

CHECKBURY LIMITED

Directors' report and financial statements

29 January 2011

Company No: 1131608

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Directors' report and financial statements

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Directors' report

The Directors present their directors' report and the financial statements for the 52 week period ended 29 January 2011

Business review

The principal activity of the Company is property investment.

The profit on ordinary activities before taxation amounts to £3,708,000 for the period ended 29 January 2011 (2010 £2,617,000)

Dividends

A dividend of £5,000,000 was paid in the period (2010 £10,000,000)

Directors and Directors' interests

The Directors who served during the period were

M A Jenkins

K C Pratt (appointed 25 June 2010)

W G Boyd (resigned 25 June 2010)

None of the Directors had any beneficial interest in the share capital of the Company during the period (2010 nil)

Political and charitable contributions

The Company made no charitable or political contributions during the period (2010 £nil).

Disclosure of information to auditors


Each of the Directors at the date hereof confirms that.

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board,


15 Golden Square
London,
W1F 9JG

M A Jenkins
Director
5 July 2011

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



Independent auditor's report to the members of Checkbury Limited

We have audited the financial statements of Checkbury Limited for the 52 weeks ended 29 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 auditor

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/private.cfm.

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 29 January 2011 and of its profit for the period 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

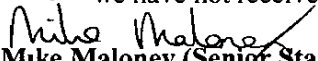
Opinion on other matter prescribed by the Companies Act 2006

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.

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


Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London,
EC14 5GL

5 July 2011

Profit and loss account
for the 52 weeks ended 29 January 2011

	Notes	52 weeks ended 29 January 2011 £000	52 weeks ended 30 January 2010 £000
Rent receivable from properties		1,733	1,733
Rent payable on properties		<u>(201)</u>	<u>(194)</u>
Gross profit		1,532	1,539
Administrative expenses		<u>(157)</u>	<u>(448)</u>
Operating profit		1,375	1,091
Profit on disposal of tangible fixed asset		<u>208</u>	<u>-</u>
		1,583	1,091
Interest receivable and similar income	2	2,125	1,526
Interest payable and similar charges	2	<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation	3	3,708	2,617
Tax on profit on ordinary activities	5	<u>(1,016)</u>	<u>(849)</u>
Profit for the financial period	12	<u>2,692</u>	<u>1,768</u>

The results shown above are in respect of continuing operations. There were no gains or losses recognised other than those in the profit and loss account for either period.

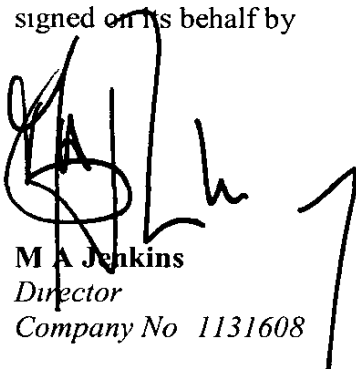
The notes on pages 6 to 11 form part of these financial statements.

Balance sheet
at 29 January 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible fixed assets	7	7,765	9,255
Current assets			
Debtors	8	55,035	56,580
Creditors:			
Amounts falling due within one year	9	(1,865)	(2,088)
Net current assets		<u>53,170</u>	<u>54,492</u>
Net assets		<u>60,935</u>	<u>63,747</u>
Capital and reserves			
Called up share capital	11	16,400	16,400
Share premium account	12	23,850	23,850
Revaluation reserve	12	3,107	3,641
Profit and loss account	12	<u>17,578</u>	<u>19,856</u>
Shareholders' funds		<u>60,935</u>	<u>63,747</u>

The notes on pages 6 to 11 form part of these financial statements

These financial statements were approved by the board of Directors on 5 July 2011 and were signed on its behalf by


M A Jenkins
Director
Company No 1131608

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements and in the current and preceding period

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention as modified by the revaluation of freehold and long leasehold properties

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Rent receivable from properties

Rent receivable from properties is recognised on a straight line basis over the relevant rental period

Operating lease rentals

Rentals payable under certain leases are recognised on a straight line basis over the life of the leases

Depreciation and amortisation

Depreciation is provided on freehold and long leasehold retail premises over an estimated useful life not exceeding 50 years. Freehold land is not depreciated

Taxation

The charge for taxation is based on the profit for the period 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 Financial Reporting Standard 19

Notes (continued)

2. Net interest receivable/(payable)

	2011 £000	2010 £000
Interest receivable on amounts owed by Group undertakings	<u>2,125</u>	<u>1,526</u>

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation	125	420
Auditors remuneration	2	2
Profit on disposal of fixed assets	<u>208</u>	<u>-</u>

