	A	Direct	100
Argos Distributors (Ireland) Limited	Unit 7, Ashbourne Retail Park, Ballybin Road, Ashbourne, Republic of Ireland	Direct	100
Home Retail Group (Finance) LLP	A	Indirect	100
Argos Superstores Limited †	B	Indirect	100
ARG Services Limited †	B	Indirect	100
Jungle.com Holdings Limited	B	Indirect	100
Sainsbury's Argos Asia Technical Limited	C	Indirect	37.5
Sainsbury's Argos Asia Commercial Limited	C	Indirect	37.5
Sainsbury's Argos Asia Sourcing Limited	C	Indirect	37.5
Sainsbury's Argos Asia Limited	C	Indirect	37.5
Sainsbury's Argos Commercial Consultancy (Shanghai) Limited	D	Indirect	37.5
Jungle.com Limited	B	Indirect	100
Argos Direct Limited	B	Indirect	100
Software Warehouse Holdings Limited	B	Indirect	100
Argos Retail Group Limited †	B	Indirect	100
Jungle Online	B	Indirect	100
Bed Store & More Limited †	B	Indirect	100
Clearance Bargains Limited	B	Indirect	100

Addresses:

A: Avebury, 489-499 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 2NW

B: 33 Holborn, London, United Kingdom, EC1N 2HT

C: Unit 904 9/F Tower 2, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong

D: 26/F., Tower 1, Kerry Everybright City Phase III – Enterprise Centre, No 128 West Tian Mu Road, Ahzbei, Shanghai, 200070, Shanghai, People's Republic of China

† Dissolved subsequent to 5 March 2022