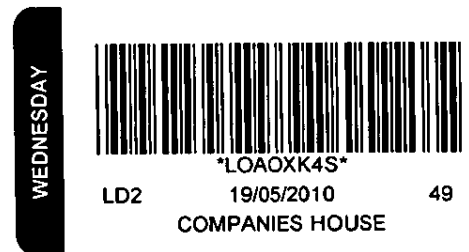


Bhs Limited

Report and financial statements for the 74 weeks ended 29 August 2009



Company registered number 00229606

Bhs Limited (registered no. 00229606)

Directors' report for the 74 weeks ended 29 August 2009

The directors present their report together with the audited financial statements of the Company for the 74 weeks ended 29 August 2009

Principal activity

The principal activity of the Company is that of retailing, primarily in the United Kingdom

Developments during the period

During the period the Company's parent undertaking was acquired by Taveta Investments (No 2) Limited. In order to align its financial reporting with that of its new parent undertaking, the Company has changed its accounting reference date to the last Saturday in August. These financial statements therefore cover the 74 weeks ended 29 August 2009.

Business review

At the period end the Company was a wholly owned subsidiary of Taveta Investments Limited and a review of the group's businesses during the period and its position at 29 August 2009 is given on page 1 to the financial statements of that company.

The results of the Company for the financial period are set out in the profit and loss account on page 4. During the financial period, the operating loss amounted to £56,330,000 (2008 profit £15,203,000) and the loss before taxation amounted to £62,109,000 (2008 profit £21,664,000).

Management and reporting of risks and Key Performance Indicators (KPIs)

The directors of Taveta Investments Limited manage the Company's risks and those of its fellow subsidiaries at a group level. Furthermore, they monitor the group's performance on a brand basis rather than at statutory company level.

For these reasons the Company's directors do not believe that a discussion of the principal risks facing the Company or of the KPIs used to analyse its performance is appropriate for an understanding of its development, performance or financial position.

The KPIs used by the group and the principal business risks it faces, are discussed on page 1 of Taveta Investments Limited's annual report which does not form part of this report.

Directors

The Company's directors are

Sir P Green

P Coackley

C Coles

P Budge (appointed 24 September 2009)

I Grabiner (appointed 24 September 2009)

C Harris (appointed 14 September 2009)

The following also served as a director during the period

I Allkins (resigned 28 August 2009)

Disabled employees

The Company ensures that disabled people are given due consideration for employment opportunities and if employees become disabled every effort is made to retain them, providing requisite employment aids. The Bhs group is an equal opportunities employer, recruiting employees on the basis of suitability for the job and on no other grounds.

Bhs Limited

Directors' report for the 74 weeks ended 29 August 2009 (continued)

Employee involvement

Incentive plans related to sales performance operate in stores, rewarding individual store team performance. Senior managers participate in annual incentive plans, which are related to Company profits, departmental objectives and individual performance. This is an important part of the Company's strategy to attract, motivate and retain high calibre managers, while focusing on continuing to improve business performance.

A comprehensive communication and involvement programme supports incentive plans, including the use of newspapers, face-to-face briefings and store based communication, ensuring that all employees understand operations and financial progress.

Donations

The total amount donated for charitable purposes was £2,000 (2008: £5,000).

Directors' responsibilities statement

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 74 weeks ended 29 August 2009 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

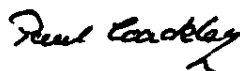
Statement of disclosure of information to auditors

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

During the period PricewaterhouseCoopers LLP replaced KPMG Audit plc as the Company's auditors. A resolution proposing the re-election of PricewaterhouseCoopers LLP as auditors will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



P Coackley
Director
22 April 2010

Bhs Limited

Independent auditors' report to the members of Bhs Limited

We have audited the financial statements of Bhs Limited for the 74 weeks ended 29 August 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 29 August 2009 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