There were no employees in the current or preceding periods

The auditors received no remuneration for any non-audit services in either period

4. Remuneration of Directors

None of the Directors received any remuneration from the Company during the current or preceding period

5. Taxation

	2011 £000	2010 £000
UK corporation tax charge for the period	1,015	849
Adjustment in respect of previous periods	<u>1</u>	<u>-</u>
	<u>1,016</u>	<u>849</u>
	2011 %	2010 %
UK statutory tax rates	28.0	28 0
Expenditure permanently disallowable for tax, net of permanent undercharges	(0.6)	4 4
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
Effective tax rate in the accounts	<u>27.4</u>	<u>32 4</u>

Notes (continued)

6. Dividends

A dividend of £5,000,000 was paid in the period (2010 £10,000,000).

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2010 £nil)

7. Tangible fixed assets

	Freehold property £000	Long leasehold property £000	Short leasehold property £000	Total £000
Valuation				
At 30 January 2010	8,514	1,842	1,300	11,656
Disposals	(1,500)	-	-	(1,500)
At 29 January 2011	7,014	1,842	1,300	10,156
Depreciation				
At 30 January 2010	1,922	219	260	2,401
Charge for the period	67	26	32	125
Disposals	(135)	-	-	(135)
At 29 January 2011	1,854	245	292	2,391
Net book value				
At 29 January 2011	5,160	1,597	1,008	7,765
At 30 January 2010	6,592	1,623	1,040	9,255

Freehold and long leasehold properties were valued in 2002 by professional valuers on an existing use basis, except for one property that was valued on an open market basis

The net book value of properties determined on a historical cost basis would be

	2011 £000	2010 £000
Cost	6,520	7,488
Depreciation	(1,863)	(1,874)
	4,657	5,614

8. Debtors

	2011 £000	2010 £000
Amounts owed by Group undertakings	55,035	56,580

Notes (continued)

9. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Corporation tax	<u>1,865</u>	<u>2,088</u>

10. Deferred taxation

There is no liability for deferred taxation in respect of properties stated in the accounts at valuation

11. Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i> 16,400,000 ordinary shares of £1 each	<u>16,400</u>	<u>16,400</u>

12. Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 30 January 2010	23,850	3,641	19,856
Profit for the period	-	-	2,692
Release on revaluation reserve on disposal	-	(504)	-
Difference between historical cost depreciation and actual depreciation in current year	-	(30)	30
Dividends	-	-	(5,000)
At 29 January 2011	<u><u>23,850</u></u>	<u><u>3,107</u></u>	<u><u>17,578</u></u>

Notes (continued)

13. Commitments and contingent liabilities

The annual commitments under non-cancellable operating leases are as follows

	2011	2010
	Land &	Land &
	buildings	buildings
	£000	£000
Operating leases which expire		
In the second to fifth years inclusive	-	-
After more than five years	<u>167</u>	<u>167</u>
	<u>167</u>	<u>167</u>

At 30 January 2010, the Group had in place a \$280m US private placement Note Term Series Purchase Agreement that was guaranteed by the Company and by other members of the Group. In accordance with its borrowing agreements, the Group made a prepayment to its Note Holders on 9 March 2010 of \$50.9 million. On 26 November 2010, the Group exercised its right to prepay in full the remaining \$229.1 million of Notes outstanding.

On 26 June 2008 the Group entered into a \$520m unsecured revolving credit facility agreement that was guaranteed by the Company and by other members of the Group. On 13 March 2009 the Group entered into an amendment agreement which reduced the amount available under the revolving credit facility by \$150 million to \$370 million. On 19 March 2010 a further change was agreed with the Group's revolving credit facility banking group to reduce the facility to \$300m.

On 24 May 2011, the Group entered into a new \$400 million senior unsecured multi-currency five-year revolving credit facility agreement, for which the Company is not specified as a material subsidiary. This new facility replaces the \$300m facility that was in place at 29 January 2011.

14. Related party transactions

As the Company is a wholly owned subsidiary of Signet Trading Limited and the Company's voting rights are controlled within the group headed by Signet Jewelers Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore 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 Signet Jewelers Limited, within which this Company is included, can be obtained from the address given in note 15.

15. Ultimate holding Company

The ultimate parent company of the Group is Signet Jewelers Limited, a company incorporated in Bermuda under the Companies Act 1981 of Bermuda. The financial statements of Signet Jewelers Limited which consolidate the results of Checkbury Limited are available to the public and may be obtained from 15 Golden Square, London W1F 9JG or at www.signetjewelers.com