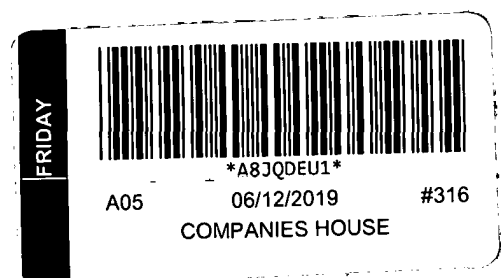


Registered number
05716474

Argos SURBS Investments Limited Annual Report and Financial Statements

For the 52 weeks ended
9 March 2019



**Argos SURBS Investments Limited
Annual Report and Financial Statements
For the 52 weeks ended 9 March 2019**

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Argos SURBS Investments Limited

Strategic report for the 52 weeks ended 9 March 2019

Principal activities, business review and future developments

The principal activity of Argos SURBS Investments Limited (the "Company") is to hold investments, which provide security in respect of certain pension benefit obligations of Argos Limited. It is envisaged that this will remain the activity of the Company for the foreseeable future. In this connection, a charge over the assets of the Company has been granted in favour of The Law Debenture Pension Trust Corporation plc. The results and dividends are discussed on page 2.

Company performance and position

The profit for the financial year was £105,000 (2018: £95,000). At the year-end the Company had net assets of £4,451,000 (2018: £4,561,000).

Principal risks and uncertainties

The management of business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are those of stock market volatility and the ability of the parent company to continue to fund the Company's investment requirements. Further details of these risks and uncertainties in the context of the Group as a whole, of which this Company is a part of, is provided on pages 30 to 36 of the Group's 2019 annual report which does not form part of this report.

Financial risk management

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

The Company has investments in quoted managed indexed funds and as such is exposed to fluctuations in their market value. The quoted market prices used for these financial assets is the current bid price.

Investment risk

The investment risk affecting the Company are those of stock market volatility and the ability of the parent company to continue to fund the Company's investment requirements. Investment risk is managed by diversifying the assets across asset classes whose return patterns are not highly correlated.


Liquidity risk

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

Key performance indicators (KPIs)

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

On behalf of the Board



D W Clark
Director

15 November 2019

Argos SURBS Investments Limited

Directors' report for the 52 weeks ended 9 March 2019

The Directors present their report and the audited financial statements of the Company for the 52 weeks ended 9 March 2019 (the year). The prior financial year's financial statements were for the 52 weeks to 10 March 2018

Registered number

The registered number of the Company is 05716474.

Results and dividends

The profit for the financial year was £105,000 (2018: £95,000). The Directors do not recommend the payment of a dividend (2018: £nil). The future developments of the business, principal risks and uncertainties and financial risk management are discussed within the Strategic report on page 1.

Directors

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

C L Catlin (appointed 15 February 2019)
D W Clark (appointed 14 June 2019)
Sainsbury Corporate Director Limited (appointed 19 February 2019)
S Goodluck (resigned 15 February 2019)
R J Mynard (resigned 15 February 2019)

There were no other appointments or resignations after the year end.

Secretary

The company secretary that held office during the year and up to the date of approval of the financial statements was as follows:

J Foo (appointed 14 June 2019)
T Fallowfield (resigned 14 June 2019)

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Disclosure of information to auditors

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

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

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

On behalf of the Board



D W Clark
Director

15 November 2019

Argos SURBS Investments Limited
Statement of Directors' responsibilities
for the 52 weeks ended 9 March 2019 (continued)

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

On behalf of the Board



D W Clark
Director

15 November 2019

Independent auditors' report to the members of Argos SURBS Investments Limited

Opinion

We have audited the financial statements of Argos SURBS Investments Limited for the year ended 9 March 2019 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 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 9 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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.

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.

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

We have nothing to report in this regard.

Independent auditors' report to the members of Argos SURBS Investments Limited (continued)

Opinion on other matter 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.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or Directors' report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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.

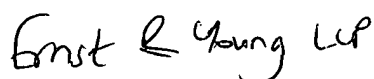
Auditor's responsibilities for the audit of the financial statements

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.

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.



