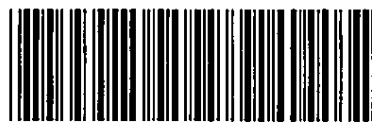


Company Registration No 00232346

LITTLEWOODS CLEARANCE LIMITED
(formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
for the year ended 30 April 2007

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LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

DIRECTOR

Littlewoods Company Director Limited

COMPANY SECRETARY

Littlewoods Secretarial Services Limited

REGISTERED OFFICE

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

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
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LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

DIRECTOR'S REPORT

The director presents its report and the audited financial statements of the company for the year ended 30 April 2007. Comparative figures are for the year to 30 April 2006.

Principal activity and business review

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

On 29 September 2006 the company changed its name by special resolution from Bargain Crazy Limited to Littlewoods Clearance Limited.

The loss on ordinary activities before taxation was £2.8m (2006: £3.2m). The loss after tax of £2.8m (2006: £3.2m) has been transferred to reserves. The director does not recommend the payment of a dividend (2006: £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.

Directors

The directors that held office during the year were as follows:

Littlewoods Company Director Limited	(appointed 8 September 2006)
March Company Director Limited	(resigned 8 September 2006)

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



Littlewoods Secretarial Services Limited
Company Secretary
Date 12 July 2007

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

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 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.

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Independent auditors' report to the members of Littlewoods Clearance Limited

We have audited the financial statements of Littlewoods Clearance Limited for the year ended 30 April 2007 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 director's 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.

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

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 2007 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 12 July 2007

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2007 £'000	2006 £'000
Turnover		20,329	23,219
Cost of sales		(9,654)	(12,418)
Gross profit		10,675	10,801
Net operating expenses	2	(13,515)	(13,970)
Operating loss	3	(2,840)	(3,169)
Net interest receivable	4	17	16
Loss on ordinary activities before taxation		(2,823)	(3,153)
Taxation on loss on ordinary activities	6	(6)	(22)
Loss for the financial year	15	(2,829)	(3,175)

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

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

BALANCE SHEET

	<i>Notes</i>	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	7	1,833	596
Investments	8	-	-
Current assets			
Stock	9	5,843	4,840
Debtors	10	479	1,319
Cash at bank and in hand		927	634
		<hr/>	<hr/>
		7,249	6,793
Creditors Amounts falling due within one year	11	(5,734)	(7,196)
		<hr/>	<hr/>
Net current assets/(liabilities)		1,515	(403)
		<hr/>	<hr/>
Total assets less current liabilities		3,348	193
Provisions for liabilities and charges	12	(136)	(152)
		<hr/>	<hr/>
Net assets		3,212	41
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	11,000	5,000
Profit and loss account	15	(7,788)	(4,959)
		<hr/>	<hr/>
Equity shareholders' funds	16	3,212	41
		<hr/>	<hr/>

The financial statements on pages 6 to 18 were approved by the director on 12 July 2007

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. 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 and recognised in the profit and loss account at the point of despatch.

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
----------------------------------	------------------

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting Policies (continued)

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 defined benefit pension arrangements where the company can identify its share of the liabilities, provision is maintained based on the advice of independent actuaries.

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

	2007 £'000	2006 £'000
Distribution costs	(2,869)	(3,254)
Administrative expenses	(10,646)	(10,716)
	<hr/> (13,515) <hr/>	<hr/> (13,970) <hr/>

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Operating loss

Operating loss is stated after (charging)/crediting

	2007 £'000	2006 £'000
Depreciation		
Owned assets	(480)	(292)
Profit on sale of fixed assets	-	35
Operating lease rentals		
Land and buildings	(1,311)	(1,214)
Other	(40)	(31)
Auditors' remuneration		
Audit	(20)	(20)

4. Net interest receivable

	2007 £'000	2006 £'000
Bank deposit interest receivable	17	18
Interest payable on Letter of Credit facilities	-	(2)
	<hr/>	<hr/>
Net interest receivable	17	16
	<hr/>	<hr/>

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Employees and directors

	2007 £'000	2006 £'000
Staff costs (including part-time staff and directors) during the year:		
Wages and salaries	5,410	4,565
Social security costs	364	311
Other pension costs (note 17)	110	123
	<hr/> 5,884	<hr/> 4,999
	<hr/>	<hr/>
	2007 Number	2006 Number
Average monthly number of full time equivalents (including part-time staff and directors) employed:		
Administration	35	31
Stores	411	418
Distribution & customer services	87	10
	<hr/> 533	<hr/> 459
	<hr/>	<hr/>

The director did not receive any emoluments for services to the company during the year ended 30 April 2007 (2006 £nil)

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Taxation

	2007 £'000	2006 £'000
Current taxation:		
UK corporation tax at 30%	-	(1)
Adjustment in respect of prior years	-	21
	<hr/>	<hr/>
Total current tax credit	-	20
	<hr/>	<hr/>
Deferred taxation:		
Origination and reversal of timing differences	(13)	(25)
Adjustment in respect of prior years	7	(17)
	<hr/>	<hr/>
Total deferred tax	(6)	(42)
	<hr/>	<hr/>
Tax charge on loss on ordinary activities	(6)	(22)
	<hr/>	<hr/>

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

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(2,823)	(3,153)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	847	946
Effects of		
Adjustment in respect of prior years	-	21
Expenses not deductible for tax	(8)	(1)
Capital allowances less than depreciation	(137)	(77)
Short term timing differences	(780)	(878)
Pension cost charge in excess of pension cost relief	-	9
Group relief losses surrendered for nil consideration	78	-
	<hr/>	<hr/>
Current tax charge for the year	-	20
	<hr/>	<hr/>

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £'000
Cost	
At 1 May 2006	1,018
Additions in the year	1,717
	<hr/>
At 30 April 2007	2,735
	<hr/>
Depreciation	
At 1 May 2006	422
Charged in the year	480
	<hr/>
At 30 April 2007	902
	<hr/>
Net book value	
At 30 April 2007	1,833
	<hr/>
At 1 May 2006	596
	<hr/>

8 Fixed asset investments

	2007 £
Shares in group undertakings	
Additions	31
	<hr/>
At 30 April 2007	31
	<hr/>

In April 2007, the company acquired Lewis Limited for a consideration of £1 and Catalogue Bargain Shop Limited for a consideration of £30. Both subsidiaries were acquired from a fellow group company, March U K Limited.

