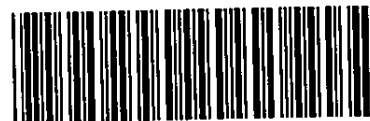


Costco Limited

Financial Statements for the 53 weeks ended 2nd September 2012
together with directors' and auditor's reports

Registered Number: 2776034

TUESDAY



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Directors' Report

For the 53 weeks ended 2nd September 2012

The directors present their annual report on the affairs of Costco Limited together with the financial statements for the 53 weeks ended 2nd September 2012. Comparatives are stated for 52 weeks ended 28th August 2011.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal Activity and Business Review

The company is a wholly owned subsidiary of Costco Wholesale UK Limited which is engaged in operating cash & carry membership warehouses.

The principal activity of the company has been the acquisition and holding of some freehold land and buildings for the group operations and subsequent operating leaseback to the operating company, Costco Wholesale UK Limited.

Directors continue to review the property structure of the UK group, including Costco Limited, and are currently evaluating if there is a continued need to have the remaining property in a separate company.

Key Performance indicators and outlook

Directors use the turnover, profit before tax and retained profit as the key performance indicators. Rental income was consistent with the prior period as the property leased to the operating company has a fixed annual rent which was unchanged.

Under the current lease contract held by the company future rental income is expected to remain steady for the foreseeable future, subject to any impact from changes in the group property structure.

Directors' Report (continued)

Directors

The directors who served during the period were as follows

Magan K Chauhan
James P Murphy
Stephen M Pappas

Disclosure of information to auditors

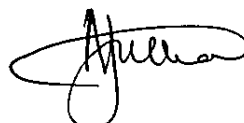
The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

UK Home Office,
Hartspring Lane,
Watford,
Herts, WD25 8JS



Magan K Chauhan
Company Secretary

Date 18th February 2013

Independent auditor's report to the members of Costco Limited

We have audited the financial statements of Costco Limited for the 53 week period ended 2nd September 2012. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 2nd September 2012 and of its profit for the 53 week period then ended,
- have been properly prepared in accordance with UK Generally accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Matt Lewis (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Date: 18 FEBRUARY 2013

58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Profit and Loss Account

For the 53 weeks ending 2nd September 2012

	Notes	2012 £'000	2011 £'000
Turnover	1	1,176	1,176
Cost of sales		-	-
Gross profit		1,176	1,176
Other operating expenses	2	(417)	(417)
Profit on ordinary activities before taxation	3	759	759
Tax on profit on ordinary activities	4	(210)	(242)
Profit for the financial period		549	517

There are no recognised gains or losses in either period other than the result for each period

All operations of the company continued throughout the current period No operations were acquired or disposed under either financial periods

The accompanying notes are an integral part of this profit and loss account

Balance Sheet**At 2nd September 2012**

	Notes	2012 £'000	2011 £'000
Fixed Assets			
Tangible assets	5	16,037	16,454
		-----	-----
Current Assets			
Debtors	6	176,919	176,028
		-----	-----
Total assets less current liabilities		192,956	192,482
Provisions for liabilities and charges	7	(352)	(427)
		-----	-----
Net assets		192,604	192,055
		=====	=====
Capital and reserves			
Called-up share capital	8	2,000	2,000
Share premium account	9	137,498	137,498
Profit and loss account	9	53,106	52,557
		-----	-----
Shareholders' funds	10	192,604	192,055
		=====	=====

These financial statements were approved by the Board of Directors and signed on its behalf by:



Stephen M Pappas
Director

Date 18th February 2013

The accompanying notes are an integral part of this balance sheet
Registered Number 2776034

Statement of Accounting Policies

For the 53 weeks ended 2nd September 2012

Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding period. The accounting period covers the 53 weeks ended 2nd September 2012. Comparative figures are as shown for the 52 weeks ended 28th August 2011.

a) Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	15-50 years
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c) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

d) Turnover

Turnover comprises rent receivable on property leases (excluding VAT and similar taxes) on an accruals basis.

e) Cashflow Statement

Under the provisions of FRS1, the company has not prepared a cash flow statement because it is a wholly owned subsidiary undertaking of a company registered in England & Wales which has prepared consolidated financial statements which include the subsidiary undertaking.

