

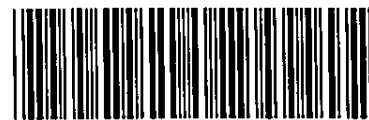
Linebush III Holdings Limited

**Directors' report and financial
statements**

Registered number 5139610

31 January 2009

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Directors' report

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

Principal activities

The principal activity of the company is that of a holding company.

Review of the business and future developments

The company does not trade and derives income from dividends received from its subsidiary company, Linebush III Limited. Loan note interest payable is the main cost incurred by the company during the period. The ability to repay the 'capital' element of the loan notes in future periods is dependent upon the ability and success of Linebush III Limited to generate sufficient funds to pass on increased dividends to provide the necessary funds.

Results and dividends

The company made a loss for the period after taxation of £55 (2008: profit £1,060). The directors do not recommend the payment of a dividend (2008: £nil).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk affecting the company is the underlying value of its investment in subsidiary Linebush III Limited.

Key performance indicators ('KIs')

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis of financial risk management policies is not needed.

Financial risk management

The company's operations are exposed to liquidity risk and interest rate risk. The management of the company closely monitor the levels of debt finance and the related finance costs. The policies to mitigate these risks include detailed forecasting, proactive cash management and close relationships with banking partners.

Directors

The directors during the year and up to the date of signing the financial statements were:

NJ Mills
MG Stokoe
Mrs S Mills
RC Linsell
G Lurie
LS Furness
RS Middleton

Going concern

The company currently has net current liabilities, the directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support from related party undertakings and banking partners.

Directors' report *(continued)*


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 he ought to have taken as a director to make himself 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



MG Stokoe
Director

Mills House
7/11 Earsdon Road
Whitley Bay
Tyne and Wear
NE25 9SX

30 July 2009

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 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 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

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Linebush III Holdings Limited

We have audited the financial statements of Linebush III Holdings Limited for the year ended 31 January 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 3.

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 Linebush III Holdings 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 July 2009

Profit and Loss Account
for the year ended 31 January 2009

	<i>Note</i>	2009 £	2008 £
Administrative expenses		(1,815)	(1,815)
Operating loss		(1,815)	(1,815)
Income from shares in group undertakings		21,000	22,000
Interest payable and similar charges	2	(19,240)	(19,125)
(Loss)/profit on ordinary activities before taxation	4	(55)	1,060
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the financial period	10	(55)	1,060

All of the company's operations are continuing.

The company has no recognised gains or losses other than the (loss)/profit above and therefore no statement of total recognised gains and losses has been presented.

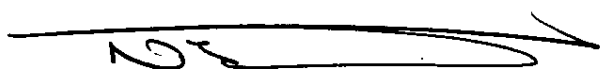
There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial period stated above and their historical cost equivalents.

Balance Sheet

at 31 January 2009

	Note	2009 £	2008 £
Fixed assets			
Investments	6	1,209,577	1,209,577
Creditors: amounts falling due within one year	7	(29,824)	(25,884)
Net current liabilities		(29,824)	(25,884)
Total assets less current liabilities		1,179,753	1,183,693
Creditors: amounts falling due after more than one year	8	(834,058)	(837,943)
Net assets		345,695	345,750
Capital and reserves			
Called up share capital	9	344,442	344,442
Profit and loss account	10	1,253	1,308
Total shareholders' funds	11	345,695	345,750

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



NJ Mills
 Director

Cash flow statement
for the year ended 31 January 2009

	2009 £	2008 £
Reconciliation of operating profit to net cash flow from operating activities		
Operating loss	(1,815)	(1,815)
Net cash outflow from operating activities	<u>(1,815)</u>	<u>(1,815)</u>
Net cash outflow from operating activities	(1,815)	(1,815)
Returns on investments and servicing of finance		
Interest paid	(15,300)	(16,405)
Equity dividends received	21,000	22,000
Net cash outflow from returns on investment and servicing of finance	<u>5,700</u>	<u>5,595</u>
Financing		
Repayment of group loan	(3,885)	(3,780)
Net cash outflow from financing	<u>(3,885)</u>	<u>(3,780)</u>
Increase in cash	<u>-</u>	<u>-</u>
Reconciliation of net cash outflow to movement in net debt		
Increase in cash	-	-
Decrease in debt financing	3,885	3,780
Change in net debt	<u>3,885</u>	<u>3,780</u>
Opening net debt	(837,943)	(841,723)
Closing net debt	<u>(834,058)</u>	<u>(837,943)</u>

