

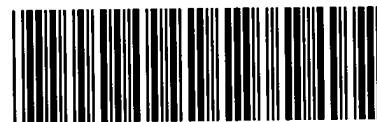
Registration Number
NI 11639

Hampden Group Limited

Annual Report and Financial Statements

For the 52 weeks ended
28 February 2015

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Hampden Group Limited
Annual Report and Financial Statements
28 February 2015

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Hampden Group Limited
Strategic report for the 52 weeks ended 28 February 2015

Principal activities

The principal trading activity of Hampden Group Limited ("the Company") is the retailing of home enhancement products from Homebase stores within Northern Ireland. The Company is also an investment holding company for a number of subsidiary undertakings which include the indirectly held Argos general merchandise retailing business and the indirectly held Homebase retail businesses in Great Britain and the Republic of Ireland.

Review of the business and future developments

The results and dividends are discussed on page 3.

The Company sells home enhancement products from Homebase stores and online in Northern Ireland. The Company has generated sales of £35,466k (2104: £34,752k) in the year representing an increase of 2.1% (2014: 3.8%). This sales increase was principally driven by growth in seasonal products during the first half of the financial year together with further growth in big ticket products. Sales across the remaining categories were broadly flat compared with last year. The gross margin rate was down by 1.9 percentage points, largely driven by an adverse sales mix from the growth in margin dilutive seasonal and big ticket products.

The Company is part of Home Retail Group plc, and as such a detailed review of Homebase's business and future developments, which includes the trading activity of the Company, is contained within Home Retail Group's 2015 annual report, which does not form part of this report, starting on page 16.

Homebase undertook a strategic review during the year and announced an ambitious three-year Productivity Plan which should result in Homebase being a stronger business, with better financial ratios, a solid foundation of store operations and customer service, improved offers and proven new customer propositions. The strategy, key initiatives and competitive position of the Homebase business are also considered in the strategic report of Home Retail Group's 2015 annual report, which does not form part of this report, starting on page 5.

It is anticipated that the Company will continue to act as a retailing company for Homebase stores within Northern Ireland as well as an investment holding company for its subsidiary undertakings for the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties of Home Retail Group plc, which includes the Company, are discussed on pages 24-25 of Home Retail Group's 2015 annual report, which does not form part of this report. The Company is part of Home Retail Group (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, Home Retail 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 with respect to a euro denominated intercompany balance with a subsidiary company. Gains or losses arising from movements in the euro exchange rate are taken through the profit and loss account in the period to which they relate.

Market risk - interest rate and credit risk

The Company currently holds a net cash position and the Group has undrawn committed borrowing facilities.

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.

Hampden Group Limited
Strategic report for the 52 weeks ended 28 February 2015 (continued)

Principal risks and uncertainties (continued)

Market risk - interest rate and credit risk (continued)

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 banks and financial institutions with sound credit rating. 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.

The Group's cash management policy, which was updated and approved by the Board of Directors during the year, requires:

- for a term deposit of up to £50m for up to 3 months a bank must have a minimum long-term rating of A- or better;
- for an additional 3 month term deposit of up to £50m, a bank must have a minimum long-term rating of A+, or a minimum rating of A if the UK Government holds a minimum shareholding of 25%;
- for a term deposit of up to £50m for a period up to 12 months, a bank must have a minimum long-term rating of A+, or a minimum long-term rating of A if the UK Government holds a minimum shareholding of 25%;
- for instant access on demand accounts of up to £50m a bank must have a minimum short-term rating of B;
- for instant access on demand accounts of up to £100m a bank must have a minimum short-term rating of A-1; and
- for a deposit of up to £100m in a money market fund, the fund must have a long-term rating of AAA.

Each deposit made by the Group during the year was compliant with the policy that was effective at the date the deposit was made. Where a term deposit has been made and the counterparty ratings have subsequently reduced, each relevant position has been reviewed and any decision to maintain a position until the normal maturity date has been approved by the Board.

Liquidity risk

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

The Group manages its cash and committed borrowing facilities to maintain liquidity and funding flexibility. Liquidity is achieved through arranging funding ahead of requirements and maintaining sufficient undrawn committed facilities to meet short-term needs, and facilities are in place for this purpose. At 28 February 2015, the Group had an undrawn committed borrowing facility available of £165m. This facility, which was unsecured, included a covenant related to Group consolidated adjusted benchmark earnings before interest, tax, depreciation, amortisation and rent and also included a covenant related to net balance sheet debt. This facility was cancelled on 26 March 2015 prior to its contractual maturity date of 27 March 2016 as a result of agreeing a new unsecured, committed borrowing facility of £250m. This new facility also includes the covenants noted above. The Group has not drawn down on its borrowing facilities and has been in compliance with the requirements of the covenants throughout the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Homebase retail division, which includes the Company is discussed on pages 16-19 in Home Retail Group plc's annual report for 2015 which does not form part of this report.

By order of the Board



D Hamilton
Company Secretary

Date: 22nd July 2015

Hampden Group Limited
Directors' report for the 52 weeks ended 28 February 2015

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 28 February 2015 (the "year").

Registered number

The registered number of the Company is NI 11639.

Results and dividends

The Company's profit for the year is £20,108k (2014: £17,344k). No dividends have been paid during the year, and the directors do not recommend the payment of a dividend (2014: £nil). The future developments and principal risks and uncertainties are discussed within the Strategic report on pages 1 and 2.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were:

R Ashton

D Davis

T Duddy (resigned 14 March 2014)

P Loft (resigned 30 April 2015)

M Thompson

J Walden (appointed 14 March 2014)

H Lu (appointed 30 April 2015)

Company Secretary

P McKelvey resigned as Secretary of the Company on 11 September 2014 and D Hamilton replaced her on the same date.

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 9 to the financial statements.

Political donations

The Company has made no political donations and incurred no items of political expenditure during the year (2014: £nil).

Creditor payment policy

For all trade creditors, it is the Company's policy to:

- Agree and confirm the terms of payment at the commencement of business with that supplier;
- Pay suppliers in accordance with applicable terms; and
- Continually review the payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining a good working relationship.

Employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. In addition, meetings are held to ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole and employees are also encouraged to be involved in the Group's performance through a SAYE share scheme. Communication with all employees continues through the in-house newsletters, briefing groups and the distribution of the Home Retail Group plc 2015 results.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Hampden Group Limited
Directors' report for the 52 weeks ended 28 February 2015 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' report and the financial statements in accordance with applicable laws 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 they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

Directors liability insurance and third party indemnification provisions

During the year and up to the date of approval of the financial statements the Company maintained liability insurance for its directors. The Group also maintains third party indemnification provisions for certain directors, under which the Group has agreed to indemnify those directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies. These indemnities are Qualifying Third Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Group during business hours on any weekday except public holidays.

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.

