

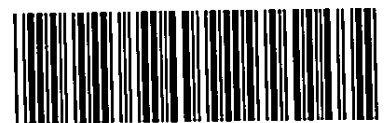
TJ Hughes (Investments) Limited

Directors' report and financial statements

Period ended 30 January 2010

Registered number 04958759

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Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 January 2010

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 £1,301,000 (2009 £2,335,000) and this has been transferred to reserves

The Directors do not recommend the payment of a dividend for the period (2009 £nil) No obligation exists at the balance sheet date for dividends declared after that date

Post balance sheet events

Subsequent to the year end on 12th March 2010 the group renegotiated its finance agreement with Lloyds Banking Group See note 7 for further details

Directors and directors' interests

The directors who held office during the period were as follows

NW McCausland
GR Whiley
S Tennant
DR Williams

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).

Under company law the directors must not approve the financial statements unless they are satisfied that 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 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, 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 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) Limited for the year ended 30 January 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 2, 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 web-site 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 January 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

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

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



I M Goalen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

26th May 2010

Profit and loss account

52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

	Note	Period ended 30 January 2010 £000	Period ended 31 January 2009 £000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses		-	-
Operating result	2	-	-
Interest payable and similar charges	4	(1,296)	(2,335)
Loss on ordinary activities before taxation		(1,296)	(2,335)
Tax on loss on ordinary activities	5	(5)	-
Loss for the period	12	(1,301)	(2,335)

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

	<i>Note</i>	30 January 2010		31 January 2009	
		£000	£000	£000	£000
Fixed assets					
Investments	6		47,422		47,422
Current assets					
Cash at bank		2		-	
Creditors, amounts falling due within one year	7	(10,017)		(2,975)	
Net current liabilities			(10,015)		(2,975)
Total assets less current liabilities			37,407		44,447
Creditors: amounts falling due after more than one year	8		(42,954)		(48,693)
Net liabilities			(5,547)		(4,246)
Capital and reserves					
Called up share capital	11		19		19
Share premium account	12		684		684
Profit and loss account	12		(6,250)		(4,949)
Net deficit on shareholders' funds			(5,547)		(4,246)

These financial statements were approved by the board of directors on 26 May 2010 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 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

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 52 week period ended 30 January 2010 under the historical cost convention and in accordance with applicable accounting standards.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 16.

Going concern

Notwithstanding the net liabilities of £5,547 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.

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 52 weeks ended 30 January 2010 (2009 52 weeks ended 31 January 2009)

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 Notes to the profit and loss account

	Period ended 30 January 2010 £000	Period ended 31 January 2009 £000
Loss on ordinary activities before taxation 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 30 January 2010 £000	Period ended 31 January 2009 £000
On bank loans and overdrafts	611	1,658
Other interest payable	685	677
	<u>1,296</u>	<u>2,335</u>

Included within interest on bank loans and overdrafts are finance costs of £220,000 (2009 £322,000) 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 30 January 2010 £000	Period ended 31 January 2009 £000
UK Corporation tax		
Adjustment in respect of prior periods	5	-
	<u>5</u>	<u>-</u>
Tax on loss on ordinary activities	<u>5</u>	<u>-</u>

Notes to the financial statements *(continued)*

for the 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

5 Taxation *(continued)*

The tax charge assessed for the year is higher *(2009 higher)* than the standard rate of corporation tax in the UK 28% *(2009 28 3%)*

The differences are explained below

	Period ended 30 January 2010 £000	Period ended 31 January 2009 £000
Loss on ordinary activities before taxation	(1,296)	(2,335)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% <i>(2009 28 3%)</i>	(363)	(662)
Effects of		
Adjustment in respect of prior periods	5	-
Group relief surrendered not paid for	363	662
Current tax charge for the period	5	-

6 Fixed asset investments

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

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 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

7 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Bank loans	9,912	2,780
Other loans	82	172
Accruals and deferred income	23	23
	<u>10,017</u>	<u>2,975</u>

Bank loans and other loans are stated net of finance costs of £88,000 (2009 £220,000) and £96,000 (2009 £97,000) respectively. These costs are being spread in accordance with FRS 4 over the term of the finance to which they relate.

Subsequent to the year end on 12th March 2010 the group concluded an agreement with its Senior debt lenders, Lloyds Banking Group to extend the current loan facilities until 28th January 2012. As part of that agreement the repayment profile of the loans has been amended. Of the total balance outstanding, £3.0 million (£2.9 million net of FRS 4 costs) will be repayable in less than one year on 29th January 2011 and £7.0 million (£6.9 million net of FRS 4 costs) will be repayable in more than one year on 28th January 2012.

8 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Bank loans	-	9,911
Other loans	6,235	5,461
Amounts owed to group undertakings	36,719	33,321
	<u>42,954</u>	<u>48,693</u>

Bank loans and other loans are stated net of finance costs of £nil (2009 £88,000) and £nil (2009 £96,000) 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 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

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

	2010 £000	2009 £000
Bank Loans		
In one year or less	9,912	2,780
In more than one year but not more than two	-	9,911
In more than two years but not more than five	-	-
	<u>9,912</u>	<u>12,691</u>
Other loans		
In one year or less	82	172
In more than five years	6,235	5,461
	<u>6,317</u>	<u>5,633</u>

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 (2009 none) available

Notes to the financial statements *(continued)*

for the 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

11 Called up share capital

	Number	2010 £000	Number	2009 £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	(4,949)
Loss for the period	-	(1,301)
At end of period	<u>684</u>	<u>(6,250)</u>

13 Reconciliation of movement in shareholders funds

	Period ended 30 January 2010 £000	Period ended 31 January 2009 £000
Opening shareholders' deficit	(4,246)	(1,911)
Loss for the period	<u>(1,301)</u>	<u>(2,335)</u>
Closing shareholders' deficit	<u>(5,547)</u>	<u>(4,246)</u>

Notes to the financial statements *(continued)*

for the 52 weeks ended 30 January 2010 (2009 53 weeks ended 31 January 2009)

14 Contingent liabilities

The Company is subject to a debenture given in favour of Bank of Scotland plc to secure its revolving credit facility of £5 million (2009 £5 million) and £10 million (2009 £13 million) of term loans

15 Related party disclosures

The Company is controlled by TJ Hughes (Holdings) Company Limited The ultimate controlling party is Silverfleet Capital Limited

16 Ultimate parent company

The Company is a subsidiary undertaking of TJ Hughes (Holdings) Company Limited which is the ultimate parent company incorporated in the United Kingdom

The largest group in which the results of the Company are consolidated is that headed by TJ Hughes (Holdings) Company Limited, incorporated in the United Kingdom No other group financial statements include the results of the Company The consolidated financial statements of these groups are available to the public and may be obtained from TJ Hughes (Holdings) Limited, Hughes House, London Road, Liverpool, L3 8JA