Notes to the Financial Statements

For the 53 weeks ended 2nd September 2012

1. Turnover

Turnover comprises rental income from property leases with parent undertakings arising wholly in the UK

2. Other operating expenses	2012 £000	2011 £000
Administrative expenses	417	417
	<u> </u>	<u> </u>

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2012 £'000	2011 £'000
Depreciation of owned tangible fixed assets	417	417
	<u> </u>	<u> </u>

Audit fees for the company are borne by the parent company

4. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
<i>a) Analysis of tax charge in the period</i>		
UK Corporation Tax		
Current tax on income for the period at 25.2% (2011 – 27.2%)	285	303
	<u> </u>	<u> </u>
Total current tax	285	303
Deferred tax (note 7)	(75)	(61)
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>210</u>	<u>242</u>

Notes to the Financial Statements (continued)

For the 53 weeks ended 2nd September 2012

b) Factors affecting tax charge for the period

The tax assessed for the period is different to the standard UK corporation tax of 25.2%. The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	759	759
Current tax at 25.2% (2011 – 27.2%)	191	206
Effects of		
Capital allowances less than depreciation	28	22
Expenses not deductible for tax purposes	66	75
Total current tax	285	303

c) Factors affecting tax charge for the period

On 21 March 2012 the Chancellor announced a reduction in the main rate of UK Corporation Tax to 24% with effect from 1 April 2012. This charge became substantially enacted on 26 March 2012.

The Chancellor also announced a reduction in the main rate of UK Corporation Tax to 23% with effect from 1 April 2013. This became substantially enacted on 17 July 2012, when the Finance Bill 2012 was given Royal Assent.

The Chancellor also proposed changes to further reduce the main rate of UK Corporation Tax by 1% per annum to 22% by 1 April 2014, but these changes have not yet been enacted.

5. Tangible fixed assets

	Freehold Land & Buildings £'000
Cost	
Beginning and end of period	20,159
Depreciation	
Beginning of period	3,705
Charge for the period	417
End of period	4,122
Net book value	
Beginning of period	16,454
End of period	16,037

Freehold land amounting to £7,090,000 (2011 - £7,090,000) has not been depreciated

Notes to the Financial Statements (continued)

For the 53 weeks ended 2nd September 2012

6.	Debtors	2012 £'000	2011 £'000
	Amounts falling due within one year		
	Amounts owed to group undertakings	<u>176,919</u>	<u>176,028</u>
7.	Provisions for liabilities and charges	2012 £'000	2011 £'000
	Deferred tax – fixed asset timing difference		
	Beginning of period	427	488
	Credit for the period	<u>(75)</u>	<u>(61)</u>
	End of period	<u>352</u>	<u>427</u>
8.	Called-up share capital	2012 £'000	2011 £'000
	Allotted, called-up and fully paid 2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
9.	Reserves		
	<i>Movement in the period</i>		
		Share Premium Account £'000	Profit & Loss Account £'000
	Beginning of period	137,498	52,557
	Profit for the period	-	549
	End of period	<u>137,498</u>	<u>53,106</u>
10.	Reconciliation of movement in shareholders' funds	2012 £'000	2011 £'000
	Profit for the financial period	549	517
	Net addition to shareholders' funds	<u>549</u>	<u>517</u>
	Opening shareholders' funds	192,055	191,538
	Closing shareholders' funds	<u>192,604</u>	<u>192,055</u>

Notes to the Financial Statements (continued)

For the 53 weeks ended 2nd September 2012

11. Related party transactions

The company is controlled by Costco Wholesale UK Limited, the immediate parent undertaking, which controls 100% of the company's voting rights. The ultimate controlling party is Costco Wholesale Corporation.

As 100% of the Company's voting rights are controlled within the group headed by Costco Wholesale Corporation, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Costco Wholesale Corporation.

12. Ultimate parent company

The immediate parent company is Costco Wholesale UK Limited, which heads up the smallest group to consolidate these financial statements. Copies of Costco Wholesale UK Limited financial statements are available to the public and can be obtained from UK Home Office, Hartspring Lane, Watford, WD25 8JS.

The ultimate parent company and controlling party is Costco Wholesale Corporation incorporated in the U S A, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of Costco Wholesale Corporation consolidated financial statements are available to the public and can be obtained from 999 Lake Drive, Issaquah, WA 98027, U S A.