Principal subsidiary undertakings at 30 April 2007 are listed below. They carry out their principal operations in the country of incorporation, and the company owns 100% of the ordinary share capital.

Subsidiary undertakings	Nature of business	Company of Incorporation
Catalogue Bargain Shop Limited	Retail	England & Wales
Lewis Limited	Financial Services	England & Wales

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Stocks

	2007 £'000	2006 £'000
Goods for resale	5,843	4,840

10. Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	142	231
Amounts due from group undertakings	-	767
Prepayments and accrued income	333	320
Other debtors	4	1
	479	1,319

11. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank overdraft	-	150
Trade creditors	597	385
Amounts due to group undertakings	3,027	5,088
Other taxation and social security	276	263
Other creditors	389	21
Accruals	1,445	1,289
	5,734	7,196

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

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Provisions for liabilities and charges

	At 1 May 2006 £'000	Credit to P&L £'000	At 30 April 2007 £'000
Pension provisions (note 17)	(152)	16	(136)

The pension provision relates to the company's ex-gratia liabilities

13. Deferred taxation

The total asset recognised for deferred taxation is as follows

	2007 £'000	2006 £'000
Accelerated capital allowances	230	93
Short term timing differences	1,662	878
	<hr/>	<hr/>
Deferred tax asset	1,892	971
Deferred tax asset on pension liability	59	65
Deferred tax asset not recognised	(1,892)	(1,036)
	<hr/>	<hr/>
Deferred tax asset recognised	59	-
	<hr/>	<hr/>
At 1 May	65	107
Profit and loss account charge – current year	(13)	(25)
Adjustment in respect of previous years	7	(17)
	<hr/>	<hr/>
At 30 April	59	65
	<hr/>	<hr/>
Deferred tax asset included in net pension balances	59	65
	<hr/>	<hr/>

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
 REPORT AND FINANCIAL STATEMENTS
 For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Share capital

	2007 £	2006 £
Authorised.		
11,000,000 ordinary shares (2006 5,000,000 ordinary shares) of £1 each	11,000,000	5,000,000
Allotted, issued and fully paid		
11,000,000 ordinary shares (2006 5,000,000 ordinary shares) of £1 each	11,000,000	5,000,000

On 27 April 2007 the company increased its authorised share capital by 6,000,000 £1 ordinary shares

On 27 April 2007 the company issued 6,000,000 £1 ordinary shares at par, satisfied by an intercompany loan

15 Reserves

	Profit & Loss Account £'000
At 1 May 2006	(4,959)
Loss for the financial year	(2,829)
At 30 April 2007	(7,788)

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Reconciliation of movement in shareholders' funds

	2007 £'000	2006 £'000
Loss for the financial year	(2,829)	(3,175)
New share capital issued	6,000	-
Net change in shareholders' funds	3,171	(3,175)
Opening equity shareholders' funds	41	3,216
Closing equity shareholders' funds at 30 April	3,212	41

17. Pension commitments

FRS 17 – Retirement Benefits

Littlewoods Clearance Limited participates in the following pension arrangements

- (i) Shop Direct Group Limited Pension Plan ("the Plan") which is a multi-employer defined benefit arrangement based on final pensionable salaries. The plan is set up under trust and the assets are held separately from those of the company. 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 Plan was on 30 March 2004, the 30 March 2007 valuation is still ongoing. The Plan was closed to new entrants from its inception date of 1 December 2003.
- (ii) Certain employees are members of the Shop Direct Stakeholder Pension Plan ("Stakeholder Scheme"). The Stakeholder Scheme is a funded defined contribution stakeholder pension scheme to which employees and the company contribute.
- (iii) Certain employees have accrued benefits in a defined benefit ex-gratia arrangement originally set up by GUS prior to Shop Direct Group Limited's acquisition by March UK Limited. No new employees have been granted membership of the ex-gratia arrangement since 1998. The liabilities under this arrangement have been estimated by an independent actuary and accrued in the balance sheet of the company.

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 Plan and Stakeholder Scheme to the profit and loss account in the year in which contributions become payable as pension costs.

LITTLEWOODS CLEARANCE LIMITED (formerly BARGAIN CRAZY LIMITED)
REPORT AND FINANCIAL STATEMENTS
For the year ended 30 April 2007

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Pension commitments (continued)

FRS 17 disclosures relating to the pension schemes operated by Littlewoods Shop Direct Group Limited are provided in the consolidated accounts for that undertaking, which are publicly available

The total cost of the contributions to all the schemes within these accounts amounted to £0.1m (2006 £0.1m). The pension provision is £0.1m (2006 £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 the company had annual commitments under non-cancellable operating leases as follows

	2007 £'000	2006 £'000
Land and buildings.		
Expiring within one year	38	38
Expiring between two and five years	805	303
Expiring after five years	669	1,190
	<hr/>	<hr/>
	1,512	1,531
Other:		
Expiring between two and five years	40	31
	<hr/>	<hr/>
	1,552	1,562
	<hr/>	<hr/>

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 director regards as being controlled by the Trustees of the Sir David Barclay and Sir Frederick Barclay Family Settlements.