22 April 2010

Bhs Limited

Profit and loss account for the 74 weeks ended 29 August 2009

		74 weeks ended 29 August 2009		52 weeks ended
		Before exceptional items £000	Exceptional items (note 3) £000	29 March 2008 Total £000
	Note			
Turnover		1,121,045	-	850,241
Cost of sales		(1,118,435)	(19,742)	(802,726)
Gross (loss) / profit		2,610	(19,742)	47,515
Administrative expenses		(2,872)	(1,990)	(6,968)
Distribution costs		(33,531)	(805)	(25,344)
Operating (loss) / profit		(33,793)	(22,537)	15,203
Income from shares in group undertakings		-	-	186
Impairment of fixed assets		-	(9,315)	-
(Loss) / profit on ordinary activities before interest and taxation		(33,793)	(31,852)	15,389
Interest receivable and similar income	4	6,945	-	9,584
Interest payable and similar charges	5	(3,409)	-	(3,309)
(Loss) / profit on ordinary activities before taxation	6	(30,257)	(31,852)	21,664
Taxation	9			(4,110)
(Sustained loss) / retained profit for the period / year	18			17,554

All of the results above relate to continuing activities

There is no difference between the results disclosed above and the results on an unmodified historical cost basis

Statement of total recognised gains and losses for the 74 weeks ended 29 August 2009

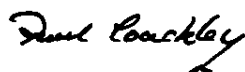
		74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
	Note		
(Sustained loss) / retained profit for the period / year	18	(62,022)	17,554
Actuarial (loss) / gain	8	(159,400)	32,900
Deferred tax on actuarial (loss) / gain		44,632	(9,212)
Total recognised (losses) / gains for the period		(176,790)	41,242
Prior period adjustment	1	(18,900)	
Total recognised losses since last annual report		(195,690)	

Bhs Limited

Balance sheet as at 29 August 2009

	Note	29 August 2009 £000	As restated 29 March 2008 £000
Fixed assets			
Tangible assets	10	280,585	310,951
Investments	11	1,600	1,600
		282,185	312,551
Current assets			
Stocks	12	77,980	77,907
Debtors	13	47,001	38,886
Cash at bank and in hand		4,480	-
		129,461	116,793
Creditors: amounts falling due within one year	14	(217,934)	(158,015)
Net current liabilities		(88,473)	(41,222)
Total assets less current liabilities		193,712	271,329
Creditors: amounts falling due after more than one year	15	(12,585)	(18,442)
Provisions for liabilities and charges			
Deferred tax	16	(24,355)	(24,240)
Other provisions	16	(26,983)	(23,804)
		(51,338)	(48,044)
Net assets before pension (deficit) / asset		129,789	204,843
Pension (deficit) / asset	8	(99,288)	2,448
Net assets		30,501	207,291
Capital and reserves			
Called up share capital	17	53,633	53,633
Share premium account	18	13,094	13,094
Profit and loss account	18	(36,226)	140,564
Equity shareholders' funds	18	30,501	207,291

The financial statements on pages 4 to 21 were approved by the board of directors on 22 April 2010 and were signed on its behalf by



P Coackley
Director

Notes to the financial statements for the 74 weeks ended 29 August 2009

1 Accounting policies

Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 1985

The principal accounting policies, which, other than as described below, have been consistently applied, are summarised in the following paragraphs

Change in accounting policy

During the period the Company has changed its accounting policy for recognising remediation work required on its properties. The revised accounting policy accords with that of the Company's new parent undertaking and, in the opinion of the directors, better reflects the repair and remediation work to which the Company is committed

The effect of this change in policy has been to increase provisions at the start of the current and preceding financial period by £18,900,000 and to reduce profit and loss account reserves by a corresponding amount. The change in policy has had no impact on the Company's reported results for the current and preceding periods

Turnover

Turnover comprises the value of sales of all merchandise to third parties, including concession income, and excludes value added tax. Sales to franchisees and internet customers are recognised on despatch of the goods, and in the case of internet business include charges levied on customers for postage and packaging

Tangible fixed assets

Tangible fixed assets are included at cost less accumulated depreciation. Fixed asset values are reviewed for impairment in accordance with FRS 11. Impairment of fixed assets and goodwill. Freehold land is not depreciated. Depreciation on other fixed assets is charged on a straight-line basis over the following periods

Freehold buildings	- 50 years
Fixed equipment in freehold buildings	- up to 20 years
Leasehold improvements	- the shorter of 35 years and the period of the lease
Fixtures, fittings and equipment	- 3 to 10 years

Investments

The Company's investment in its subsidiary undertakings is stated at cost less provisions for impairment

Stocks

Stocks are stated at the lower of cost and net realisable value and represent goods for resale. Cost represents actual purchase price and includes the direct costs of warehousing and transportation to the stores