By order of the Board



D Hamilton
Company Secretary

Date: 22nd July 2015

Registered Office
21 Arthur Street
Belfast
BT1 4GA
Registered Number: NI 11639

Hampden Group Limited

Independent auditors' report to the members of Hampden Group Limited

Report on the financial statements

Our opinion

In our opinion, Hampden Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 28 February 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Hampden Group Limited's financial statements comprise:

- the balance sheet as at 28 February 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Hampden Group Limited

Independent auditors' report to the members of Hampden Group Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



Simon Morley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 22 July 2015

Hampden Group Limited
Profit and loss account
For the 52 weeks ended 28 February 2015

| | Note | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|--|------|---|---|
| Turnover | | 35,466 | 34,752 |
| Cost of sales | | <u>(21,382)</u> | <u>(20,304)</u> |
| Gross profit | | 14,084 | 14,448 |
| Net operating expenses - before exceptional items | 4 | <u>(15,980)</u> | <u>(16,511)</u> |
| Operating loss before exceptional items | | (1,896) | (2,063) |
| Net operating expenses - exceptional items | 4, 6 | <u>(904)</u> | <u>(2,194)</u> |
| Operating loss | | (2,800) | (4,257) |
| - Interest receivable and similar income | | 23,951 | 23,225 |
| - Interest payable and similar charges | | (944) | (893) |
| Net interest receivable and similar income | 7 | <u>23,007</u> | <u>22,332</u> |
| Profit on ordinary activities before taxation | | 20,207 | 18,075 |
| Tax on profit on ordinary activities | 8 | (99) | (731) |
| Profit for the financial year | | 20,108 | 17,344 |

Statement of comprehensive income
For the 52 weeks ended 28 February 2015

| | Note | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|--|------|---|---|
| Profit for the financial year | | 20,108 | 17,344 |
| Items that will not be reclassified subsequently to profit and loss | | | |
| Remeasurement of the net defined benefit pension obligation | 16 | (910) | (349) |
| Tax credit in respect of items not reclassified | 8 | 183 | 43 |
| Other comprehensive expense for the year, net of tax | | (727) | (306) |
| Total comprehensive income for the year attributable to the owners of the Company | | 19,381 | 17,038 |

Hampden Group Limited
Balance sheet
As at 28 February 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|--------|------------------|------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 1,070 | 1,506 |
| Investments | 10, 24 | <u>2,940,057</u> | <u>2,940,057</u> |
| Total fixed assets | | <u>2,941,127</u> | <u>2,941,563</u> |
| Current assets | | | |
| Stock | 11 | 4,191 | 4,179 |
| Debtors | 12 | 1,041,882 | 1,018,585 |
| Cash at bank and in hand | 13 | <u>245</u> | <u>280</u> |
| Total current assets | | <u>1,046,318</u> | <u>1,023,044</u> |
| Total assets | | <u>3,987,445</u> | <u>3,964,607</u> |
| LIABILITIES | | | |
| Long-term liabilities | | | |
| Creditors: amounts falling due after more than one year | 14 | (2,508) | (2,113) |
| Provisions for liabilities | 15 | (13,981) | (14,303) |
| Pension liabilities | 16 | <u>(1,478)</u> | <u>(1,044)</u> |
| Total long-term liabilities | | <u>(17,967)</u> | <u>(17,460)</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | (272,568) | (270,367) |
| Provisions for liabilities | 15 | <u>(4,472)</u> | <u>(3,723)</u> |
| Total current liabilities | | <u>(277,040)</u> | <u>(274,090)</u> |
| Total liabilities | | <u>(295,007)</u> | <u>(291,550)</u> |
| Net assets | | <u>3,692,438</u> | <u>3,673,057</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 3,497,550 | 3,497,550 |
| Share premium account | | 4,200 | 4,200 |
| Profit and loss account | | <u>190,688</u> | <u>171,307</u> |
| Total shareholders' funds | | <u>3,692,438</u> | <u>3,673,057</u> |

The financial statements on pages 7 to 32 were approved by the Board of Directors and were signed on their behalf by:



D Davis
 Director

Date: 22nd July 2015

Hampden Group Limited
Statement of changes in equity
For the 52 weeks ended 28 February 2015

| | Attributable to owners of the Company | | | |
|------------------------------------|---------------------------------------|--------------------------|----------------------------|---------------------------------|
| | Called up share capital | Share premium account | Profit and loss account | Total shareholders' funds |
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 2 March 2014 | 3,497,550 | 4,200 | 171,307 | 3,673,057 |
| Profit for the financial year | - | - | 20,108 | 20,108 |
| Other comprehensive expense | - | - | (727) | (727) |
| Total comprehensive income | - | - | 19,381 | 19,381 |
| Balance at 28 February 2015 | 3,497,550 | 4,200 | 190,688 | 3,692,438 |

| | Attributable to owners of the Company | | | |
|-------------------------------|---------------------------------------|--------------------------|----------------------------|---------------------------------|
| | Called up share capital | Share premium account | Profit and loss account | Total shareholders' funds |
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 3 March 2013 | 3,497,550 | 4,200 | 154,269 | 3,656,019 |
| Profit for the financial year | - | - | 17,344 | 17,344 |
| Other comprehensive expense | - | - | (306) | (306) |
| Total comprehensive income | - | - | 17,038 | 17,038 |
| Balance at 1 March 2014 | 3,497,550 | 4,200 | 171,307 | 3,673,057 |

Hampden Group Limited
Notes to the financial statements
For the 52 weeks ended 28 February 2015

1. General information

Hampden Group Limited (“the Company”) is a private limited company incorporated and domiciled in Northern Ireland under the Companies (Northern Ireland) Order 1986. The Company's registered address is 21 Arthur Street, Belfast, BT1 4GA.

The financial year represents the 52 weeks to 28 February 2015 (prior financial year 52 weeks to 1 March 2014).

2. Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on the going-concern basis and under the historic cost convention modified for the revaluation of retirement benefits and share-based payments. 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 23 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; and the requirement to present roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16), and intangible assets (IAS 38).

A summary of the more important accounting policies is set out below.

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.

Changes in accounting standards

There are no new standards, amendments to existing standards or interpretations which were effective for the first time during the year ended 28 February 2015 that had a material impact on the Company.

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective, including IFRS 15 ‘Revenue from contracts with customers’, which is effective for periods beginning on or after 1 January 2017 and IFRS 9 ‘Financial Instruments’, which is effective for periods beginning on or after 1 January 2018. The Company has not early-adopted either of these new standards or amendments to existing standards. The Company is currently assessing the impact of IFRS 9 and IFRS 15. There are no new standards, amendments to existing standards or interpretations which were effective for the first time that had a material impact on the Company.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

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 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:

Taxes

Significant judgement is required in determining the provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results for the year and the respective income tax and deferred tax provisions in the year in which such determination is made. Deferred tax assets are recognised for tax loss carry-forwards and other temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Pension 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 for defined benefit obligations and pension costs are based in part on market conditions at the relevant year-ends and additional information is disclosed in note 16.

