

Registered number
05716474

Argos SURBS Investments Limited
Annual Report and Financial Statements

For the 52 weeks ended
4 March 2023



**Argos SURBS Investments Limited
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Argos SURBS Investments Limited

Strategic report for the 52 weeks ended 4 March 2023

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 3.

Company performance and position

The profit for the financial year was £132,000 (2022: £73,000). At the year-end, the Company had net assets of £5,910,000 (2022: £5,666,000).

Section 172 statement and stakeholder engagement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 4 March 2023. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the 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.

The Company is a subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of J Sainsbury plc and its subsidiaries (the 'Group'). During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group. The Directors primarily used finance 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 2023 Annual Report for J Sainsbury plc on pages 24-29.

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, of which this Company is a part of, is provided on pages 44 to 57 of the Group's 2023 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.

Argos SURBS Investments Limited
Strategic report for the 52 weeks ended 4 March 2023 (continued)

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

Irina Beech

Irina Beech (Sep 5, 2023 13:44 GMT+1)

I Beech
Director
5 September 2023

Argos SURBS Investments Limited

Directors' report for the 52 weeks ended 4 March 2023

The Directors present their report and unaudited financial statements of the Company for the 52 weeks ended 4 March 2023 (the year). The prior financial year's financial statements were for the 52 weeks to 5 March 2022.

Registered number

The registered number of the Company is 05716474.

Results and dividends

The profit for the financial year was £132,000 (2022: £73,000). The Directors do not recommend the payment of a dividend (2022: £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:

Sainsburys Corporate Director Limited
I Beech

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

Secretary

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

Sainsbury's Corporate Secretary Limited

Director's liability insurance and third-party indemnification provisions

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 2022/23, which was renewed for 2023/24. 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.

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of at least twelve months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Audit exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. For the year ended 4 March 2023, the Company was entitled to exemption from audit under section 477 of the Companies Act relating to small companies.

On behalf of the Board



Irina Beech (Sep 5, 2023 13:44 GMT+1)

I Beech
Director
5 September 2023

Argos SURBS Investments Limited
Statement of Directors' responsibilities
for the 52 weeks ended 4 March 2023

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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 proper accounting records that 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations.

On behalf of the Board

Irina Beech

Irina Beech (Sep 5, 2023 13:44 GMT+1)

I Beech
Director
5 September 2023

Argos SURBS Investments Limited
Profit and loss account
For the 52 weeks ended 4 March 2023

		52 weeks ended 04-Mar 2023 £'000	52 weeks ended 05-Mar 2022 £'000
	Notes		
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
- Interest receivable and similar income		329	250
- Interest payable and similar charges		(178)	(177)
Net interest receivable and similar income	6	151	73
Profit on ordinary activities before taxation		151	73
Tax on profit on ordinary activities	7	(19)	-
Profit for the financial year		132	73

Statement of comprehensive income
For the 52 weeks ended 4 March 2023

	52 weeks ended 04-Mar 2023 £'000	52 weeks ended 05-Mar 2022 £'000
Profit for the financial year	132	73
Items that may be recycled subsequently to profit or loss:		
Other comprehensive income/(expense):		
Fair value movements on available-for-sale financial assets	436	395
Tax (charge) in respect of items that will or have been reclassified	(324)	(293)
	112	102
Total comprehensive income for the year attributable to owners of the Company	244	175

Argos SURBS Investments Limited
Balance sheet
As at 4 March 2023

Registered Number 05716474

	Notes	2023 £'000	2022 £'000
ASSETS			
Fixed assets			
Other financial assets	7	13,571	13,135
Total fixed assets		13,571	13,135
Current assets			
Cash and cash equivalents	8	3,368	2,179
Total current assets		3,368	2,179
Total assets		16,939	15,314
LIABILITIES			
Non-current liabilities			
Creditors: amounts falling due after more than one year	9	(9,978)	(8,940)
Deferred tax liability	10	(1,032)	-
Total non-current liabilities		(11,010)	(9,648)
Current liabilities			
Provision for corporation tax		(19)	-
Total current liabilities		(19)	-
Total liabilities		(11,029)	(9,648)
Net assets		5,910	5,666
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		5,910	5,666
Total shareholders' funds		5,910	5,666

For the year ended 4 March 2023, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts. The financial statements on pages 5 to 12 were approved by the Board of Directors and were signed on their behalf by:

Leon Smith

Leon Smith (Sep 5, 2023 13:18 GMT+1)

Leon Smith
On behalf of Sainsburys Corporate Director Limited
5 September 2023

Argos SURBS Investments Limited
Statement of changes in equity
For the 52 weeks ended 4 March 2023

	Attributable to owners of the Company		
	Called up share capital (a)	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 6 March 2022	-	5,666	5,666
Profit for the financial year	-	132	132
Other comprehensive income:			
Fair value movements on available-for-sale financial assets	-	436	436
Tax charge in respect of items that will or have been reclassified (note 7)	-	(324)	(324)
Other comprehensive income net of tax for the year	-	112	112
Total comprehensive income for the year	-	244	244
Balance at 4 March 2023	-	5,910	5,910

	Attributable to owners of the Company		
	Called up share capital (a)	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 6 March 2021	-	5,491	5,491
Profit for the financial year	-	73	73
Other comprehensive income:			
Fair value movements on available-for-sale financial assets	-	395	395
Tax charge in respect of items that will or have been reclassified (note 7)	-	(293)	(293)
Other comprehensive income net of tax for the year	-	102	102
Total comprehensive income for the year	-	175	175
Balance at 5 March 2022	-	5,666	5,666

(a) As disclosed in note 11 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 4 March 2023

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 33 Holborn, London, EC1N 2HT.

