

## **TJ Hughes (Investments) Limited**

Directors' report and financial statements

Period ended 31 January 2009

Registered number 04958759



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## Directors' report

The directors present their annual report and the audited financial statements for the 53 weeks ended 31 January 2009.

### Principal activities and future developments

The principal activity of the company is to act as an investment company.

### Business review

The results of the company are set out on page 5 of the financial statements.

### Proposed dividend and transfer to reserves

The loss for the period retained by the company is £2,335,000 (2008: £2,951,000) and this has been transferred to reserves.

The Directors do not recommend the payment of a dividend for the period (2008: £nil).

### Directors and directors' interests

The directors who held office during the period were as follows:

NW McCausland

GR Whiley

S Tennant

DR Williams

MP Fontaine

(appointed 14 July 2008)

(resigned 11 July 2008)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



DR Williams  
Director

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 period.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

8 Princes Parade

Liverpool

L3 1QH

United Kingdom

**Independent auditors' report to the members of TJ Hughes (Investments) Limited**

We have audited the financial statements of TJ Hughes (Investments) Company Limited for the period ended 31 January 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 (UK 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 judgments 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.

**Independent auditors' report to the members of TJ Hughes (Investments) Limited**  
*(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 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.

*1/11/09 KLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*30<sup>th</sup> April 2009*

## Profit and loss account

53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008)

	<i>Note</i>	<b>Period ended 31 January 2009 £000</b>	<b>Period ended 26 January 2008 £000</b>
<b>Turnover</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross profit</b>		-	-
Administration expenses		-	-
		<hr/>	<hr/>
<b>Operating loss</b>	2	-	-
Interest payable and similar charges	4	(2,335)	(2,951)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(2,335)	(2,951)
Tax on profit/(loss) on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Loss for the period</b>	12	(2,335)	(2,951)
		<hr/>	<hr/>

All operations are continuing.

The notes on pages 7 to 13 form part of these financial statements.

There are no recognised gains or losses other than those disclosed in the profit and loss account for the current or prior period.

## Balance sheet at 31 January 2009

	<i>Note</i>	<b>31 January 2009</b>		<b>26 January 2008</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Investments	6		47,422		47,422
<b>Current assets</b>					
Bank		-		4	
<b>Creditors: amounts falling due within one year</b>	7	(2,975)		(3,923)	
<b>Net current liabilities</b>			(2,975)		(3,919)
<b>Total assets less current liabilities</b>			44,447		43,503
<b>Creditors: amounts falling due after more than one year</b>	8		(48,693)		(45,414)
<b>Net liabilities</b>			(4,246)		(1,911)
<b>Capital and reserves</b>					
Called up share capital	11		19		19
Share premium account	12		684		684
Profit and loss account	12		(4,949)		(2,614)
<b>Net deficit on shareholders' funds</b>			(4,246)		(1,911)

These financial statements were approved by the board of directors on 30 April 2009 and were signed on its behalf by:



**DR Williams**  
 Director

The notes on pages 7 to 13 form part of these financial statements.



## Notes to the financial statements

*for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008)*

### 1 Accounting policies

The principal accounting policies adopted by the company are set out below. These policies have been consistently applied.

#### Basis of preparation

The financial statements have been prepared for the 53 week period ended 31 January 2009 under the historical cost convention and in accordance with applicable accounting standards.

Notwithstanding the net liabilities of £4.246 million, the financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds guaranteed by other group companies. TJ Hughes (Holdings) Company Limited, the parent company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under FRS 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statement.

As 100% of the Company's voting rights are controlled within the group headed by TJ Hughes (Holdings) Company Limited, the Company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of TJ Hughes (Holdings) Company Limited, within which this Company is included, can be obtained from the address given in note 15.

#### Basis of consolidation

The Company is exempt from preparing group accounts since its ultimate parent undertaking produces consolidated accounts.

#### Investments

Investments held as fixed assets are stated at cost, less any provision for impairment in value. Investments held as current assets are stated at the lower of cost and market value. In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

#### Group guarantee

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## Notes to the financial statements *(continued)*

for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued

### 1 Accounting policies *(continued)*

#### Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Operating loss

	2009 £000	2008 £000
Operating loss is stated after charging:		
Auditors' remuneration:		
- audit services	-	-
- other services	-	-
	<u>          </u>	<u>          </u>

Auditors' remuneration is borne by a subsidiary company.

### 3 Staff numbers and costs

No staff were remunerated through the Company during the period. Directors emoluments are borne by a subsidiary company. It is not practical to identify the Directors' emoluments relating to this company.

### 4 Interest payable and similar charges

	Period ended 31 January 2009 £000	Period ended 26 January 2008 £000
On bank loans and overdrafts	1,658	2,010
Other interest payable	677	941
	<u>2,335</u>	<u>2,951</u>

Included within interest are finance costs of £322,000 (2008: £205,000) associated with the raising of acquisition finance. The finance costs have been allocated over the term of the loan to give a constant rate on the carrying amount of the debt in accordance with FRS 4.

### 5 Taxation

	Period ended 31 January 2009 £000	Period ended 26 January 2008 £000
Current tax		
Adjustment in respect of prior periods	-	-
Tax on (loss)/profit on ordinary activities	<u>          </u>	<u>          </u>

## Notes to the financial statements (continued)

for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued

### 5 Taxation (continued)

The tax charge assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK (28.3%).