Impairment of assets

Assets are subject to impairment reviews whenever changes in events or circumstances indicate that an impairment may have occurred. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. In the case of store assets, a CGU may represent a single store.

Assets (or CGUs) are written down to their recoverable amount, which is the higher of fair value less costs to dispose and value-in-use. Value-in-use is calculated by discounting the expected cash flows from the asset at an appropriate discount rate for the risks associated with that asset. This includes estimates of both the expected cash flows and an appropriate discount rate which use management's assumptions and estimates of the future performance of the asset. Differences between expectations and the actual cash flows will result in differences in the level of impairment required.

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.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

2. Basis of preparation (continued)

Critical accounting estimates and assumptions (continued)

Stock provisions

Stock is carried at the lower of cost and net realisable value which requires the estimation of the eventual sales price of goods to customers in the future. Net realisable value takes into account slow moving, obsolete and defective stock. Any difference between the expected and the actual sales price achieved will be accounted for in the period in which the sale is made.

Provisions

Provisions have been estimated for onerous leases, insurance, restructuring and other liabilities. These provisions represent the best estimate of the liability at the balance sheet date, the actual liability being dependent on future events such as trading conditions at a particular store or the incidence of insurance claims against the Company. Expectations will be revised each period until the actual liability arises, with any difference accounted for in the period in which the revision is made.

3. Summary of principal accounting policies

Turnover

Turnover 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. Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of turnover can be measured reliably. Turnover 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. Turnover is shown net of value added tax, expected returns, discounts and the cost of Nectar reward points issued and redeemed. Commissions receivable on the sale of services for which the Company acts as agents are included within turnover. A provision for estimated returns is made representing the profit on goods sold during the period which will be returned and refunded after the period end. All turnover arises in Northern Ireland.

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.

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 dispose 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:

- leasehold premises are depreciated over the period of the lease;
- plant and equipment is depreciated over 2 - 10 years according to the estimated useful life of the asset; and
- assets in 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 their cost of acquisition. Where appropriate, a provision is made for any impairment in their value.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

3. Summary of principal accounting policies (continued)

Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of 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 receivables. 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 base in use within the Company are general retail goods valued on a weighted average basis which approximates to actual cost. Supplier income received in respect of specific stock is treated as a reduction in the cost of this inventory. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The stocks held at the Company's retail outlets are consignment stocks that are legally owned by Homebase Limited, a subsidiary of the Company. Ownership of this consignment stock passes when the stock is sold by the Company. However the Company bears the risks and rewards of ownership of the stock and accordingly, consignment stocks, and the associated creditor, are recognised in the Company's balance sheet.

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.

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 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. Corporation tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the balance sheet date.

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 it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

3. Summary of principal accounting policies (continued)

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Incentives from lessors are recognised as a systematic reduction of the charge over the life of the lease.

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 virtually 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 revenue 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 retirement 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.

Share based payments

The Company participates in a number of equity-settled, share-based compensation plans operated by its ultimate parent, Home Retail Group plc. 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 that 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. The Company is recharged an allocation of the Homebase group charge, based on numbers of full time equivalent employees, with the charge taken to the profit and loss account.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

3. Summary of principal accounting policies (continued)

Income from shares in group undertakings

Dividends received from shares in group undertakings are recognised when the right to receive payment is established.

Financial instruments

The Company classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through the profit and 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.

Financial assets and liabilities at fair value through the profit and loss

Financial assets and liabilities at fair value through the profit and loss account are so designated by management on initial recognition. Financial assets and liabilities at fair value through profit or loss are initially recorded at fair value with gains or losses arising from changes in their fair value presented in the profit and loss account. Items in this category are classified as current assets or current liabilities if they are expected to be realised within 12 months of the balance sheet date.

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.

Non-GAAP financial information

Exceptional items

Items which are both material, in either size or nature, and non-recurring 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. Examples of items which may be recorded as exceptional items are impairment charges and restructuring costs.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

4. Net operating expenses

| | 52 weeks ended 28 February 2015 | | | 52 weeks ended 1 March 2014 | | |
|-------------------------------|---|---|--|---|---|--|
| | Before exceptional items £'000 | Exceptional items (note 6) £'000 | After exceptional items £'000 | Before exceptional items £'000 | Exceptional items (note 6) £'000 | After exceptional items £'000 |
| | Expenses by function | | | | | |
| Selling costs | (14,406) | (1,040) | (15,446) | (14,605) | (2,498) | (17,103) |
| Administrative expenses | (1,574) | 136 | (1,438) | (1,906) | 304 | (1,602) |
| Net operating expenses | (15,980) | (904) | (16,884) | (16,511) | (2,194) | (18,705) |

52 weeks
ended
28 February
2015
£'000

52 weeks
ended
1 March
2014
£'000

Profit on ordinary activities before taxation is stated after (charging)/crediting:

Operating lease rentals:

| | | |
|--|----------|----------|
| - Plant and equipment | (12) | (9) |
| - Property | (4,467) | (4,518) |
| Cost of stocks recognised as an expense in cost of sales | (18,029) | (17,297) |
| Write down of stock | (347) | (298) |
| Loss on sale of tangible assets | - | 7 |
| Depreciation of tangible assets (note 9) | (309) | (394) |
| Exceptional items (note 6) | (904) | (2,194) |
| Auditors' remuneration: | | |
| Company audit | (11) | (11) |

5. Employee costs and employee numbers

| | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|-----------------------|---|---|
| Employee costs | | |
| Wages and salaries | (3,787) | (3,848) |
| Social security costs | (171) | (211) |
| Other pension costs | (47) | (103) |
| Share-based payments | (42) | (90) |
| | (4,047) | (4,252) |

The prior year's employee costs shown above do not include the net charge of £145k in respect of the exceptional charge which arose in 2014 on the closure of the Hampden Group defined benefit pension scheme to accrual of future service benefits.

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 28 February 2015 Number of employees | 52 weeks ended 28 February 2015 Full time equivalent | 52 weeks ended 1 March 2014 Number of employees | 52 weeks ended 1 March 2014 Full time equivalent |
|------------------------------------|--|---|--|---|
| Average number of employees | | | | |
| Stores | 372 | 153 | 379 | 152 |
| Administration and other | 38 | 38 | 44 | 44 |
| | 410 | 191 | 423 | 196 |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

5. Employee costs and employee numbers (continued)

No emoluments were paid to the directors for their services to the Company.

T Duddy was, and J Walden and R Ashton are, directors of Home Retail Group plc, the ultimate holding company. M Thompson is a director of Argos Limited. P Loft was, and D Davis is, a director of Homebase Limited. It is not possible to calculate a meaningful allocation of the emoluments of the Home Retail Group plc, Argos Limited and Homebase Limited directors to the subsidiaries. Consequently, no emoluments relating to these directors have been apportioned or recharged to the Company. None of the directors were members of the defined benefit pension scheme operated by the Company (2014: nil).