Leased assets

Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of their estimated useful economic lives and the period of the lease. Rentals are apportioned between reductions in the capital obligations included within creditors and finance charges which are charged to the profit and loss account at a constant effective rate of interest

Rentals payable under operating leases are charged to the profit and loss account as incurred except where incentives to sign the leases have been received. Such incentives are spread on a straight-line basis over the lease term, or if shorter, the period to the next open market rent review date

Where the Company is committed to disposing of a leasehold property, provision is made for the expected direct costs of disposal, together with any net cash outflows under the lease during the period prior to disposal. The Company also provides for the unavoidable costs of vacant properties and, where properties are sub-let, any shortfall between the rents payable to its landlords and those recovered under tenancy agreements

These provisions are not discounted and unwind upon the earlier of lease expiry and disposal

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

1 Accounting policies (continued)

Taxation

The taxation charge is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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

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

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

Post retirement benefits

The Company operates a couple of defined benefit schemes under which contributions are paid by the Company and its employees to provide pension and other benefits expressed in terms of a percentage of pensionable salary. The amounts charged to operating profit, as part of employee costs, are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance income or costs.

Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the schemes' liabilities. Actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred taxation, is presented separately after other net assets on the face of the balance sheet.

The Company also operates a defined contribution scheme for eligible staff. For this scheme, the charge to the profit and loss account is the contributions payable during the period.

Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rates ruling at each balance sheet date. Resulting exchange gains or losses are included in the operating profit/loss.

Cashflow statement

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement, as the Company's cash flows are included within the consolidated cash flow statement of Taveta Investments Limited.

2 Segment information

The Company carries on a single class of business, being the retailing of clothing and household goods, predominantly within the UK.

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

3 Exceptional items

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Restructuring costs including redundancies	10,108	-
Additional provision against a vacant property	2,858	-
Additional stock provision	4,738	-
Charges connected with the group's change of ownership		
<i>Professional fees</i>	189	-
<i>Change in accounting estimates</i>	4,644	-
Exceptional items charged in arriving at operating loss	22,537	-
Impairment of fixed assets	9,315	-
Total exceptional items	31,852	-

A tax credit of £4,445,000 has been recognised in respect of the exceptional items above

4 Interest receivable and similar income

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Bank interest receivable	1	2,387
Interest receivable on loans to group undertakings	2,006	1,276
Other interest receivable	138	421
Other finance income (see note 8)	4,800	5,500
	6,945	9,584

5 Interest payable and similar charges

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Interest payable on:		
Bank loans and overdrafts	95	192
Loans from group undertakings	2,798	2,535
Other interest payable	62	232
Finance leases	454	350
	3,409	3,309

Bhs Limited

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

6 (Loss) / profit on ordinary activities before taxation

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
(Loss) / profit on ordinary activities before taxation is stated after charging		
Depreciation of owned assets	45,152	31,168
Depreciation of leased assets	2,469	1,862
Operating lease rentals - plant and equipment	5,735	5,058
- land and buildings	175,780	119,632
Fees payable to the Company's auditors for the audit of these financial statements pursuant to legislation	83	73
Fees payable to the Company's auditors for tax services	-	54
Fees payable to the Company's auditors for other services, pursuant to legislation	105	4

7 Staff costs

Employees

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Wages and salaries	182,780	127,316
Social security costs	9,962	7,806
Pension (credit) / charge	(2,098)	11,286
	190,644	146,408

	74 weeks ended 29 August 2009	52 weeks ended 29 March 2008
Average monthly number of employees		
UK stores - Full-time	2,856	3,269
- Part-time	10,923	10,785
UK head office	702	795
	14,481	14,849

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

7 Staff costs (continued)

Directors' emoluments

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Aggregate emoluments	1,206	795

Directors' emoluments includes £150,000 (29 March 2008 £nil) of compensation for loss of office

Pensions

The number of directors, at the period end, who were members of the Company's pension schemes was as follows

	74 weeks ended 29 August 2009	52 weeks ended 29 March 2008
Money purchase scheme	-	2
Defined benefit schemes	1	2

Highest paid director

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
Emoluments	701	503

The highest paid director was a member of one of the Company's defined benefit pension schemes and at the period end had accrued an annual pension of £51,000 (2008 £39,000) and a lump sum of £524,000 (2008 £305,000)

8 Pension commitments

The Company operates two funded defined benefit schemes for the benefit of its current and former employees. These schemes previously provided retirement benefits based on members' final salary and have been closed to new entrants for a number of years. With effect from 15 August 2009 members ceased to accrue future benefits within these schemes and the link to final salary was also removed. All active members of the schemes at that date became deferred pensioners and were given the opportunity to join the Company's defined contribution scheme.

