

Financial Statements

Retail-J Limited

For the Year ended 30 June 2009



Company No. 4131160

Officers and professional advisers

Company registration number

4131160

Registered office

Retail-J Limited
Torex
Houghton Hall Business Park
Houghton Regis
Dunstable
Bedfordshire
LU5 5YG

Director

M Gradden

Bankers

Royal Bank of Scotland
Abbey Gardens
4 Abbey Street
Reading
RG1 3BA

Auditors

Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Solicitors

Ashurst LLP
Broadwalk House
5 Appold Street
London
EC2A 2HA

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2009

Results and dividends

The profit for the year after taxation amounted to £2,846,000 (2008 £889,000) The directors do not recommend the payment of a dividend (2008 £nil)

Principal activity and review of the business

On 1 July 2008, the trade, assets and liabilities of the company were acquired by its ultimate parent company, Torex Retail Holdings Limited, for consideration of £1, giving rise to a profit on disposal of £2,846,000 The company ceased to trade on this date

The company's key financial and other performance indicators during the year were as follows

	2009 £'000	2008 £'000
Turnover	-	3,637
Total operating profit before exceptional items	-	1,194
Profit after tax	2,846	889
Shareholder's funds/(deficit)	-	(2,846)
Average number of employees	-	11

Directors

The directors who served the company during the year were as follows

K Isaacson
G Cooksley
S Earhart
P Prince

M Gradden was appointed as a director on 2 September 2009

P Prince resigned as a director on 1 September 2008

S Earhart was appointed as a director on 1 September 2008 and resigned on 2 September 2009

G Cooksley resigned as a director on 2 September 2009

K Isaacson resigned as a director on 10 March 2010

Future developments

There are no significant future developments affecting the company foreseen by the directors, the company ceased to trade on 1 July 2008

Post balance sheet events

In October 2009, the Torex Group entered into a financing arrangement with Burdale Financial Limited The facility provides for up to £11 million in financing based on the accounts receivable balances of the UK operating companies, bears interest at LIBOR plus 3% and is secured by substantially all of the assets of the Group

Report of the directors (continued)

Principal risks and uncertainties

Given that the Company ceased trading on 1 July 2009, the risks and uncertainties facing the Company are limited

Supplier payment policy

Company policy is to set terms of payment when agreeing contracts with suppliers, which clearly explain payment procedures. The company operates systems for advising suppliers of, and resolving, queried and contested items

Trade creditors of the company at 30 June 2009 were equivalent to nil (2008: 46) days' purchases

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

Employee involvement

The company has implemented ad hoc company briefings and monthly operational team meetings with the objective of maintaining information flow to the staff and providing the opportunity for input and questions

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Report of the directors (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by



Mandy Gradden
Director
25 March 2010



Report of the independent auditors to the members of Retail-J Limited

We have audited the financial statements of Retail-J Limited for the year ended 30 June 2009 which comprise the accounting policies, the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

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



Report of the independent auditors to the members of Retail-J Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Subarna Banerjee
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW
29 March 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards and have remained unchanged from the previous year

Cash flow statement

The directors have taken advantage of the exemption from preparing a cash flow statement, which is available to a wholly owned subsidiary undertaking, where the parent publishes full consolidated accounts

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets. The rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life are as follows:

Fixtures and fittings	-	4 years
Motor vehicles	-	4 years
Computer equipment	-	3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Borrowings

Repayment obligations in respect of borrowings are shown in creditors.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date that will result in an obligation to pay more, or a right to pay less tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- 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 an undiscounted 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 or substantively enacted at the balance sheet date

Pensions

The company maintains various defined contribution schemes for directors and staff. The assets of the schemes are held independently of the company.

The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Further information on pension costs is provided in note 4.

Accounting policies (continued)

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Sale of hardware and software

Revenue from the sale of hardware and software is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the hardware and software which is generally upon delivery
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the company, and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably

Maintenance contracts

Revenues arising from maintenance contracts are spread evenly over the period to which the maintenance contract relates. Where the maintenance period spans the balance sheet date, revenues relating to maintenance in subsequent periods are deferred.

Other services

Revenues from other services are recognised as delivered or by reference to the stage of completion of the transaction at the balance sheet date when the outcome of the transaction can be estimated reliably. The outcome of the transaction is deemed to be able to be estimated reliably when the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the balance sheet date can be measured reliably and is estimated by reference to time and cost incurred, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Multi-element contracts

Where a contract for goods or services involves delivery of several different elements and is not fully delivered or performed by the period end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the overall contract.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Profit and loss account

	Note	2009 £'000	2008 £'000
Turnover – discontinued operations	1	-	3,637
Other operating charges		-	(2,443)
Operating profit – discontinued operations	3	-	1,194
Exceptional items	2	2,846	-
Interest payable and similar charges	5	-	(2)
Profit on ordinary activities before taxation		2,846	1,192
Tax on profit on ordinary activities	6	-	(303)
Profit for the financial year	14	2,846	889

All of the activities of the company are classed as discontinued as they were transferred to its ultimate parent undertaking on 1 July 2008


The company has no recognised gains or losses other than the profit for the year ended 30 June 2009 and therefore no separate statement of total recognised gains and losses has been presented

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	-	13
Current assets			
Debtors	8	-	962
Cash in hand		-	442
		-	1,404
Creditors: amounts falling due within one year	9	-	(4,163)
Net current liabilities		-	(2,759)
Total assets less current liabilities		-	(2,746)
Provisions for liabilities	10	-	(100)
Net liabilities		-	(2,846)
Capital and reserves			
Called-up equity share capital	13	1	1
Profit and loss account	14	(1)	(2,847)
Shareholder's deficit	15	-	(2,846)