6. Exceptional items

| | 52 weeks | 52 weeks |
|---|--------------------|----------|
| | 28 February | 1 March |
| | 2015 | 2014 |
| | £'000 | £'000 |
| Property provision charge (note 15) | (518) | (1,343) |
| Impairment of tangible assets (note 9) | (386) | (736) |
| Impairment of investment in subsidiary undertaking (note 10) | - | (1,857) |
| Reversal of impairment loss on amounts owed by subsidiary company | - | 1,948 |
| Restructuring and reorganisation costs | - | (61) |
| Net charge on retirement benefits | - | (145) |
| Total exceptional items | (904) | (2,194) |

Property provisions of £518k (2014: £1,343k) have been charged to the profit and loss account as an exceptional item in the financial year. This follows a review of the property provisions for a number of onerous lease contracts.

During the year management has undertaken an impairment review of tangible assets. The stores' tangible assets are written down to the higher of fair value less costs to dispose and value-in-use. The value-in-use is based on the present value of the expected future cashflows from trading the stores using a discount rate of 8.5% (2014: 8.5%). From this review, there is a shortfall in future cashflows for a number of stores over the remainder of the lease terms when compared with the net book values of the stores' tangible assets. The tangible assets for those stores has therefore been written down to their recoverable amount, being their value-in-use. As a consequence of this review an exceptional charge of £386k (2014: £736k) has been recognised in respect of stores' tangible assets.

In the prior year, the Company invested £1,857k in the acquisition of new ordinary shares in its indirectly held subsidiary undertaking Homebase House and Garden Centre Ltd which trades in the Republic of Ireland. The Company acquired these new shares as part of a restructuring of Homebase House and Garden Centre Ltd which successfully exited Examinership under the Republic of Ireland's Companies (Amendment) Act 1990 in October 2013. This investment in Homebase House and Garden Centre Ltd was impaired, and an exceptional charge of £1,857k was made to write down this investment to its recoverable amount. This followed an impairment review as a result of the Examinership process in the prior year and the difficult trading environment in the Republic of Ireland.

In 2013, amounts owed to the Company by Homebase House and Garden Centre Limited had become impaired, and an exceptional charge of £1,898k was made in 2013 to reflect the write down to its recoverable amount. In 2014, the £1,857k owing to Homebase House and Garden Centre Limited by the Company for its purchase of the new ordinary shares was offset against the outstanding intercompany sum due to the Company from Homebase House and Garden Centre Limited. This contributed to the reversal of impairment of amounts owed by subsidiary company, and an exceptional release of £1,948k was therefore credited to the profit and loss account in 2014.

Restructuring and reorganisation costs represent costs relating to the restructuring of store based staff in the prior year.

The Hampden Group defined benefit scheme closed to accrual of future service benefits with effect from 31 January 2014. In 2014 this led to a net exceptional charge of £145k, which included a non-cash curtailment gain of £330k, offset by costs of £475k related to closure of the scheme.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

7. Net interest receivable and similar income

| | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|--|--|--|
| Interest receivable and similar income | | |
| Interest from group undertakings | 23,329 | 23,225 |
| Financing fair value remeasurements - net exchange gains | 622 | - |
| Total interest receivable and similar income | <u>23,951</u> | <u>23,225</u> |
| Interest payable and similar charges | | |
| Unwinding of discounts in provisions (note 15) | (909) | (837) |
| Interest expense on retirement benefit obligations (note 16) | (35) | (56) |
| Total interest payable and similar charges | <u>(944)</u> | <u>(893)</u> |
| Net interest receivable and similar income | <u>23,007</u> | <u>22,332</u> |

8. Tax on profit on ordinary activities

| | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|---|--|--|
| Analysis of charge in the year | | |
| Total current tax charge | <u>-</u> | <u>-</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (79) | (85) |
| Adjustments in respect of previous years | (20) | (593) |
| Effect of change in tax rate | - | (53) |
| Total deferred tax charge (note 17) | <u>(99)</u> | <u>(731)</u> |
| Total tax charge in profit and loss account | <u>(99)</u> | <u>(731)</u> |
| Tax included in other comprehensive income | | |
| Items that will not be reclassified subsequently to profit and loss | | |
| Post-employment benefit obligations | 183 | 43 |
| Total tax credit in other comprehensive income | <u>183</u> | <u>43</u> |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

8. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge

The effective tax rate for the year of 0.5% (2014: 4.0%), is lower than the standard rate of corporation tax in the UK of 21.17% (2014: 23.08%). The differences are explained below:

| | 52 weeks ended 28 February 2015 £'000 | 52 weeks ended 1 March 2014 £'000 |
|--|--|---|
| Profit on ordinary activities before taxation | <u>20,207</u> | <u>18,075</u> |
| Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK | (4,243) | (4,172) |
| Effects of: | | |
| Expenses not deductible for taxation purposes | (45) | (20) |
| Transfer pricing adjustments | 1,665 | 1,815 |
| Adjustment in respect of previous years | (20) | (593) |
| Rate change impact of tax | - | (53) |
| Loss relief surrendered by group companies for £nil consideration | <u>2,544</u> | <u>2,292</u> |
| Total tax charge in profit and loss account | <u>(99)</u> | <u>(731)</u> |

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 21.17% (2014: 23.08%).

9. Tangible assets

| | Short leasehold properties £'000 | Plant & equipment £'000 | Total £'000 |
|---|---|--|------------------------|
| Cost | | | |
| At 2 March 2014 | 5,844 | 16,343 | 22,187 |
| Additions | 51 | 208 | 259 |
| At 28 February 2015 | <u>5,895</u> | <u>16,551</u> | <u>22,446</u> |
| Accumulated depreciation | | | |
| At 2 March 2014 | (5,815) | (14,866) | (20,681) |
| Charge for the year | (69) | (240) | (309) |
| Impairment (note 6) | (7) | (379) | (386) |
| At 28 February 2015 | <u>(5,891)</u> | <u>(15,485)</u> | <u>(21,376)</u> |
| Net book value at 28 February 2015 | <u>4</u> | <u>1,066</u> | <u>1,070</u> |
| Net book value at 1 March 2014 | 29 | 1,477 | 1,506 |
| Assets in the course of construction included above | - | - | - |

Tangible assets are subject to impairment reviews whenever changes in events or circumstances indicate that an impairment may have occurred. Store assets are written down to the higher of fair value less costs to dispose and value-in-use. From this review, there are shortfalls in future cashflows for a number of stores over the remainder of the lease terms when compared with the net book values of the stores' fixed assets. The property, plant and equipment for those stores has therefore been written down to their recoverable amount, being their value-in-use. As a consequence of this review an exceptional charge of £386k (2014: £736k) has been recognised in respect of store fixed assets. The value-in-use is based on the present value of the expected future cashflows from trading the store using a discount rate of 8.5% (2014: 8.5%).

