Grant Thornton

Financial statements British Bookshops and Stationers Limited

For the 53 Week Period from 26 January 2009 to 31 January 2010

Company No. 1257379

Officers and professional advisers

Company registration number	1257379
Registered office	6 Crowhurst Road Hollingbury Brighton East Sussex BN1 8AF
Directors	F Watson J Simpson
Secretary	F Watson
Bankers	Barclays Bank PLC Apex Plaza Forbury Road Reading RG1 1AX
Solicitors	Dawson Hart LLP The Old Grammar School Church Street Uckfield East Sussex TN22 1BH
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor The Explorer Building Fleming Way Manor Royal Crawley West Sussex RH10 9GT

Contents

Report of the directors

The directors present their report and the financial statements of the company for the 53 week period from 26 January 2009 to 31 January 2010

Principal activities and business review

The principal activities of the Company continue to be the retailing of books, stationery and greeting cards within the United Kingdom

Results and dividends

The loss for the 53 week period amounted to £6,156,000 (2009 £5,325,000) The directors have not recommended a dividend (2009 £nil)

Business review

The Company currently operates from 39 stores across the South-East of the UK retailing books, stationery and greetings cards

Summary

The business has undergone a significant restructuring during the period to 31 January 2010 The Company has changed ownership and has a new management team in place The freehold properties have been disposed of and the debt of the Company has been significantly reduced The Company had suffered significant losses over many years but in the 8 months since the sale of the business, the new management team has managed to reduce those losses through stabilising sales, improving the margin and reducing costs The business made an operating loss before exceptional items in the period ended 31 January 2010 of £0 53m (2009 £1 97m loss)

Review of business

On 8 March 2009, the Company ceased trading from its Worthing and Sutton stores

On 29 April 2009, the freehold property at East St, Brighton was sold for £6 5m, in line with its revalued amount as stated in the accounts The remaining freehold property was transferred to Eason & Son NI Limited and leased back to the Company on 15 May 2009 in consideration for the write-off of the inter-company loan This led to a loss on disposal of fixed assets of £5 04m

On 17 May 2009 the Company was sold by Eason & Son Limited to Amber One Limited, a holding company, ultimately controlled by Endless LLP

Following the sale of the Company, a new management team was put in place tasked with turning the business around A cost reduction programme was launched, which among other areas led regrettably to the loss of 164 staff through redundancy mostly in stores but also in the head office and distribution centre This resulted in exceptional redundancy costs of £449,000

The sector of the retail market in which the Company operates continues to be highly competitive Total sales declined 12 9% year-on-year (2009 14 9%) although much of this decline is reflected in store closures during 2008 and 2009 On a like-for-like ("LFL") basis, sales declined by 2 3% (2009 7 3%) In the period from June 2009 until the end of the financial year (the period since the change of ownership) LFL sales declined by 1 2%

The current management team, supported by funding from Endless LLP, intends to continue the work undertaken over the last 12 months in stabilising and growing the business The Company has plans to open a number of new stores over each of the next 3 years The new store opening programme started in May 2010 with the opening of its new Croydon and Worthing stores

Report of the directors

Key performance indicators

The Company measures its financial performance by reference to profitability and revenue Operating profit is set out in the profit and loss account on page 13

Revenue has declined 12 9% (2009 14 9%) year-on-year, although LFL sales have declined by 2 3% (2009 7 3%) Administrative costs have reduced significantly by 26%, partly reflecting the lower number of stores and partly as a result of the cost-reduction programme

Principal risks and uncertainties

The execution of the Company's strategy and the management of the business are subject to a number of key business risks, the principal ones of which are as follows

Competitive Environment

The Company operates in a highly competitive market, particularly focused around price discounting trends The Company monitors retail prices on an ongoing basis, and has the flexibility to adjust prices appropriately

Employees

The Company's performance is dependent largely on its management of staff Total staff costs as a percentage of turnover were 20 1% (2009 24 0%)

Post-balance sheet event

On 11 February 2010, the immediate holding company, Amber One Limited, was sold to Tiger Alex Holdings Limited, a company ultimately controlled by the directors of British Bookshops & Stationers Limited

Financial risk management objectives and policies

The Company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the Company's operations The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk, and price risk The Directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably

Foreign currency risk

Purchases have taken place in the year in Euro which would be subject to exchange rate fluctuations However any financial exposure in respect to transactions of this nature is considered minimal

Price risk

Price risk is not considered a material threat in the current market

Report of the directors

Directors

The directors who served the Company during the 53 week period were as follows

F Watson	(Appointed 25 November 2009)
J Simpson	(Appointed 28 July 2009)
T Owens	(Retired 18 May 2009)
B McAllister	(Retired 18 May 2009)
M Shakespeare	(Retired 18 May 2009)
G Wilson	(Served from 18 May 2009 to 25 November 2009)
S Harrison	(Served from 18 May 2009 to 25 November 2009)