Contributions

During the period prior to 15 August 2009, the Company contributed at the rate of 9.6% of members' pensionable salary to the staff pension scheme and at the rate of 7.0% of pensionable salary to the senior managers scheme. The Company also contributes £2,500,000 annually to help repair the past service deficit of one of the schemes.

The schemes are currently finalising their triennial actuarial valuations as at 31 March 2009. Until such time as new schedules of contributions are agreed with the schemes' trustees, the Company expects to continue to contribute £2,500,000 annually to one of the schemes.

Contributions totalling £502,000 (29 March 2008 £386,000) were made to the defined contribution scheme during the period. There were no outstanding or prepaid contributions at either the beginning or end of the financial period in this regard.

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

8 Pension commitments (continued)

Defined benefit schemes

An actuarial valuation was carried out as at 29 August 2009, using the projected unit method, by Watson Wyatt Limited, professionally qualified actuaries. The principal assumptions made by the actuaries were

	% per annum		
	29 August 2009	29 March 2008	31 March 2007
Rate of increase in salaries			
- Main scheme	n/a	5.0	5.0
- Senior managers scheme	n/a	4.5	6.0
Rate of increase in pensions in payment			
- Pre 1 January 2006 service	3.0	3.5	3.0
- Post 1 January 2006 service	2.2	2.5	2.5
Rate of revaluation of deferred pensions in excess of GMP	3.1	3.5	3.0
Discount rate	5.4	6.9	5.4
Inflation	3.1	3.5	3.0

The mortality assumptions used were

	29 August 2009		29 March 2008	
	Staff scheme Years	Senior managers scheme Years	Staff scheme Years	Senior managers scheme Years
Life expectancy of current pensioner aged 60				
- Men	83.7	87.8	82.1	84.9
- Women	85.9	88.4	85.1	87.9
Life expectancy of future pensioner aged 45				
- Men	85.9	90.0	83.1	86.0
- Women	87.3	90.0	86.1	89.0

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

8 Pension commitments (continued)

The net pension (deficit) / asset recognised in the balance sheet, together with a reconciliation of the movements on the fair value of the schemes' assets and the present value of their liabilities, is set out below

	29 August 2009		29 March 2008	
	£m	% of total assets	£m	% of total assets
Equities	172.7	43.8	209.4	48.5
Bonds	114.0	28.9	102.7	23.8
Gilts	20.9	5.3	10.4	2.4
Property	68.6	17.4	95.7	22.1
Other	18.3	4.6	14.0	3.2
Total market value of assets	394.5		432.2	
Present value of scheme liabilities	(532.4)		(428.8)	
(Deficit) / surplus in the schemes	(137.9)		3.4	
Related deferred tax asset / (liability)	38.6		(1.0)	
Net pension (deficit) / asset recognised	(99.3)		2.4	

The long term expected return on assets assumption for the year beginning 30 August 2009 is 7.1% pa for both schemes. The assumptions for the period beginning 30 March 2008 was 7.5% pa for the staff scheme and 7.7% pa for the senior managers scheme. The assumptions have been set after consultation with the schemes' investment consultants based on the expected returns on the schemes' current asset allocations, having regard to the yields on corporate bonds and gilts and allowing for the expected out-performance of the property and equity portfolios over gilts.

	74 weeks ended 29 August 2009 £m	52 weeks ended 29 March 2008 £m
Reconciliation of the fair value of the schemes' assets		
Opening fair value	432.2	461.5
Expected return on scheme assets	45.8	31.6
Actuarial loss on scheme assets	(68.0)	(48.8)
Employer contributions	10.7	8.1
Member contributions	1.0	0.8
Net benefits paid out	(27.2)	(21.0)
Closing fair value	394.5	432.2

The schemes' assets returned a loss of £22.2m (2008: £17.2m loss) during the period. The schemes do not invest in any of the Company's financial instruments or any properties occupied by the Company.