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

10. Investments

| | Subsidiaries £'000 |
|---|-------------------------------------|
| Cost | |
| At 2 March 2014 and 28 February 2015 | 2,941,914 |
| Impairment | |
| At 2 March 2014 and 28 February 2015 | (1,857) |
| Net book value at 28 February 2015 | <u><u>2,940,057</u></u> |
| | Subsidiaries £'000 |
| Cost | |
| At 3 March 2013 | 2,940,057 |
| Addition | <u>1,857</u> |
| At 1 March 2014 | <u>2,941,914</u> |
| Impairment | |
| At 3 March 2013 | - |
| Exceptional charge for the year (note 6) | <u>(1,857)</u> |
| At 1 March 2014 | <u>(1,857)</u> |
| Net book value at 1 March 2014 | <u><u>2,940,057</u></u> |

In the prior year, the Company acquired 1,739,597 new ordinary shares of €1.26 each, at par, in its indirectly held subsidiary undertaking, Homebase House and Garden Centre Limited. The amount owed in respect of these shares was offset against the outstanding intercompany sum due to the Company from Homebase House and Garden Centre Limited. The Company acquired these new shares due to the restructuring of Homebase House and Garden Centre Limited as part of its successful exit from the Examinership process under the Republic of Ireland's Companies (Amendment) Act 1990, in October 2013.

In the prior year, the new investment in Homebase House and Garden Centre Ltd was impaired, and an exceptional charge of £1,857k was made to write down this investment to its recoverable amount. This followed an impairment review as a result of the Examinership process and the ongoing difficult trading environment of the Republic of Ireland.

Investments in subsidiary undertakings are stated at cost less provision for impairment. Cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

In the opinion of the directors the value of the individual investments are not less than the amounts at which investments are stated in the Balance sheet.

A list of subsidiary undertakings is shown in note 24.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

| 11. Stock | 2015 | 2014 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Finished goods | <u>4,191</u> | <u>4,179</u> |

Trading stock on 28 February 2015 represents consignment stock of £4,191k (2014: £4,179k) which is legally owned by Homebase Limited, a subsidiary of the Company. The Company bears substantially all of the risks and rewards of trading this stock. Ownership of the consignment stocks passes from Homebase Limited to the Company when the Company sells the stock.

| 12. Debtors | 2015 | 2014 |
|--|------------------|------------------|
| | £'000 | £'000 |
| Amounts falling due after more than one year: | | |
| Deferred tax (note 17) | 688 | 604 |
| Amounts falling due within one year: | | |
| Trade debtors | 3 | 4 |
| Less provision for impairment of debtors | - | - |
| | <u>3</u> | <u>4</u> |
| Amounts owed by group undertakings | 1,039,213 | 1,015,884 |
| Other debtors | 949 | 1,031 |
| Prepayments and accrued income | 1,029 | 1,062 |
| Total Debtors | <u>1,041,882</u> | <u>1,018,585</u> |

A loan with a principal sum of £846,643k owed to the Company by a group undertaking has an interest rate of LIBOR plus 2.25% per annum; this loan has no fixed date of repayment. The remainder of the current amounts owed by group undertakings have no fixed dates of repayment, are unsecured, and are interest free.

| 13. Cash at bank and in hand | 2015 | 2014 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cash at bank and in hand | <u>245</u> | <u>280</u> |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

14. Creditors

| | Amounts falling due within one year | Amounts falling due after more than one year | Amounts falling due within one year | Amounts falling due after more than one year |
|---------------------------------------|--|--|--|--|
| | 2015 £'000 | 2015 £'000 | 2014 £'000 | 2014 £'000 |
| Amounts owed to group undertakings | (269,474) | - | (267,218) | - |
| Social security costs and other taxes | - | - | (10) | - |
| Accruals and deferred income | (2,954) | (2,508) | (2,944) | (2,113) |
| Other creditors | (140) | - | (195) | - |
| | <u>(272,568)</u> | <u>(2,508)</u> | <u>(270,367)</u> | <u>(2,113)</u> |

Trade and other creditors are non-interest bearing and the fair values are not considered to differ materially from the recognised book values. Long-term creditors have been discounted where the time value of money is material.

Amounts owed to group undertakings at the year end are unsecured, repayable on demand and non-interest bearing.

15. Provisions for liabilities

| | Property £'000 | Restructuring £'000 | Insurance £'000 | Other £'000 | Total £'000 |
|--|-------------------|------------------------|--------------------|----------------|-----------------|
| At 2 March 2014 | (17,940) | (9) | (77) | - | (18,026) |
| Credited/(charged) to the profit and loss account | 314 | - | (25) | - | 289 |
| Exceptional charge to the profit and loss account (note 6) | (518) | - | - | - | (518) |
| Utilised during the year | 112 | 9 | 25 | - | 146 |
| Transfer from accruals | - | - | - | (57) | (57) |
| Discount unwind | (909) | - | - | - | (909) |
| Exchange differences | 622 | - | - | - | 622 |
| At 28 February 2015 | <u>(18,319)</u> | <u>-</u> | <u>(77)</u> | <u>(57)</u> | <u>(18,453)</u> |

| Analysed as | 2015 £'000 | 2014 £'000 |
|--|-----------------------|-----------------------|
| Amounts falling due within one year | (4,472) | (3,723) |
| Amounts falling due after more than one year | (13,981) | (14,303) |
| | <u>(18,453)</u> | <u>(18,026)</u> |

The property provision comprises obligations on onerous leases together with other costs or income associated with store closures. In respect of onerous leases, provision is made for onerous lease contracts on stores that have either closed or where the projected future trading revenue is insufficient to cover the lower of exit cost or value-in-use. Where the value-in-use calculation is lower, the provision is based on the present value of expected future cash flows relating to rents, rates and other property costs to the end of the lease terms net of expected trading or sublet income. This provision is expected to be utilised over the life of the leases.

A restructuring of store-based staff took place in the prior year to improve the operational efficiency and drive further cost productivity.

Provision is made at the year-end for the estimated costs of insurance claims incurred by the Company but not settled at the balance sheet date, including the costs of claims that have arisen but have not yet been reported to the Company. The estimated cost of claims includes expenses to be incurred in settling claims. The majority of this provision is expected to be utilised within one year.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

16. Post-employment benefits

During the year, the Company operated both defined benefit and defined contribution plans. A defined benefit plan is a pension 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 plan is a pension plan that defines the amount of contributions that are paid by the Company and employees into an independently administered fund.

Pension arrangements for employees are operated through a defined benefit scheme (the Hampden Group plc Pension Scheme) and a defined contribution scheme (the Home Retail Group Personal Pension Plan). The defined benefit scheme has been closed to new entrants since 2004, and was closed to accrual of future service benefits on 31 January 2014.