These financial statements were approved by the Board and authorised for issue on 25 March 2010, and are signed on its behalf by



Mandy Gradden
Director
25 March 2010

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

	Turnover by destination		Turnover by origin	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
United Kingdom	-	3,637	-	3,637

2 Exceptional items

	2009	2008
	£'000	£'000
Profit on disposal of business	2,846	-

On 1 July 2008 the trade, assets and liabilities of the business were sold to the ultimate parent company, Torex Retail Holdings Limited, for consideration of £1

3 Operating profit

Operating profit is stated after charging

	2009	2008
	£'000	£'000
Depreciation of fixed assets - owned	-	16
Auditors' remuneration	-	16
Audit of financial statements	-	16

Audit fees for the current year were borne by the company's ultimate controlling party, Torex Retail Holdings Limited

4 Employee remuneration

	2009	2008
	£'000	£'000
Wages and salaries	-	453
Social security costs	-	46
Pension costs	-	7
	-	506

Notes to the financial statements (continued)

4 Employee remuneration (continued)

The average number of persons employed by the company (including directors) during the year was as follows

	2009 Number	2008 Number
Technical	-	11

None of the directors received any remuneration from the company during the year. Details of the remuneration of directors who are also directors or key management of the ultimate parent company, Torex Retail Holdings Limited, can be found in the financial statements of that company. Directors' remuneration from other group companies in respect of services provided to the group during the year is as follows

	2009 £'000	2008 £'000
Directors' remuneration		
Total emoluments	920	446
Social security costs	122	35
Pension contributions	4	-
Compensation for loss of office	618	258
	<u>1,664</u>	<u>739</u>

	2009 £'000	2008 £'000
In respect of the highest paid director		
Total emoluments	277	252
Social security costs	91	19
Compensation for loss of office	431	258
	<u>799</u>	<u>529</u>

5 Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest payable	-	(2)

Notes to the financial statements (continued)

6 Taxation

(a) Analysis of charge in the year

	2009 £'000	2008 £'000
Current tax		
UK Corporation tax based on the results for the year at 28% (2008 29.5%)	-	303
Total current tax	-	303

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 29.5%)

The differences are explained as follows

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	2,846	1,192
Profit on ordinary activities multiplied by standard rate of tax	797	352
Capital allowances for period in excess of depreciation	-	3
Group relief (not paid for)	-	(52)
Income not chargeable for corporation tax purposes	(797)	-
Total current tax (note 6(a))	-	303

Notes to the financial statements (continued)

7 Tangible fixed assets

	Fixtures & Fittings £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 July 2008	89	46	60	195
Transfers to group undertakings	(89)	(46)	(60)	(195)
At 30 June 2009	-	-	-	-
Depreciation				
At 1 July 2008	88	34	60	182
Transfers to group undertakings	(88)	(34)	(60)	(182)
At 30 June 2009	-	-	-	-
Net book value				
At 30 June 2009	-	-	-	-
At 30 June 2008	1	12	-	13

8 Debtors

	2009 £'000	2008 £'000
Trade debtors	-	954
Prepayments and accrued income	-	8
	-	962

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	-	32
Amounts owed to group undertakings	-	3,252
Other taxation and social security	-	91
Corporation tax	-	23
Accruals and deferred income	-	765
	-	4,163

Notes to the financial statements (continued)

10 Other provisions

	Other £'000
At 1 July 2008	100
Transfers to group undertakings	(100)
At 30 June 2009	-

Others

Customer claims

A provision was made for customer claims where future liabilities have been determined to be probable and estimable

11 Deferred taxation

The full potential deferred taxation is as follows

	2009 £'000	2008 £'000
Accelerated capital allowances	-	(18)
Short term timing differences	-	(22)
Total potential deferred tax asset	-	(40)
Unrecognised deferred tax asset	-	40
Total recognised deferred tax asset	-	-

A deferred tax asset was not recognised in the prior year on the grounds that there was insufficient evidence that the asset would be recoverable

12 Related party transactions

Under the provisions of Financial Reporting Standard 8 'Related party disclosures' transactions with group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available

Notes to the financial statements (continued)

13 Share capital

	2009 £'000	2008 £'000
Authorised 10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>
Allotted and called up 1,080 ordinary shares of £1 each	<u>1</u>	<u>1</u>

14 Profit and loss account

	2009 £'000
Balance brought forward	(2,847)
Profit for the financial year	<u>2,846</u>
Balance carried forward	<u>(1)</u>

15 Reconciliation of movements in shareholder's deficit

	2009 £'000	2008 £'000
Profit for the financial year	<u>2,846</u>	<u>889</u>
Net reduction to shareholder's deficit	<u>2,846</u>	<u>889</u>
Opening shareholder's (deficit)	<u>(2,846)</u>	<u>(3,735)</u>
Closing shareholder's deficit	<u>-</u>	<u>(2,846)</u>

16 Ultimate parent company

At the balance sheet date, the ultimate parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared and of which the company is a member was Torex Retail Holdings Limited, which is incorporated in England and Wales. Copies of the financial statements of Torex Retail Holdings Limited can be obtained from Torex Retail Holdings Limited, Houghton Hall Business Park, Houghton Regis, Dunstable, Bedfordshire, LU5 5YG.

17 Post balance sheet events

In October 2009, the Torex Group entered into a financing arrangement with Burdale Financial Limited. The facility provides for up to £11 million in financing based on the accounts receivable balances of the UK operating companies, bears interest at LIBOR plus 3% and is secured by substantially all of the assets of the Group.