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

8 Pension commitments (continued)

	74 weeks ended 29 August 2009 £m	52 weeks ended 29 March 2008 £m
Reconciliation of the present value of the schemes' liabilities		
Opening present value	428.8	493.7
Current service cost	9.5	10.9
Interest cost	41.0	26.1
Member contributions	1.0	0.8
Actuarial loss / (gain) on scheme liabilities	91.4	(81.7)
Net benefits paid out	(27.2)	(21.0)
Gain on curtailment	(12.1)	-
Closing present value	532.4	428.8

The amount credited / (charged) to the profit and loss account in respect of the Company's defined benefit schemes, together with the amount recognised in the statement of total recognised gains and losses is analysed below

	74 weeks ended 29 August 2009 £m	52 weeks ended 29 March 2008 £m
Analysis of amount credited / (charged) to operating loss		
Current service cost	(9.5)	(10.9)
Gain on curtailment	12.1	-
Total operating credit / (charge)	2.6	(10.9)

The above operating credit / (charge) is included within administrative expenses

	74 weeks ended 29 August 2009 £m	52 weeks ended 29 March 2008 £m
Analysis of amount credited to other finance income		
Expected return on scheme assets	45.8	31.6
Interest on scheme liabilities	(41.0)	(26.1)
Net return	4.8	5.5

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

8 Pension commitments (continued)

	74 weeks ended 29 August 2009 £m	52 weeks ended 29 March 2008 £m
Analysis of amount recognised in the statement of total recognised gains and losses		
Actual return less expected return on the schemes' assets	(68.0)	(48.8)
Experience gains and losses arising on the schemes' liabilities	4.7	(5.3)
Changes in assumptions underlying the present value of the schemes' liabilities	(96.1)	87.0
Actuarial (loss) / gain recognised in the statement of total recognised gains and losses	(159.4)	32.9

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since 2004 is £68.8m (29 March 2008 £90.6m gains)

	29 August 2009 £m	29 March 2008 £m	31 March 2007 £m	1 April 2006 £m	2 April 2005 £m
History of the schemes' (deficits) / surpluses					
Fair value of the schemes' assets	394.5	432.2	461.5	437.3	368.1
Present value of the schemes' liabilities	(532.4)	(428.8)	(493.7)	(507.0)	(442.8)
(Deficit) / surplus	(137.9)	3.4	(32.2)	(69.7)	(74.7)

	29 August 2009	29 March 2008	31 March 2007	1 April 2006	2 April 2005
History of amounts recognised in the STRGL					
Actual return less expected return on scheme assets (£m)	(68.0)	(48.8)	2.0	50.6	16.2
Percentage of scheme assets (%)	(17)	(11)	-	12	4
Experience gains/(losses) on scheme liabilities (£m)	4.7	(5.3)	3.7	(10.6)	3.1
Percentage of scheme liabilities (%)	(1)	1	(1)	2	(1)
Total amount recognised in STRGL (£m)	(159.4)	32.9	38.2	10.2	10.0
Percentage of scheme liabilities (%)	(30)	8	8	2	2

Total pension credit

The Company's total pension credit, including other finance income, for the period ended 29 August 2009 was £6,898,000 (29 March 2008 £5,786,000 charge)

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

9 Taxation

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
a) Analysis of the tax (credit) / charge for the period		
UK corporation tax at 28% (2008: 30%)		
Current period	(5,270)	6,119
Prior periods	-	(1,656)
Total current tax (note 9b)	(5,270)	4,463
Deferred taxation		
Current period	5,183	(1,236)
Prior periods	-	883
Deferred taxation – origination and reversal of timing differences (note 16)	5,183	(353)
Total taxation	(87)	4,110

The tax credit assessed for the period is lower than the standard rate of UK corporation tax of 28% (2008 30%) The differences are explained below

	74 weeks ended 29 August 2009 £000	52 weeks ended 29 March 2008 £000
b) Factors affecting the tax (credit) / charge for the period		
(Loss) / profit on ordinary activities before taxation	(62,109)	21,478
(Loss) / profit on ordinary activities before taxation multiplied by the standard rate of UK corporation of 28% (2008 30%)	(17,391)	6,443
Effects of		
Depreciation in excess of capital allowances	1,265	190
Expenses not deductible for tax purposes	7,357	1,668
Other tax adjustments	59	355
Adjustments in respect of pension liabilities	(5,068)	(810)
Utilisation of tax losses	(204)	(1,727)
Tax losses not recognised	7,824	-
Group relief surrendered for no consideration	888	-
Adjustments relating to prior periods	-	(1,656)
Total current tax (note 9a)	(5,270)	4,463

c) Factors that may affect future tax charges

The directors expect that, due to the availability of tax losses, the Company's effective rate of tax in the future will be below the standard rate of corporation tax in the UK