Defined benefit scheme

The scheme has rules which specify the benefits to be paid and are financed accordingly with assets being held in independently administered funds. A full actuarial valuation of this scheme is carried out every three years with interim reviews in the intervening years. The latest full actuarial valuation of the scheme was carried out as at 31 March 2012 by independent, qualified actuaries, KPMG LLP, using the projected unit method and resulted in a deficit of £2,593k. The deficit recovery plan agreed with the Trustees provides for payments of £500k per annum in equal monthly instalments from July 2013 until 31 March 2016. As a percentage of pensionable earnings, the employer contribution increased from 23.2% to 28.1%, commencing from July 2013. The next full actuarial valuation of the scheme is being carried out as at 31 March 2015.

The valuation used for IAS 19 has been based on the most recent actuarial funding valuations and has been updated by KPMG LLP as at 28 February 2015 to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 28 February 2015.

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

| | 2015 | 2014 |
|--|-----------------------|----------------|
| | £'000 | £'000 |
| Opening deficit in the scheme | (1,044) | (1,519) |
| Total net (charge)/gain recognised in the profit and loss account | (35) | 154 |
| Actuarial loss recognised in the statement of comprehensive income | (910) | (349) |
| Contributions paid by employer | 511 | 670 |
| Deficit in the scheme at 28 February 2015 | <u>(1,478)</u> | <u>(1,044)</u> |

The Company's defined benefit scheme closed to accrual of future service benefits on 31 January 2014 which resulted in a curtailment gain of £330k being recognised in the profit and loss account for the prior year. As a result 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. This amounted to a change in benefit accruing to those members and resulted in a one-off reduction in the prior year in the ultimate liabilities in respect of these individuals.

During the year, the Company has paid contributions totalling £511k (2014: £670k) to the Hampden Group defined benefit pension plan including £500k (2014: £549k) as part of the deficit recovery plan and an increased employer contribution rate agreed with the scheme trustees following the completion of the 31 March 2012 actuarial valuation. The estimated amount of contributions expected to be paid by the Company during the next financial year is £500k, all of which relates to the deficit recovery plan.

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

| | 2015 | 2014 |
|---|-----------------------|----------------|
| | £'000 | £'000 |
| Fair value of scheme assets | 14,018 | 11,933 |
| Present value of funded scheme liabilities | (15,496) | (12,977) |
| Deficit in funded scheme | (1,478) | (1,044) |
| Retirement benefit obligations recognised in the balance sheet | <u>(1,478)</u> | <u>(1,044)</u> |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

16. Post-employment benefits (continued)

The weighted average duration of the defined benefit obligation at 28 February 2015 is approximately 25 years (2014: 25 Years).

The defined benefit obligation at 28 February 2015 can be approximately attributed to the scheme members as follows: Active members 0% (2014: 0%); Deferred members 90% (2014: 90%); Pensioner members 10% (2014: 10%). All benefits are vested at 28 February 2015 (unchanged from 1 March 2014).

An allowance is made in 2015 for a Guaranteed Annuity Policy (GAR) held by the Scheme. This GAR Policy has been allowed for by writing up the asset value, and the fair value of scheme assets shown above includes the additional value that the GAR Policy provides the scheme. At the year end, the value of the GAR Policy is £1,350k (2014: £925k).

The amounts recognised in the profit and loss account were as follows:

| | 2015 | 2014 |
|--|--------------|------------|
| | £'000 | £'000 |
| Current service cost | - | (120) |
| Curtailement gain | - | 330 |
| Interest expense on retirement benefit obligations | (35) | (56) |
| Total net (charge)/gain recognised in the profit and loss account | (35) | 154 |

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

The net (charge)/gain is recognised in the following line items in the profit and loss account:

| | 2015 | 2014 |
|--|--------------|------------|
| | £'000 | £'000 |
| Selling costs | - | (120) |
| Administrative expenses - exceptional items (note 6) | - | 330 |
| Interest payable and similar charges (note 7) | (35) | (56) |
| Total net (charge)/gain recognised in the profit and loss account | (35) | 154 |

Analysis of the amounts recognised in the statement of comprehensive income:

| | 2015 | 2014 |
|---|-----------------|---------------|
| | £'000 | £'000 |
| Return on scheme assets excluding interest income | 1,263 | 340 |
| Actuarial losses arising from changes in financial assumptions | (2,173) | (689) |
| Actuarial loss recognised in the statement of comprehensive income | (910) | (349) |

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

| | 2015 | 2014 |
|--|-------------|------|
| | % | % |
| Discount rate | 3.5 | 4.4 |
| Inflation assumption RPI | 3.0 | 3.3 |
| Inflation assumption CPI | 2.0 | 2.3 |
| Pension increases: | | |
| - Fixed 3% increases | 3.0 | 3.0 |
| - RPI capped at 5% pa | 3.0 | 3.2 |
| - RPI capped at 5% pa (subject to a minimum of 3%) | 3.6 | 3.7 |

The demographic assumptions include an allowance for cash commutation of pension benefits by members in retirement.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

16. Post-employment benefits (continued)

The impact of changing material assumptions is as follows:

| | Increase / decrease in assumptions | 2015 Indicative effect on scheme liabilities £'000 | 2014 Indicative effect on scheme liabilities £'000 |
|--|--|---|---|
| Rate of price inflation | 0.25% | +/- 590 | +/- 480 |
| Rate of increase for pensions in payment | 0.25% | +/- 200 | +/- 165 |
| Rate of increase for deferred pensions | 0.25% | +/- 390 | +/- 315 |
| Discount rate | 0.25% | -/+ 865 | -/+ 695 |
| Life expectancy | 1 year | +/- 355 | +/- 265 |

The above sensitivities are applied to adjust the defined benefit obligations at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cashflows expected under the scheme, it does provide an approximation to the sensitivity of the assumptions shown.

The discount rate is based on yields on high quality corporate bonds of equivalent currency and term to the defined benefit obligation, or a suitable proxy.

The IAS 19 valuation for both the current and prior years assumes that mortality will be in line with the Self-Administered Pension Scheme ('SAPS') mortality tables with future improvements in line with CMI 2011 projections and a 1.25% long-term trend rate.

