

Company Registration No. 00232346

BARGAIN CRAZY LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 30 April 2006

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BARGAIN CRAZY LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2006

DIRECTOR

March Company Director Limited

COMPANY SECRETARY

March Secretarial Services Limited

REGISTERED OFFICE

First Floor, Skyways House
Speke Road
Speke
Liverpool
L70 1AB

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BARGAIN CRAZY LIMITED
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DIRECTOR'S REPORT

The director presents its report and the audited financial statements of the company for the year ended 30 April 2006. Comparative figures are for the period from 1 April 2004 to 30 April 2005.

Principal activity and business review

The principal activity of the company is discount high street and internet retailing.

During the year the company closed two loss making stores which had previously generated combined turnover of £2.1m in the 13 month period ended 30 April 2005.

The loss on ordinary activities before taxation was £3.2m (2005: £2.5m). The loss after tax of £3.2m (2005: £1.8m) has been transferred to reserves. The director does not recommend the payment of a dividend (2005: £nil).

The profit and loss account for the year is set out on page 6.

Future strategy

The director remains confident on the trading outlook of the business. The company continues to receive the full support of its immediate holding company March U.K. Limited for the next 12 months.

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks. The principal risks are the level of competition in discount high street and internet retailing and the availability of a competitive mix of products for sale provided by the Littlewoods Shop Direct Group.

Director

The director that held office during the year was as follows:

March Company Director Limited

Director's interests

The director had no beneficial interest in the shares of the company or any other company within Littlewoods Shop Direct Group Limited ("the group") within the disclosure requirements of the Companies Act 1985 at the end of the year.

DIRECTOR'S REPORT (continued)

Employee involvement

There is a commitment to employee engagement geared towards business improvement and which incorporates a full and open dialogue with employees and their representatives. This encourages an active contribution from employees to achieving stated business objectives.

Employees and their representatives are regularly informed of corporate and individual business unit objectives, trading performance, economic conditions and other relevant matters. Employees are also represented on the various trustee boards relating to pension arrangements.

Equal opportunities

In addition, the company discharges, equitably, its statutory and social duties in respect of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and the *Employment Equality Regulations on sexual orientation, religion or belief*. An equal opportunities policy is in operation. For those employees becoming disabled during the course of their employment, every effort is made, whether through training or redeployment, to provide an opportunity for them to remain with the company.


Elective resolutions

The company has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked.

Statement to disclose information to auditors

So far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the director has taken all steps that it ought to have taken as director in order to make itself aware of any relevant audit information to establish that the company's auditors are aware of that information.

By order of the board



March Secretarial Services Limited
Company Secretary
Date: 28 July 2006

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director confirms that it has complied with the above requirements in preparing the financial statements.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the requirements of the Companies Act 1985. It is 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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Independent auditors' report to the members of Bargain Crazy Limited

We have audited the financial statements of Bargain Crazy Limited for the year ended 30 April 2006 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.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (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 into 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 if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the Director's 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 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.

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Opinion

In our opinion:

- a) 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 30 April 2006 and of its loss for the year then ended;
- b) the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- c) the information given in the Director's Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
Date: 28 July 2006

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PROFIT AND LOSS ACCOUNT

	Notes	52 week period 2006 £'000	57 week period 2005 £'000
Turnover		23,219	31,153
Cost of sales		(12,418)	(17,059)
Gross profit		10,801	14,094
Net operating expenses – before exceptional items		(13,970)	(15,869)
Exceptional items	3	-	(847)
	2	(13,970)	(16,716)
Operating loss	4	(3,169)	(2,622)
Net interest receivable	5	16 ✓	81 ✓
Loss on ordinary activities before taxation		(3,153)	(2,541)
Taxation on loss on ordinary activities	7	(22)	757
Retained loss for the financial year	15	(3,175)	(1,784)

All of the loss on ordinary activities before interest and taxation for the year arises from the company's continuing operations.

No separate statement of total recognised gains and losses has been presented as all gains and losses have been dealt with in the profit and loss account.

There is no difference between the loss on ordinary activities before taxation and the loss for the year and their historical cost equivalents.

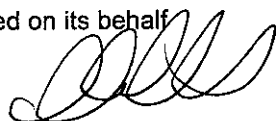
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BALANCE SHEET

	Notes	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	8	596	843
Current assets			
Stock	9	4,840	5,732
Debtors	10	1,319	1,990
Cash at bank and in hand		634	1,224
		<hr/>	<hr/>
		6,793	8,946
Creditors: Amounts falling due within one year	11	(7,196)	(6,413)
		<hr/>	<hr/>
Net current (liabilities)/assets		(403)	2,533
		<hr/>	<hr/>
Total assets less current liabilities		193	3,376
Provisions for liabilities and charges	12	(152)	(160)
		<hr/>	<hr/>
Net assets		41	3,216
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	5,000	5,000
Profit and loss account	15	(4,959)	(1,784)
		<hr/>	<hr/>
Equity shareholders' funds	16	41	3,216
		<hr/>	<hr/>

The financial statements on pages 6 to 18 were approved by the director on 28 July 2006.