Bhs Limited

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

10 Tangible fixed assets

	Properties including Freehold £000	fixed equipment Long leasehold £000	Short leasehold £000	Fixtures, fittings & equipment* £000	Total £000
Cost					
At 30 March 2008	15,910	199,562	153,152	498,974	867,598
Additions	95	8,919	8,549	12,792	30,355
Intra group transfers out	(1)	(134)	(2)	(15)	(152)
Reclassifications	(11)	(479)	438	52	-
Disposals	(614)	(2,156)	(3,462)	(14,174)	(20,406)
At 29 August 2009	15,379	205,712	158,675	497,629	877,395
Accumulated depreciation					
At 30 March 2008	2,308	95,202	57,618	401,519	556,647
Charge for the period	356	7,751	8,865	30,649	47,621
Impairment provision	1,084	1,661	4,732	1,838	9,315
Reclassifications	-	(14)	14	-	-
Disposals	(612)	(1,957)	(2,033)	(12,171)	(16,773)
At 29 August 2009	3,136	102,643	69,196	421,835	596,810
Net book value					
At 29 August 2009	12,243	103,069	89,479	75,794	280,585
At 29 March 2008	13,602	104,360	95,534	97,455	310,951

* Includes construction in progress of £1,031,000 (2008 £3,340,000), which does not attract depreciation

Freehold properties include £3,387,000 (2008 £3,387,000) of freehold land, which is not depreciated

Fixtures, fittings and equipment includes assets held under finance lease agreements, with a net book value of £3,778,000 at 29 August 2009 (29 March 2008 £5,727,000) Depreciation charged during the period in respect of these assets amounted to £2,469,000 (29 March 2008 £1,862,000)

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Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

11 Investments

	Cost and net book value	
	29 August 2009 £000	29 March 2008 £000
Shares in subsidiary undertakings		
At 29 August 2009 and 29 March 2008	1,600	1,600

The Company has investments in the following subsidiary undertakings

Company	Country of incorporation	Principal activity	Holding	%
Bhs (Jersey) Limited*	Jersey	Retailing	Ordinary shares	100
Bhs Services Limited*	England & Wales	Inactive	Ordinary shares	100
Bhs (Hong Kong) Limited*	Hong Kong	Inactive	Ordinary shares	100
Epoch Properties Limited**	Jersey	Property Investment	Ordinary shares	100
Lowland Homes Limited*	England & Wales	Property Investment	Ordinary shares	100

* held directly by Bhs Limited

** held directly by subsidiary undertaking

On 6 May 2008 the Company's wholly owned subsidiary, PS Supplies Limited, was dissolved

Consolidated financial statements have not been prepared, as the Company is a wholly owned subsidiary undertaking of Taveta Investments Limited, which prepares consolidated financial statements. In the opinion of the directors the aggregate value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated

12 Stocks

	29 August 2009 £000	29 March 2008 £000
Goods for resale	77,980	77,907

13 Debtors: amounts falling due within one year

	29 August 2009 £000	29 March 2008 £000
Trade debtors	13,106	9,632
Amounts owed by parent undertaking	8,500	-
Corporation tax recoverable	5,271	-
Other debtors	159	162
Prepayments and accrued income	19,965	29,092
	47,001	38,886

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

14 Creditors: amounts falling due within one year

	29 August 2009 £000	29 March 2008 £000
Bank loan and overdraft	-	1,136
Trade creditors	85,510	67,990
Amounts owed to parent undertaking	-	11,455
Amounts owed to group undertakings	66,104	14,745
Obligations under finance leases	1,681	1,452
Taxation and social security	6,358	7,727
Other creditors	12,231	7,760
Accruals and deferred income	39,723	40,224
Landlords' contributions	6,327	5,526
	217,934	158,015