Based on these assumptions, the average expectation of life on retirement in normal health is assumed to be:

- 22.6 years at age 65 for a male currently aged 65 (2014: 22.6)
- 24.8 years at age 65 for a female currently aged 65 (2014: 24.8)
- 23.7 years at age 65 for a male currently aged 50 (2014: 23.7)
- 26.2 years at age 65 for a female currently aged 50 (2014: 26.2)

The major categories of scheme assets are as follows:

| | 2015 | | | 2014 | | |
|--|--|--|--|--|--|--|
| | Fair Value of quoted assets £'000 | Fair Value of unquoted assets £'000 | Percentage of scheme assets % | Fair Value of quoted assets £'000 | Fair Value of unquoted assets £'000 | Percentage of scheme assets % |
| Market value of scheme assets: | | | | | | |
| Equities | 3,425 | - | 24 | 2,469 | - | 21 |
| Diversified growth fund | 6,176 | - | 44 | 5,650 | - | 47 |
| Index-linked government bonds | 1,216 | - | 9 | 976 | - | 8 |
| Cash | 45 | - | - | 169 | - | 1 |
| Value of Guaranteed Annuity Rate policy | - | 1,350 | 10 | - | 925 | 8 |
| With-profits Fund | - | 1,806 | 13 | - | 1,744 | 15 |
| Fair value of scheme assets | 10,862 | 3,156 | 100 | 9,264 | 2,669 | 100 |

Investment strategy

Investment risk is managed by diversifying the assets across asset classes whose return patterns are not highly correlated.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

16. Post-employment benefits (continued)

Changes in the present value of the defined benefit liabilities are as follows:

| | 2015 £'000 | 2014 £'000 |
|--|------------------|------------------|
| Opening defined benefit liabilities | (12,977) | (12,026) |
| Current service cost | - | (120) |
| Interest expense | (566) | (574) |
| Actuarial losses arising from changes in financial assumptions | (2,173) | (689) |
| Contributions paid by scheme members | - | (19) |
| Benefits paid | 220 | 121 |
| Curtailment gain | - | 330 |
| Closing defined benefit liabilities | (15,496) | (12,977) |

Changes in the market value of the scheme assets are as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Opening fair value of scheme assets | 11,933 | 10,507 |
| Interest income | 531 | 518 |
| Return on scheme assets excluding interest income | 1,263 | 340 |
| Contributions paid by the Company | 511 | 670 |
| Contributions paid by scheme members | - | 19 |
| Benefits paid | (220) | (121) |
| Closing fair value of scheme assets | 14,018 | 11,933 |

The pension scheme assets include neither assets from the Company's own financial instruments, nor any property occupied by, or used by, the Company (2014: nil).

The actual return on scheme assets was a gain of £1,794k (2014: £858k)

Risks

The Company is exposed to a number of risks in relation to its defined benefit scheme, the most significant ones being longevity risk, interest rate risk, market (investment) risk and currency risk.

Defined contribution scheme

The pension contribution costs to this defined contribution scheme in 2015 were £47k (2014: £23k).

The total outstanding pension contributions at the balance sheet date were £6k (2014: £6k).

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

17. Deferred tax

The movements on the deferred tax account are as follows:

| | 2015 | 2014 |
|---|-------------------|------------|
| | £'000 | £'000 |
| Opening deferred tax assets | 604 | 1,292 |
| Profit and loss account charge | (99) | (731) |
| Deferred tax credited to statement of comprehensive income. | 183 | 43 |
| Closing deferred tax asset | <u>688</u> | <u>604</u> |

The deferred tax amounts recognised are as follows:

| | 2015 | 2014 |
|---|-------------------|------------|
| | £'000 | £'000 |
| Deferred tax assets: | | |
| Deferred tax asset to be recovered after more than one year | <u>688</u> | <u>604</u> |

The closing deferred tax has been calculated at the enacted rate of 20% (2014: 20%) which differs from the UK corporation tax rate applied to the current year adjusted profits at 21.17% .

The movement in deferred tax assets during the year is as follows:

| | Asset provision | Accelerated tax depreciation | Other temporary differences | Total |
|--|------------------------|-------------------------------------|------------------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Deferred tax assets: | | | | |
| At 3 March 2013 | 590 | 353 | 349 | 1,292 |
| Profit and loss account (charge)/credit | (584) | 96 | (190) | (678) |
| Deferred tax credited to statement of comprehensive income | - | - | 43 | 43 |
| Rate change impact | (1) | (58) | 6 | (53) |
| At 2 March 2014 | <u>5</u> | <u>391</u> | <u>208</u> | <u>604</u> |
| Profit and loss account credit/(charge) | 1 | (5) | (95) | (99) |
| Deferred tax credited to statement of comprehensive income | - | - | 183 | 183 |
| At 28 February 2015 | <u>6</u> | <u>386</u> | <u>296</u> | <u>688</u> |

Deferred tax assets are recognised for tax loss carry-forwards and other temporary differences to the extent that temporary differences can be utilised either through future taxable profits generated by the Company, or through being made available via group relief.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

| 18. Called up share capital | 2015 | 2014 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Authorised: | | |
| 60,000,000,000 (2014: 60,000,000,000) ordinary shares at 10p each | <u>6,000,000</u> | <u>6,000,000</u> |
| Allotted, called-up and fully paid: | | |
| 34,975,504,157 (2014: 34,975,504,157) ordinary shares at 10p each | <u>3,497,550</u> | <u>3,497,550</u> |

19. Share-based payment arrangements

Summary of share option and share award arrangements

During the year ended 28 February 2015, Home Retail Group plc had a number of share option and share award arrangements for its employees, all of which are equity settled. Details of these arrangements are as follows:

Share options

The Home Retail Group plc Save-as-you-earn (SAYE) plan permits the grant to employees of options over Home Retail Group plc's shares linked to a building society save-as-you-earn contract for a term of three or 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 a 10% or 20% discount (dependent on 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 save-as-you-earn contract.

The Home Retail Group approved option plan. Options are granted at an exercise price equal to the market price of the shares over the ten dealing days preceding grant. For those awards with performance conditions, the percentage of the options exercisable by participants is determined either by ranking total shareholder return (TSR) relative to a comparator group or by reference to performance against other specific targets, such as EPS growth, or cumulative adjusted cash flow. The TSR target is considered a market-based performance condition under IFRS 2, and the options with this performance condition have been valued using a Monte Carlo simulation with historic volatilities and correlations measured over the three-year period preceding valuation. The other targets are non market-based performance conditions, and the options with these performance conditions have been valued by reference to the share price at the date of grant.

The 1998 approved and non-approved executive share option schemes. Under these schemes, the exercise price of granted options was equal to the market price of the shares over the three dealing days preceding grant. The options became exercisable three years from the grant date, subject to the Group's EPS compound annual growth exceeding compound annual retail price inflation by 4% per annum over a continuous three-year period and the employee completing three years' service. The EPS growth target is not a market-based performance condition as defined by IFRS 2. The options have a maximum term of 10 years from grant. No new options have been granted under these schemes since 2006 and all outstanding awards have vested.

Share awards

The performance share plan (PSP). Awards made under this plan will normally vest three years after the date of grant for nil consideration. For all awards under this plan, vesting is conditional on participants' continued service. For those awards with performance conditions, the percentage of the award distributed to participants is determined either by ranking total shareholder return (TSR) relative to a comparator group or by reference to performance against other specific targets such as EPS growth, or cumulative adjusted cash flow. The TSR target is considered a market-based performance condition under IFRS 2, and the awards with this performance condition have been valued using a Monte Carlo simulation with historic volatilities and correlations measured over the three-year period preceding valuation. The other targets are non market-based performance conditions, and the awards with this performance condition have been valued by reference to the share price at the date of grant.