The financial year represents the 52 weeks to 4 March 2023 (prior financial year 52 weeks to 5 March 2022).

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.

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 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:

- The requirements of IAS 7 to present a cash flow statement.
- The requirements of paragraph 17 of IAS 24, Related Party Transactions, to disclose information related to key management personnel, and the requirements of IAS 24 to disclose related party transactions between two or more members of a group for wholly owned subsidiaries.
- The requirements of paragraphs 30 and 31 of IAS 8 to disclose information assessing the possible impact of new standards issued but which are not yet effective.
- The requirements of IFRS 7 and IFRS 13 for disclosure of financial instruments and fair values.
- The requirements to present roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16), intangible assets (IAS 38).

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of at least twelve months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

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.

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.

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 4 March 2023 (continued)

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

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. 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 (2022: £nil).

5. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 04-March 2023 £'000	52 weeks ended 05-March 2022 £'000
Interest and dividends received on investments	329	250
Interest to immediate parent company (Fixed Cumulative Redeemable Preference Share dividend)	(178)	(177)
Total interest receivable and similar income	151	73

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 4 March 2023 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 04-Mar 2023 £'000	52 weeks ended 05-Mar 2022 £'000
Analysis of charge in the year		
Current tax:		
UK corporation tax	(19)	-
Adjustment in respect of prior years	-	-
Total tax charge in profit and loss account	(19)	-

Factors affecting the tax charge

The effective tax rate for the year of 12% (2022: Nil) is lower than the standard rate of corporation tax in the UK of 19.0% (2022: 19.0%). The differences are explained below:

	52 weeks ended 04-Mar 2023 £'000	52 weeks ended 05-Mar 2022 £'000
Profit before tax	151	73
Profit before tax multiplied by the standard rate of corporation tax in the UK	(29)	(14)
Effects of:		
Transfer pricing adjustment	-	1
Other	10	10
Loss relief claimed for nil consideration	-	3
Total tax charge in profit and loss account	(19)	-

Factors that may affect future tax charges

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 previous accounting period, and deferred tax balances were revalued accordingly.

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

	Financial Assets	Total
52 weeks ended 4 March 2023	£'000	£'000
Deferred tax recognised in equity or other comprehensive income	(246)	(246)
Revaluation of deferred tax balances (to equity or other comprehensive income)	(78)	(78)
Income tax charged	(324)	(324)

52 weeks ended 5 March 2022	£'000	£'000
Deferred tax recognised in equity or other comprehensive income	(123)	(123)
Revaluation of deferred tax balances (to equity or other comprehensive income)	(170)	(170)
Income tax charged	(293)	(293)

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 4 March 2023 (continued)

7. OTHER FINANCIAL ASSETS

	Amounts falling due after more than one year	Amounts falling due after more than one year
	2023	2022
	£'000	£'000
Other financial assets		
Available-for-sale financial assets	13,571	13,135
Total other financial assets	13,571	13,135

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.

8. CASH EQUIVALENTS

	2023	2022
	£'000	£'000
Investment in cash funds managed by investment manager	3,368	2,179

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. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£'000	£'000
Amounts owed to immediate parent company	(9,978)	(8,940)

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 (2022: nil) cumulative redeemable preference shares at par and the accrued interest thereon.

The Company undertook an analysis to determine if its preference shares contain features that cause the instrument not to meet the definition of an equity instrument and concluded that the preference shares should be held at fair value through profit or loss, as the shares do not meet the definition of equity and their cash flows relating to interest payments can be deferred and such deferral does not result in interest accruing on the deferred amount.

Argos SURBS Investments Limited
Notes to the financial statements
For the 52 weeks ended 4 March 2023 (continued)

10. DEFERRED TAX

	2023 £'000	2022 £'000
Opening net deferred tax liability	(708)	(415)
Charged to the statement of comprehensive income	(246)	(123)
Revaluation of deferred tax balances (charged to other comprehensive income)	(78)	(170)
	(1,032)	(708)

	2023 £'000	2022 £'000
Deferred tax liabilities		
- Deferred tax liability to be settled after more than one year	(1,032)	(708)
	(1,032)	(708)

	Financial Assets £'000	Total £'000
Deferred tax liability:		
At 5 March 2022	(708)	(708)
Charged to the statement of other comprehensive income	(324)	(324)
At 4 March 2023	(1,032)	(1,032)
	Financial Assets £'000	Total £'000
Deferred tax liability:		
At 6 March 2021	(415)	(415)
Charged to the statement of other comprehensive income	(293)	(293)
At 5 March 2022	(708)	(708)

11. CALLED UP SHARE CAPITAL

	2023 £	2022 £
Authorised, allotted, called-up and fully paid:		
1 ordinary share (2022: 1) at £1 each	1	1

12. 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.