Signed on its behalf



Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and UK accounting standards, which have been applied on a consistent basis with the previous year except that the company has adopted FRS 17 'Retirement Benefits' (see page 9). The principal accounting policies are set out below.

Cash flow statement and related party transactions

As the results of the company are included in the consolidated financial statements of Littlewoods Shop Direct Group Limited, which are publicly available, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements (revised 1996)'.

The company is also exempt under the terms of FRS 8 'Related Party Transactions' from disclosing related party transactions with entities that are part of the group or investees of the group as Littlewoods Shop Direct Group Limited controls 90% or more of the total shareholding and the consolidated accounts of that company are publicly available.

Revenue recognition

Turnover represents sale of goods to customers, outside of the group, less value added tax.

Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost. Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their estimated useful working lives as follows:

Fixtures, fittings and equipment	10-33% per annum
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Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

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Deferred tax

In accordance with FRS 19 'Deferred Tax', full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted. Deferred tax assets are recognised only to the extent that the director considers there to be suitable taxable profits in the foreseeable future from which the underlying timing differences can be deducted.

Pensions and post retirement benefits

Pension costs are calculated in accordance with FRS 17.

For multi-employer defined benefit pension schemes, contributions are determined by independent actuaries and where it is not possible to separately identify individual company shares of the underlying assets and liabilities, these contributions are charged to the profit and loss account in the year in which contributions become payable as pension costs.

For unfunded pension arrangements where the company can identify its share of the liabilities, provision is maintained based on the advice of independent actuaries less attributable taxation on a full provision basis.

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which contributions become payable.

2. Net operating expenses

	52 week period 2006 £'000	57 week period 2005 £'000
Distribution costs	(3,254)	(3,178)
Administrative expenses – before exceptional items	(10,716)	(12,691)
Exceptional items	-	(847)
	(10,716)	(13,538)
	<hr/>	<hr/>
	(13,970)	(16,716)
	<hr/>	<hr/>

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3. Exceptional items

	52 week period 2006 £'000	57 week period 2005 £'000
Reorganisation and restructuring costs	-	(847)

In the prior year, the company undertook a major restructuring exercise to close a number of loss making stores resulting in the store portfolio reducing from 43 to 30 stores.

4. Operating loss

Operating loss is stated after (charging)/crediting:

	52 week period 2006 £'000	57 week period 2005 £'000
Depreciation:		
Owned assets	(292)	(159)
Profit/(loss) on sale of fixed assets	35	(12)
Operating lease rentals:		
Land and buildings	(1,214)	(2,203)
Other	(31)	-
Auditors' remuneration:		
Audit	(20)	(20)

5. Net interest receivable

	52 week period 2006 £'000	57 week period 2005 £'000
Bank deposit interest receivable	18	81
Interest payable on Letter of Credit facilities	(2)	-
Net interest receivable	16	81

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6. Employees and directors

	52 week period 2006 £'000	57 week period 2005 £'000
Staff costs (including part-time staff and directors) during the year:		
Wages and salaries	4,565	5,601
Social security costs	311	402
Other pension costs (note 17)	123	100
	<hr/> 4,999	<hr/> 6,103
	<hr/>	<hr/>
	52 week period 2006 Number	57 week period 2005 Number
Average monthly number of full time equivalents (including part-time staff and directors) employed:		
Administration	31	34
Stores	418	420
Distribution & customer services	10	11
	<hr/> 459	<hr/> 465
	<hr/>	<hr/>

The director did not receive any emoluments for services to the company during the year ended 30 April 2006 (2005: £nil).

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7. Taxation

	52 week period 2006 £'000	57 week period 2005 £'000
Current taxation:		
UK corporation tax at 30%	(1)	742
Adjustment in respect of prior years	21	-
	<hr/>	<hr/>
Total current tax credit	20	742
	<hr/>	<hr/>
Deferred taxation:		
Origination and reversal of timing differences	(25)	15
Adjustment in respect of prior years	(17)	-
	<hr/>	<hr/>
Total deferred tax	(42)	15
	<hr/>	<hr/>
Tax (charge)/credit on profit on ordinary activities	(22)	757
	<hr/>	<hr/>

The current tax credit assessed for the year is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	52 week period 2006 £'000	57 week period 2005 £'000
Loss on ordinary activities before tax	(3,153)	(2,541)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	946	763
Effects of:		
Adjustment in respect of prior years	21	-
Expenses not deductible for tax	(1)	(6)
Capital allowances less than depreciation	(77)	(15)
Short term timing differences	(878)	-
Pension cost charge in excess of pension cost relief	9	-
	<hr/>	<hr/>
Current tax credit for the year	20	742
	<hr/>	<hr/>