The differences are explained below:

	Period ended 31 January 2009 £000	Period ended 26 January 2008 £000
Loss on ordinary activities before taxation	(2,335)	(2,951)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.3% (2008: 30%)	(662)	(885)
Effects of: Group relief surrendered not paid for	662	885
<b>Current tax charge / (credit) for the period</b>	<b>-</b>	<b>-</b>

### 6 Fixed asset investments

	Shares in group undertakings £000
<b>At the beginning and the end of period</b>	<b>47,422</b>

Subsidiary companies owned are as follows:

	Class of shares	Percentage of shares held by the company		Principal Activity
		Indirect	Direct	
TJ Hughes Limited	Ordinary	-	100%	Discount department stores
TJ Hughes (Properties) Company Limited	Ordinary	100%	-	Property leasing

The above subsidiary undertakings are registered in England and Wales.

## Notes to the financial statements *(continued)*

for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued

### 7 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank loans	2,780	2,819
Other loans	172	195
Accruals and deferred income	23	909
	<hr/> 2,975 <hr/>	<hr/> 3,923 <hr/>

Bank loans and other loans are stated net of finance costs of £220,000 (2008: £182,000) and £97,000 (2008: £nil) respectively. These costs are being spread in accordance with FRS 4 over the term of the finance to which they relate.

### 8 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Bank loans	9,911	17,494
Other loans	5,461	6,518
Amounts owed to group undertakings	33,321	21,402
	<hr/> 48,693 <hr/>	<hr/> 45,414 <hr/>

Bank loans and other loans are stated net of finance costs of £88,000 (2008: £257,000) and £96,000 (2008: £290,000) respectively. These costs are being spread in accordance with FRS 4 over the term of the finance to which they relate.

## Notes to the financial statements *(continued)*

*for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued*

### 9 Treasury policy and financial instruments

The Company's policy, approved by the Directors, is to manage its funding requirements and treasury risks without undertaking any speculative risks. The Company's policy with regard to the maturity profile and interest rate risk of debt is that the majority of the Company's financing should be provided by floating rate debt appropriately hedged. Debt should be fixed for a period if raised to finance expansion with the remainder being short term. Cash deposits are placed short term with the clearing bank where security and liquidity are the prime objectives. The Company does not trade in derivatives.

The maturity profile of the carrying amount of the Company's financial liabilities, other than short-term creditors such as accruals, was as follows:

	2009 £000	2008 £000
<b>Bank Loans</b>		
In one year or less	2,780	2,819
In more than one year but not more than two	9,911	3,104
In more than two years but not more than five	-	14,390
	<hr/> 12,691 <hr/>	<hr/> 20,313 <hr/>
<b>Other loans</b>		
In one year or less	172	195
In more than five years	5,461	6,518
	<hr/> 5,633 <hr/>	<hr/> 6,713 <hr/>

#### Fair Values of Financial Assets and Liabilities.

The directors consider that there is no difference between the book and fair values of financial assets and liabilities.

### 10 Deferred tax

There are no tax losses (2008: none) available.

## Notes to the financial statements (continued)

for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued

### 11 Called up share capital

	Number	2009 £000	Number	2008 £000
<i>Authorised</i>				
'A' Ordinary shares of 10p each	150,000	15	150,000	15
'B' Ordinary shares of 1p each	860,101	9	860,101	9
	<u>1,010,101</u>	<u>24</u>	<u>1,010,101</u>	<u>24</u>
<i>Allotted, called up and fully paid</i>				
'A' Ordinary shares of 10p each	106,000	11	106,000	11
'B' Ordinary shares of 1p each	850,000	8	850,000	8
	<u>956,000</u>	<u>19</u>	<u>956,000</u>	<u>19</u>

Sums distributed by the company shall be distributed amongst the 'A' Ordinary Shareholders and the 'B' Ordinary Shareholders in proportion to the number of such shares held by them respectively. On return of capital on liquidation or otherwise the surplus assets of the company remaining after payment of its liabilities shall be distributed amongst 'A' Ordinary Shareholders and 'B' Ordinary Shareholders in proportion to the numbers of such shares held by them respectively. Every 'A' Ordinary Shareholder and the 'B' ordinary Shareholder shall have one vote for every 'A' Ordinary Share and 'B' ordinary Share of which he is the holder.

### 12 Reserves

	Share premium account £000	Profit & loss account £000
At beginning of period	684	(2,614)
Loss for the period	-	(2,335)
<b>At end of period</b>	<u>684</u>	<u>(4,949)</u>

### 13 Reconciliation of movement in shareholders funds

	Period ended 31 January 2009 £000	Period ended 26 January 2008 £000
Opening shareholders' (deficit)/funds	(1,911)	1,040
Loss for the period	(2,335)	(2,951)
<b>Closing shareholders' (deficit)</b>	<u>(4,246)</u>	<u>(1,911)</u>

## **Notes to the financial statements** *(continued)*

*for the 53 weeks ended 31 January 2009 (2008: 52 weeks ended 26 January 2008) – continued*

### **14 Commitments**

The Company is subject to a debenture given in favour of Bank of Scotland plc to secure its revolving credit facility of £5 million (2008: £10 million) and £13 million (2008: £20.75 million) of term loans.

### **15 Ultimate parent Company**

The directors regard TJ Hughes (Holdings) Company Limited, a company incorporated in the United Kingdom, as the ultimate parent company. The consolidated financial statements of the group are available to the public and may be obtained from TJ Hughes (Holdings) Company Limited, Hughes House, London Road, Liverpool, L3 8JA. The ultimate controlling party is disclosed in those accounts.