Notes

(forming part of the financial statements)

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Consolidation

The financial statements are about Linebush III Holdings Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as the group it heads qualifies as a medium-sized group.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2 Interest payable and similar charges

	2009 £	208 £
Interest payable on loan stock	19,240	19,125

3 Directors and employees

There were no employees during the year (2008: none).

The directors did not receive any remuneration from the company during the year (2008: £nil).

Notes (continued)

4 (Loss)/profit on ordinary activities before taxation

The audit fee for the year has been borne by other group companies.

5 Tax on (loss)/profit on ordinary activities

Analysis of charge in period

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting tax charge for the period

The tax assessed for the year is higher (2008: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2009 £	2008 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(55)	1,060
	<hr/>	<hr/>
Current tax rate at 20.83% (2008: 19.84%)	(11)	210
	<hr/>	<hr/>
<i>Effects of</i>		
Income not taxable	(4,375)	(4,365)
Group relief surrendered for no payment	4,386	4,155
	<hr/>	<hr/>
Current tax charge for year	-	-
	<hr/>	<hr/>

Factors that may affect future tax charges

The company qualifies for small companies' relief; in the current year the tax rate rose to 21%. There will be a full phased increase in the small companies' rate from 19% to 22% by financial year 2010/2011.

Notes (continued)

6 Investments

Name of company	Country of incorporation and operation	Percentage holding of ordinary shares	Nature of business	Capital and reserves	Profit for the financial period
Linebush III Limited	England	100	Retail convenience stores	£1,409,707	£46,871

The directors believe that the book amount of the investments is supported by their underlying net assets.

7 Creditors: amounts falling due within one year

	2009 £	2008 £
Interest due on loan stock	29,824	25,884

8 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Loan stock	425,000	425,000
Amounts owed to group undertakings	409,058	412,943
	834,058	837,943

The company shall have absolute discretion as to the date on which the loan stock shall be repaid, except the outstanding loan stock must be repaid in full on or before the seventh anniversary of their issue. The loan stock was issued on 5 May 2005. Interest is to be paid at 4.5% per annum, annually in arrears on 1 May. This amount is unsecured.

The amounts owed to group undertakings are interest free, has no security and no set repayment date.

Notes (continued)

9 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
344,442 Ordinary shares of £1 each	344,442	344,442
	<u> </u>	<u> </u>
<i>Allotted and fully paid</i>		
344,442 Ordinary shares of £1 each	344,442	344,442
	<u> </u>	<u> </u>

10 Reserves

	Profit and loss account £
At beginning of period	1,308
Loss for the financial year	(55)
	<u> </u>
At end of period	1,253
	<u> </u>

11 Reconciliation of movements in total shareholders' funds

	2009 £	2008 £
(Loss)/profit for the financial year	(55)	1,060
	<u> </u>	<u> </u>
Net change in total shareholders' funds	(55)	1,060
Opening total shareholders' funds	345,750	344,690
	<u> </u>	<u> </u>
Closing total shareholders' funds	345,695	345,750
	<u> </u>	<u> </u>

Notes *(continued)*

12 Analysis of changes in net debt

	2008 £	Cash flows £	2009 £
Debt due after one year	(837,943)	3,885	(834,058)
Net debt	<u>(837,943)</u>	<u>3,885</u>	<u>(834,058)</u>

13 Related party transactions

At the year end the company owes Linebush III Limited £409,058 (2008: £412,943). Linebush III Limited is a direct subsidiary of Linebush III Holdings Limited.

14 Ultimate controlling party

There is not deemed to be an immediate or ultimate controlling party due to the number of shareholders of the company.