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8. Tangible fixed assets

	Fixtures, fittings and equipment £'000
Cost	
At 1 May 2005	989
Additions in the year	41
Transferred from group undertakings	24
Disposals in the year	(36)
	<hr/>
At 30 April 2006	1,018
Depreciation	
At 1 May 2005	146
Transferred from group undertakings	17
Charged in the year	292
Disposals in the year	(33)
	<hr/>
At 30 April 2006	422
Net book value	
At 30 April 2006	596
	<hr/>
At 1 May 2005	843
	<hr/>

9. Stocks

	2006 £'000	2005 £'000
Goods for resale	4,840	5,732
	<hr/>	<hr/>

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10. Debtors

	2006	2005
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	231	395
Amounts due from group undertakings	767	730
Prepayments and accrued income	320	830
Deferred tax asset (note 13)	-	33
Other debtors	1	2
	<hr/>	<hr/>
	1,319	1,990
	<hr/>	<hr/>

11. Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Bank overdraft	150	95
Trade creditors	385	549
Amounts due to group undertakings	5,088	3,257
Other taxation and social security	263	306
Other creditors	21	260
Accruals	1,289	1,946
	<hr/>	<hr/>
	7,196	6,413
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

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12. Provisions for liabilities and charges

	At 1 May 2005 £'000	Credit to P&L £'000	At 30 April 2006 £'000
Pension provisions (note 17)	(160)	8	(152)

The pension provision of £0.2m (2005: £0.2m) relates to the company's ex-gratia liabilities.

13. Deferred taxation

The total asset recognised for deferred taxation is as follows:

	2006 £'000	2005 £'000
Accelerated capital allowances	93	33
Short term timing differences	878	-
Deferred tax asset on pension liability	65	74
Asset not provided	(1,036)	-
Deferred tax asset	-	107
At 1 May / April	107	-
Profit and loss account – current year	(25)	-
Balances transferred from group companies	-	92
Adjustments in respect of previous years	(17)	15
At 30 April 2006	65	107
Deferred tax asset included in net pension balances	65	74
Deferred tax assets at 30 April 2006 (note 10)	-	33

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14. Share capital

	2006 £	2005 £
Authorised:		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Allotted, issued and fully paid:		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000

15. Reserves

	Profit & Loss Account £'000
At 1 May 2005	(1,784)
Loss for the financial year	(3,175)
At 30 April 2006	(4,959)

16. Reconciliation of movement in shareholders' funds

	2006 £'000	2005 £'000
Loss for the financial year	(3,175)	(1,784)
New share capital issued	-	5,000
Net change in shareholders' funds	(3,175)	3,216
Opening equity shareholders' funds	3,216	-
Closing equity shareholders' funds at 30 April	41	3,216

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17. Pension commitments

FRS 17 – Retirement Benefits

Bargain Crazy Limited participates in the following pension arrangements:

- (i) Certain employees are members of the Shop Direct Group Limited Pension Plan ("the Plan"). The Plan is a defined benefit arrangement based on final pensionable salaries, the assets of which are held in a separate trustee administered fund. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed between the company and the Plan Trustee. The last full valuation of the scheme was on 30 March 2004. The Plan was closed to new entrants from its inception date of 1 December 2003. Therefore under the projected unit method, the current service cost would be expected to increase as members of the Plan approach retirement.
- (ii) Certain employees are members of the Shop Direct Stakeholder Pension Plan ("Stakeholder Scheme"). The Stakeholder Scheme is a funded defined contribution pension scheme to which employees and the group contribute.
- (iii) Certain former employees have accrued benefits in an ex-gratia arrangement originally set up by GUS prior to Shop Direct Group Limited joining the Littlewoods Shop Direct group. No new employees have been granted membership of the ex-gratia arrangement since 1998.

The Plan is a multi-employer defined benefit scheme, for which the company is unable to identify its share of the underlying assets and liabilities on a consistent and reliable basis. Consequently, contributions are charged to the profit and loss account as pension costs when payable.

The total cost of the contributions to all the schemes within these accounts amounted to £0.1m (2005: £0.1m). The pension accrual is £0.2m (2005: £0.2m) and relates to other pension and ex-gratia liabilities. The company's liability has been estimated by an independent actuary.

18. Operating lease commitments

At 30 April 2006 the company had annual commitments under non-cancellable operating leases as follows:

	2006 £'000	2005 £'000
Land and buildings:		
Expiring within one year	38	86
Expiring between two and five years	303	561
Expiring after five years	1,190	896
	<hr/> 1,531	<hr/> 1,543
Other:		
Expiring between two and five years	31	-
	<hr/> 1,562	<hr/> 1,543

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19. Ultimate controlling party

The immediate holding company is March U.K. Limited, a company registered in England and Wales. The results of the company are consolidated into the report and financial statements of Littlewoods Shop Direct Group Limited, a company registered in England and Wales, which the directors regard as being controlled by the Trustees of the Sir David Barclay and Sir Frederick Barclay Family Settlements.