15 Creditors: amounts falling due after more than one year

	29 August 2009 £000	29 March 2008 £000
Obligations under finance leases payable		
- Between one and five years inclusive	3,476	4,743
- After five years	18	634
Landlords' contributions	9,091	13,065
	12,585	18,442

16 Provisions for liabilities and charges

	Property (as restated) £000	Other £000	Deferred tax £000	Total £000
At 30 March 2008 as restated (note 1)	23,098	706	24,240	48,044
Reclassify as creditors	-	(706)	-	(706)
Profit and loss account	4,697	-	115	4,812
Utilised during the period	(812)	-	-	(812)
At 29 August 2009	26,983	-	24,355	51,338

The property-related provisions comprise £18,900,000 (29 March 2008 £18,900,000) in respect of remediation work, £7,933,000 (29 March 2008 £4,048,000) for leasehold premises which are either vacant or sub-let at below the Company's rental obligation and £150,000 (29 March 2008 £150,000) against the disposal costs of a store

At the period end, none of the provisions above were discounted

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

16 Provisions for liabilities and charges (continued)

Deferred taxation

The movements during the period on the Company's deferred tax balances are as follows

	£000
At 30 March 2008	25,192
Deferred tax charge in the profit and loss account (note 9)	5,183
Deferred tax credit in the statement of total recognised gains and losses	(44,632)
At 29 August 2009	(14,257)

	29 August 2009 £000	29 March 2008 £000
Analysis of deferred tax balances recognised		
Capital allowances	24,461	24,346
Other timing differences	(106)	(106)
Deferred tax provision excluding that relating to pension deficit / asset	24,355	24,240
Deferred tax on pension deficit / asset	(38,612)	952
	(14,257)	25,192

At the period end the Company had an unrecognised deferred tax asset of £7,824,000 (29 March 2008 £144,000) in respect of trading losses

17 Called up share capital

	29 August 2009 £000	29 March 2008 £000
Authorised		
241,600,000 ordinary shares of 25 pence each	60,400	60,400
Allotted and fully paid		
214,530,881 ordinary shares of 25 pence each	53,633	53,633

Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

18 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Total 29 August 2009 £000	Total 29 March 2008 £000
(Sustained loss) / retained profit for the period / year	-	-	(62,022)	(62,022)	17,554
Actuarial (loss) / gain for the period / year	-	-	(159,400)	(159,400)	32,900
Deferred tax on actuarial loss / gain	-	-	44,632	44,632	(9,212)
(Net deduction from) / addition to shareholders' funds	-	-	(176,790)	(176,790)	41,242
Opening shareholders' funds as previously reported	53,633	13,094	159,464	226,191	184,949
Prior year adjustment (note 1)	-	-	(18,900)	(18,900)	(18,900)
Opening shareholders' funds as restated	53,633	13,094	140,564	207,291	166,049
Closing shareholders' funds	53,633	13,094	(36,226)	30,501	207,291

19 Financial commitments

Operating leases

The Company leases certain land and buildings. The rents payable on these leases are subject to negotiation at various intervals specified in the leases.

Annual commitments under non-cancellable operating leases are as follows

	At 29 August 2009		At 29 March 2008	
	Land & buildings £000	Other £000	Land & buildings £000	Other £000
Operating leases which expire				
within 1 year	255	246	272	2,116
between 2-5 years inclusive	2,217	1,966	1,735	1,932
after 5 years	124,059	241	120,411	241
	126,531	2,453	122,418	4,289

Capital commitments

	29 August 2009 £000	29 March 2008 £000
Contracted for but not provided for	2,340	20,386

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Notes to the financial statements for the 74 weeks ended 29 August 2009 (continued)

20 Parent undertaking, controlling party and related party disclosures

The Company's ultimate parent company is Taveta Investments Limited ('Taveta'), a company incorporated in England. Taveta is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Taveta's consolidated financial statements can be obtained by writing to the Secretary at Colegrave House, 70 Berners Street, London, W1T 3NL.

During the period the Company paid rents totalling £14,870,000 (29 March 2008: £12,889,000) to Carmen Properties Limited and £625,000 (29 March 2008: £500,000) to Mildenhall Holdings Limited. Both of these companies are under the same ultimate control as the Company. There were no amounts outstanding to either of these parties at the period end (29 March 2008: £nil).

The Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Taveta group or investees of Taveta.

The Company's ultimate controlling party is Lady Cristina Green and her immediate family.