Notes to the Company financial statements

Section 1 — Basis of preparation

General information

Ocado Group plc is incorporated and domiciled in the United Kingdom. The address of its registered office is Titan Court, 3 Bishops Square, Hatfield Business Park, Hatfield, Hertfordshire, AL10 9NE. The financial period represents the 52 weeks ended 27 November 2011 (prior period 51 weeks ended 28 November 2010).

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) and International Financial Reporting Interpretation Committee (IFRS IC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act applicable to companies reporting under IFRS.

The financial statements are presented in sterling, rounded to the nearest thousand (£'000) unless otherwise stated. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit and loss.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

Exemptions

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone. The profit for the period is £700,000 (2010: loss of £2,084,000).

Standards, amendments and interpretations adopted by the Company in 2010/11 or issued, but are not yet effective and have not been early adopted by the Company

The Company has considered the following new standards, interpretations and amendments to published standards that are effective for the Company for the financial year beginning 29 November 2010 and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements.

- IFRIC 15, "Arrangements for the Construction of Real Estate". This IFRIC was effective 1 January 2009 but EU endorsed for 1 January 2010
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements project in 2009

The following new standards, interpretations and amendments to published standards and interpretations which are relevant to the Group have been issued but are not effective for the financial year beginning 29 November 2010 and have not been adopted early:

- IFRS 9, "Financial Instruments"*
- IFRS 10, "Consolidated Financial Statements"*
- IFRS 11, "Joint Arrangements"*
- IFRS 12, "Disclosure of Interests in Other Entities"*
- IFRS 13, "Fair Value Measurement"*
- IAS 24 (revised), "Related Party Disclosures"
- IAS 27 (revised 2011), "Separate Financial Statements"*
- IAS 28 (revised 2011), "Investments in Associates and Joint Ventures"*
- Amendments to various IFRSs and IASs arising from the IASB's annual improvements project

* Not yet endorsed by the EU.

Accounting policies

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Taxation

The tax credit for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting estimates or judgements relevant to the consolidated financial statements are embedded with the relevant notes to the consolidated financial statements.