Company's policy for payment of creditors

It is Company policy that payments to suppliers are made in accordance with agreed terms The Company does not have a standard or code which deals specifically with the payment of suppliers The Company's average creditor payment at 31 January 2010 was 56 days (2009 82 days)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report

Charitable and political donations

The Company made no donations to charitable organisations or political parties during the year (2009 £nil)

Report of the directors

Directors' responsibilities
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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 are 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor
Grant Thornton UK LLP were appointed on 27 January 2010 to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006 In accordance with s484(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD

F Watson
Secretary
22 July 2010

Grant Thornton

Report of the independent auditor to the members of British Bookshops and Stationers Limited

We have audited the financial statements of British Bookshops and Stationers Limited for the 53 week period from 26 January 2009 to 31 January 2010 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 5, 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 website 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 31 January 2010 and of its loss for the 53 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the 53 week period for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the members of British Bookshops and Stationers 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

Grant Thornton UK LLP

Nicholas Page
Senior Statutory Auditor
For and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Gatwick
22 July 2010

Accounting policies

Basis of accounting
These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

A summary of the more important accounting policies, which have been applied consistently, is set out below

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 3 The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the directors' report on pages 3 and 4 In addition, the directors' report includes the company's objectives, policies and process for managing its capital, its financial risk management objectives, and its exposure to credit risk and liquidity risk

As described in the directors' report on page 3, the current economic environment is difficult and the Company has reported an operating loss for the year The directors' consider that the outlook presents significant challenges in terms of sales volume and pricing as well as input costs The Company has obtained a revolving credit facility with Endless LLP which is due for renewal on 31 January 2013 The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within this facility

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

Consolidation
The Company was, at the end of the 53 week period, a wholly-owned subsidiary of another Company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

Turnover
Turnover comprises the sales value of goods supplied by the Company, exclusive of Value Added Tax and trade discounts

Fixed assets
All fixed assets are initially recorded at cost

Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	2% per annum
Leasehold Property	-	over the lease term
Fixtures & Fittings	-	17% on cost
Motor Vehicles	-	20% on cost

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Pensions

The Company operated a defined contribution pension scheme in the period The pension charge represents the amounts payable by the Company to the fund in respect of the year

Investments

Investments are included in the balance sheet at cost less amounts written off, representing impairment in value Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable and are charged to the profit and loss account

Investment properties

Investment properties are freehold properties held by the Company which are either entirely or in part leased to third parties and are held for long term income and capital appreciation These properties are accounted for in accordance with SSAP19

Investment properties are initially recognised on acquisition at cost and are revalued as part of the revaluation cycle which includes all freehold and long lease properties as noted above Depreciation is not charged on investment properties

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Accounting policies (continued)

Provisions

Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation

Provision is made for onerous leases on leased properties In making the estimate, management consider the likelihood of being able to sublet properties, the expected level of rentals, expected future trading conditions and whether uneconomic sites will be closed and sublet

The determination of the onerous lease provision requires significant estimation

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Turnover	1	**25,734**	29,546
Cost of sales		**(14,775)**	(16,458)
Gross profit		**10,959**	13,088
Other operating charges	2	**(12,473)**	(18,901)
Other operating income	3	**520**	891
Operating loss	4	**(994)**	(4,922)
Attributable to			
Operating loss before exceptional items		**(545)**	(1,971)
Exceptional items	4	**(449)**	(2,951)
		(994)	(4,922)
Loss on disposal of fixed assets	7	**(5,039)**	–
		(6,033)	(4,922)
Income from fixed asset investments	8	**–**	15
Interest receivable		–	17
Interest payable and similar charges	9	**(19)**	(406)
Loss on ordinary activities before taxation		**(6,052)**	(5,296)
Tax on loss on ordinary activities	10	**(104)**	(29)
Loss for the financial 53 week period	22	**(6,156)**	(5,325)

All of the activities of the company are classed as continuing

Balance sheet

	Note	31 Jan 10 £000	25 Jan 09 £000
Fixed assets			
Tangible assets	11	**595**	19,576
Fixed asset investments	12	**66**	66
		661	19,642
Current assets			
Stocks	13	**5,261**	5,172
Debtors	14	**2,767**	859
Cash at bank		**1,588**	970
		9,616	7 001
Creditors amounts falling due within one year	15	**(5,062)**	(5,266)
Net current assets		**4,554**	1,735
Total assets less current liabilities		**5,215**	21,377
Creditors. amounts falling due after more than one year	16	**(25)**	(10,459)
Provisions for liabilities	18	**(248)**	–
		4,942	10,918
Capital and reserves			
Called-up equity share capital	20	**230**	50
Revaluation reserve	21	**–**	6,485
Profit and loss account	22	**4,712**	4,383
Shareholders' funds	23	**4,942**	10,918

These financial statements were approved by the directors and authorised for issue on 22 July 2010, and are signed on their behalf by

J Simpson

Company Registration Number 1257379

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Loss for the financial 53 week period	**(6,156)**	(5,325)
Unrealised loss on revaluation of certain fixed assets	**–**	(3,345)
Total gains and losses recognised for the 53 week period	**(6,156)**	(8,670)