The plan was amended in 2010 to add an HM Revenue & Customs approved option to the share awards at no additional cost. The approved option is over the same number of shares as awarded under the normal PSP award, up to a maximum of £30,000. The value of the award delivered under the approved share option is deducted from the PSP award, such that the two awards together give participants the same gross value as the normal PSP award only.

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

19. Share-based payment arrangements (continued)

Summary of share option and share award arrangements (continued)

Share awards (continued)

The share incentive plan was a one-off free share grant to all employees at the time of the demerger. The shares were acquired by a trust on behalf of participants and will normally be forfeited if a participant's employment with the Group ceases within three years of the grant date. All awards under this plan vested after this initial three-year period in November 2009, at which point participants were able to withdraw their shares, and since November 2011 shares can be withdrawn free of tax. The shares continue to be held by the trust until they are either withdrawn by participants or the awards lapse.

The weighted average share price for share options exercised during the year was £1.89 (2014: £1.88).

Share options outstanding at the end of the year

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

| Range of exercise prices £ | As at 28 February 2015 | | | |
|-------------------------------|------------------------|--|-------------------------------------|----------------------|
| | Number of options | Weighted average exercise price £ | Weighted average remaining lives | |
| | | | Expected years | Contractual years |
| 0.01 - 0.99 | 6,156,892 | 0.59 | 0.9 | 1.5 |
| 1.00 - 1.99 | 2,203,272 | 1.49 | 2.0 | 2.6 |
| 2.00 - 2.99 | 138,972 | 2.01 | 0.3 | 0.7 |
| 3.00 - 3.99 | 282,763 | 3.60 | 0.0 | 0.3 |

This information relates to the whole of the Homebase retail division (which includes employees of the Company, Homebase Limited and Homebase House and Garden Centre Limited).

20. Operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | 2015 Land and buildings £'000 | 2014 Land and buildings £'000 |
|-------------------------------|--|--|
| Less than one year | (4,715) | (4,135) |
| Between one and five years | (18,861) | (16,542) |
| More than five years | (34,071) | (36,029) |
| Total operating leases | (57,647) | (56,706) |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

21. Capital commitments

Capital expenditure for which contracts have been placed:

| | 2015 | 2014 |
|-----------------|--------------|-------|
| | £'000 | £'000 |
| Tangible assets | - | - |

22. Contingent liabilities

The Company had guaranteed the lease obligation on a store owned by its indirectly held subsidiary undertaking, Homebase Limited. The annual lease payments made by Homebase Limited and which have been guaranteed by the Company amount to €900k (2014: €900k). The remaining life of this guaranteed lease is 10 years.

23. Ultimate parent undertakings

The Company's immediate parent undertaking is Home Retail Group (UK) Limited, a company registered in England and Wales, by virtue of its 100% shareholding in the Company.

The Company's ultimate and controlling party is Home Retail Group 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 Home Retail Group plc. Copies of these financial statements are available from its registered office at Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW.

24. Subsidiary and related undertakings

| Undertaking | Address of the undertaking | Direct/indirect holding | Percentage of ordinary shares held |
|---|--|-------------------------|------------------------------------|
| ARG Personal Loans Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Extra Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Financial Recovery Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Holdings Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Cliffrange Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group Card Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group Insurance Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Global (Guernsey) Limited | Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT | Indirect | 100 |
| Stanhope Finance Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group (Jersey) Limited | Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG | Indirect | 100 |
| Chad Valley Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| First Stop Stores Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos SURBS Investment Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group Holdings (Overseas) Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Brand Leaders Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group Pension Scheme Nominees Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |

Hampden Group Limited
Notes to the financial statements (continued)
For the 52 weeks ended 28 February 2015

24. Subsidiary and related undertakings (continued)

| Undertaking | Address of the undertaking | Direct/indirect holding | Percentage of ordinary shares held |
|--|---|-------------------------|------------------------------------|
| Home Store & More Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Card Transactions Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Premier Incentives Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Best Sellers Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Business Solutions Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Distributors (Ireland) Limited | Unite C1, Gulliver's Retail Park, Ballymun Road, Santry, Dublin 9, Ireland | Indirect | 100 |
| Home Retail Group (Finance) LLP | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Superstores Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| ARG Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Jungle.com Holdings Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home retail Group (Asia) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Home Retail Group (Hong Kong) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Argos Retail Group (Asia) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Home Retail (Hong Kong) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Home Retail (Asia) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Argos (Asia) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Argos (Hong Kong) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Argos Retail Group (Hong Kong) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Homebase Group (Asia) Limited | Suite 1608-1613, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Hong Kong | Indirect | 100 |
| Home Retail Group Procurement Consultancy (Shanghai) Limited | Room 10-13, 13th Floor, Bank of China Tower, No.200 Yin Cheng (M) Road, Pudong New District, Shanghai, China; | Indirect | 100 |
| Shanghai HH Retail Co Limited | Room 1402, No.2 Building 14 th Floor, No.355 Guoding Road, Yangpu district, Shanghai | Indirect | 49 |
| HH Retail Limited | Unit 3513, 35/F, The Centre, 99 Queen's Road Central, Hong Kong | Indirect | 49 |
| Jungle.com Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Direct Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Software Warehouse Holdings Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Argos Retail Group Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Jungle Online | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Bed Store & More Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Clearance Bargains Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Group Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Fifthgrange Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Iconford Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |

Hampten Group Limited
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24. Subsidiary and related undertakings (continued)

| Undertaking | Address of the undertaking | Direct/Indirect holding | Percentage of ordinary shares held |
|--|--|-------------------------|------------------------------------|
| Beddington House (No 4) Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Card Handling Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase House & Garden Centre Limited | Unit C1, Gulliver's Retail Park, Ballymun Road, Sarny, Dublin 9, Ireland | Indirect | 100 |
| Index Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Texas Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Spend & Save Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Focal Point (Lighting) Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| M1 Home Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Modern Interiors Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Texas (NI) Limited | 21 Arthur Street, Belfast, BT1 4GA | Indirect | 100 |
| Homebase (NI) Limited | 21 Arthur Street, Belfast, BT1 4GA | Indirect | 100 |
| Homebase Group (2000) Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Beddington House Holdings Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Holdings Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Charm Group Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Charm Group Trustees Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Homebase Direct Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Texas Homecare (NI) Limited | 21 Arthur Street, Belfast, BT1 4GA | Indirect | 100 |
| Texas Homecare Installation Services Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Texas Installations Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Texas Homecare Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Quickinstant Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Sandfords Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Trend Decor Limited | Avebury, 489-499 Avebury Boulevard, Milton Keynes, MK9 2NW | Indirect | 100 |
| Home Retail Group (Guernsey) LP | Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT | Indirect | 100 |