Ben Marles
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 November 2019

Argos SURBS Investments Limited
Profit and loss account
For the 52 weeks ended 9 March 2019

	Notes	52 weeks ended 9 March 2019 £'000	52 weeks ended 10 March 2018 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
- Interest receivable and similar income		283	273
- Interest payable and similar charges		(178)	(178)
Net interest receivable and similar income	6	105	95
Profit on ordinary activities before taxation		105	95
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		105	95

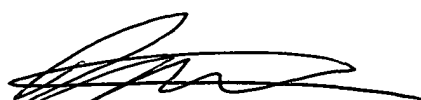
Statement of comprehensive income
For the 52 weeks ended 9 March 2019

	52 weeks ended 9 March 2019 £'000	52 weeks ended 10 March 2018 £'000
Profit for the financial year	105	95
Items that may be recycled subsequently to profit or loss:		
Other comprehensive (expense)/income:		
Fair value movements on available-for-sale financial assets	(216)	168
Tax credit/(charge) in respect of items that will or have been reclassified	1	(7)
	(215)	161
Total comprehensive expense/(income) for the year attributable to owners of the Company	(110)	256

Argos SURBS Investments Limited
Balance sheet
As at 9 March 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Fixed assets			
Other financial assets	8	11,676	11,892
Total fixed assets		11,676	11,892
Current assets			
Cash Equivalents	9	1,406	1,123
Total current assets		1,406	1,123
Total assets		13,082	13,015
LIABILITIES			
Creditors: amounts falling due after more than one year	10	(8,408)	(8,230)
Deferred tax liability	11	(223)	(224)
Total non-current liabilities		(8,631)	(8,454)
Total liabilities		(8,631)	(8,454)
Net assets		4,451	4,561
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		4,451	4,561
Total shareholders' funds		4,451	4,561

The financial statements on pages 6 to 13 were approved by the Board of Directors and were signed on their behalf by:



D C Wheeler
On behalf of Sainsburys Corporate Director Limited
15 November 2019

Registered Number 05716474

Argos SURBS Investments Limited
Statement of changes in equity
For the 52 weeks ended 9 March 2019

	Attributable to owners of the Company		
	Called up share capital (a) £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 10 March 2018	-	4,561	4,561
Profit or the financial year	-	105	105
Other comprehensive (expense)/income:			
Fair value movements on available-for-sale financial assets	-	(216)	(216)
Tax credit in respect of items that will or have been reclassified (note 7)	-	1	1
Other comprehensive expense net of tax for the year	-	(215)	(215)
Total comprehensive expense for the year	-	(110)	(110)
Balance at 9 March 2019	-	4,451	4,451

	Attributable to owners of the Company		
	Called up share capital (a) £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 11 March 2017	-	4,305	4,305
Profit for the financial year	-	95	95
Other comprehensive income/(expense):			
Fair value movements on available-for-sale financial assets	-	168	168
Tax charge in respect of items that will or have been reclassified (note 7)	-	(7)	(7)
Other comprehensive income net of tax for the year	-	161	161
Total comprehensive income for the year	-	256	256
Balance at 10 March 2018	-	4,561	4,561

(a) As disclosed in note 12 the share capital of the Company at each year end was £1.

Argos SURBS Investments Limited

Notes to the financial statements

For the 52 weeks ended 9 March 2019

1. GENERAL INFORMATION

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

The financial year represents the 52 weeks to 9 March 2019 (prior financial year 52 weeks to 10 March 2018).

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. The principal accounting policies applied in the preparation of these financial statements are set out in note 3. Unless otherwise stated, these policies have been consistently applied to all the periods presented.

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

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The key disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows.
- 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).

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. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the profit and loss account 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.

Financial instruments

The financial instruments of the Company relate to available-for-sale financial assets and borrowings. Available-for-sale financial assets comprise long-term quoted managed indexed funds which are included in the balance sheet at their fair value. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Movements in fair value are recognised in other comprehensive income.

Borrowings are non-derivative financial liabilities relating to cumulative redeemable preference shares issued to the immediate parent company. The preference shares accrue dividends at a fixed rate of 3.1% p.a. and are not quoted in an active market. They are recorded at proceeds received net of direct issue costs. The preference shares are included within non-current liabilities.

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 9 March 2019 (continued)

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Fair value estimation

The fair value of available-for-sale financial assets 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.

4. NET OPERATING EXPENSES

Costs of £5,000 (2018: £1,705) for the annual audit of the financial statements of the Company are borne by Argos Limited, and no recharge is made to the Company.

5. DIRECTORS' EMOLUMENTS AND EMPLOYEE INFORMATION

Other than the Company Directors the Company had no employees in either year.

No Director received emoluments in respect of their services to the Company during the year (2018: £nil).

6. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 9 March 2019 £'000	52 weeks ended 10 March 2018 £'000
Interest and dividends received on investments	283	273
Interest to immediate parent company (Fixed Cumulative Redeemable Preference Share dividend)	(178)	(178)
Total interest receivable and similar income	105	95

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 9 March 2019 (continued)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 9 March 2019 £'000	52 weeks ended 10 March 2018 £'000
Analysis of charge in the year		
Current tax:		
UK corporation tax	-	-
Adjustment in respect of prior years	-	-
Total tax charge in profit and loss account	-	-

Factors affecting the tax charge

The effective tax rate for the year of nil (2018: Nil) is lower than the standard rate of corporation tax in the UK of 19.0% (2018: 19.06%). The differences are explained below:

	52 weeks ended 9 March 2019 £'000	52 weeks ended 10 March 2018 £'000
Profit before tax	105	95
Profit before tax multiplied by the standard rate of corporation tax in the UK	(20)	(18)
Effects of:		
Expenses not deductible for taxation purposes	(34)	(34)
Items not taxable	42	40
Other	1	-
Loss relief surrendered for nil consideration	11	12
Total tax charge in profit and loss account	-	-

Factors that may affect future tax charges

The income tax expense for the year is based on the United Kingdom statutory rate of corporation tax for the period of 19.0% (2018: 19.06%).

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

52 weeks ended 9 March 2019

Current tax recognised in equity or other comprehensive income	14
Group relief claimed (surrendered) for nil consideration	(14)
Deferred tax recognised in equity or other comprehensive income	1
Revaluation of deferred tax balances (to equity or other comprehensive income)	-
Income tax credited	1

Financial Assets	Total
£'000	£'000
14	14
(14)	(14)
1	1
-	-
1	1

52 weeks ended 10 March 2018

Current tax recognised in equity or other comprehensive income	(16)
Group relief claimed (surrendered) for nil consideration	16
Deferred tax recognised in equity or other comprehensive income	(8)
Revaluation of deferred tax balances (to equity or other comprehensive income)	1
Income tax charged	(7)

Financial Assets	Total
£'000	£'000
(16)	(16)
16	16
(8)	(8)
1	1
(7)	(7)

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 9 March 2019 (continued)

8. OTHER FINANCIAL ASSETS

	Amounts falling due after more than one year 2019 £'000	Amounts falling due after more than one year 2018 £'000
Other financial assets		
Available-for-sale financial assets	11,676	11,892
Total other financial assets	11,676	11,892

Available-for-sale financial assets

The available-for-sale financial assets held by the Company are investments in quoted managed indexed funds. These investments are held at fair value. As indicated in the Strategic report, the Company has granted a fixed and floating charge over its assets to The Law Debenture Trust Corporation plc.

9. Cash equivalents

	2019 £'000	2018 £'000
Investment in cash funds managed by investment manager	1,406	1,123

As indicated in the Strategic report, the Company has granted a fixed and floating charge over its assets to The Law Debenture Trust Corporation plc.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Amounts owed to immediate parent company	(8,408)	(8,230)

Amounts owed to immediate parent company comprise the cumulative redeemable preference share capital of the Company together with the accrued dividend payable on the shares, and an intercompany settlement of a Corporation Tax creditor. The preference share capital accrues dividends at 3.1%. During the year, the Company has repaid nil (2018: nil) cumulative redeemable preference shares at par and the accrued interest thereon.

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 9 March 2019 (continued)

11. DEFERRED TAX

The movements on the net deferred tax liability are as follows:

	2019	2018
	£'000	£'000
Opening net deferred tax liability	(224)	(217)
Credited/(Charged) to the statement of comprehensive income	1	(8)
Revaluation of deferred tax balances (credited to other comprehensive income)	-	1
Closing net deferred tax liability	(223)	(224)

The deferred tax amounts recognised are as follows:

	2019	2018
	£'000	£'000
Deferred tax liabilities		
- Deferred tax liability to be settled after more than one year	(223)	(224)

	Financial Assets	Total
	£'000	£'000
Deferred tax liability:		
At 10 March 2018	(224)	(224)
Credited to the statement of other comprehensive income	1	1
At 9 March 2019	(223)	(223)
	Financial Assets	Total
	£'000	£'000
Deferred tax liability:		
At 11 March 2017	(217)	(217)
Charged to the statement of other comprehensive income	(8)	(8)
Rate change impact (credited to other comprehensive income)	1	1
At 10 March 2018	(224)	(224)

12. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted, called-up and fully paid:		
1 ordinary share (2018: 1) at £1 each	1	1

13. ULTIMATE PARENT UNDERTAKINGS

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

The Company's ultimate 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 which are publicly available from its official website: <http://www.j-sainsbury.co.uk/investors>; or by writing to its registered office: 33 Holborn, London, EC1N 2HT.