Note of historical cost profits and losses for the 53 weeks ended 31 January 2010

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Reported loss on ordinary activities before taxation	**(6,052)**	(5,296)
Difference between historical cost depreciation charge and the actual depreciation charge	**–**	35
Historical cost loss on ordinary activities before taxation	**(6,052)**	(5,261)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

All turnover originated from the retailing of books, stationery and greeting cards within the United Kingdom

2 Other operating charges

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Administrative expenses	11,776	15,950
Exceptional administrative expenses (note 4)	449	2,951
Provision (note 18)	248	–
	12,473	18,901

3 Other operating income

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Net rents receivable on investment properties	280	891
Payment under indemnity	240	–
	520	891

4 Operating loss

Operating loss is stated after charging

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Depreciation of owned fixed assets	95	1,116
Loss on disposal of fixed assets	5,039	–
Auditor's remuneration	34	50
Auditor's remuneration - taxation compliance services	3	29
Exceptional administrative expenses[1]	449	2,951
Operating lease rentals - land and buildings	2,929	3,745

[1] As part of the ongoing turnaround in the profitability of the business, a review of staffing levels was undertaken in June 2009 at the head office, distribution centre and in stores This resulted in redundancy costs totalling £449,000 (2009 £nil)

Notes to the financial statements (continued)

4 Operating loss (continued)

Following an assessment of the carrying values of fixed assets in the prior period, impairment losses of £505,193 were recognised against furniture, fixtures and fittings and shorthold properties respectively The revaluation of the properties in the prior period also resulted in a further £2,445,889 impairment which reflected the amount the properties had fallen below their depreciated historical cost at 25 January 2009

5 Particulars of employees

The average number of staff employed by the Company during the financial 53 week period amounted to

	Period from 26 Jan 09 to 31 Jan 10 No	Period from 31 Jan 08 to 25 Jan 09 No
Management and administration	**81**	103
Selling	**227**	303
	308	406

The aggregate payroll costs of the above were

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Wages and salaries	**4,867**	6,685
Social security costs	**297**	388
Other pension costs	**18**	27
	5,182	7,100

6 Directors

Remuneration in respect of directors was as follows

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Remuneration receivable	**168**	122

Notes to the financial statements (continued)

7 Loss on disposal of fixed assets

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Loss on disposal of fixed assets	**5,039**	-

On 29 April 2009, the freehold property at East Street, Brighton was sold for £6 5m, in line with its revalued amount as stated in the accounts The remaining freehold property was transferred to Eason & Son NI Limited and leased back to the Company on 15 May 2009 in consideration for the write-off of the inter-company loan This led to a loss on disposal of fixed assets of £5 04m

8 Income from fixed asset investments

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Income from other fixed asset investments	**-**	15

9 Interest payable and similar charges

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Interest payable on bank borrowing	**19**	406

Notes to the financial statements (continued)

10 Taxation on ordinary activities

(a) Analysis of charge in the 53 week period

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Current tax		
UK Corporation tax based on the results for the 53 week period at 28% (2009 28%)	**482**	29
Total current tax	**482**	29
Deferred tax		
Origination and reversal of timing differences	**(378)**	–
Tax on loss on ordinary activities	**104**	29

(b) Factors affecting the current tax charge

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Loss on ordinary activities before tax	**(6,052)**	(5,296)
Tax on loss on ordinary activities at standard rate of 28%	**(1,695)**	(1,497)
Expenses not deductible for tax purposes	**1,440**	744
Non-taxable income	**(67)**	–
Chargeable gains	**765**	–
Capital allowances for the year (in excess of) less than depreciation (note 17)	**(167)**	265
Other short term timing differences	**(17)**	(13)
Losses carried forward	**–**	501
Adjustment to tax charge in respect of prior periods	**223**	29
Total current tax (note 10(a))	**482**	29

Notes to the financial statements (continued)

11 Tangible fixed assets

	Freehold & long leasehold Property £000	Short Leasehold Property £000	Investment Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost						
At 26 Jan 2009	11,264	2,303	8,253	5,713	325	27,858
Additions	–	272	–	210	–	482
Disposals	(11,264)	–	(8,253)	(8)	(59)	(19,584)
At 31 Jan 2010	–	2,575	–	5,915	266	8,756
Depreciation						
At 26 Jan 2009	173	2,303	–	5,642	163	8,281
Charge for the 53 week period	–	13	–	36	46	95
On disposals	(173)	–	–	(8)	(34)	(215)
At 31 Jan 2010	–	2,316	–	5,670	175	8,161
Net book value						
At 31 Jan 2010	–	**259**	–	**245**	**91**	**595**
At 25 Jan 2009	11,091	–	8,253	70	162	19,576

The net book amount of freehold and long leasehold property comprises £nil (2009 £8,591,793) freehold and £nil (2009 £2,499,536) leasehold property

Impairment losses of £nil (2009 £505,193) are included in the depreciation charges for the year for furniture, fixtures and fittings

Cost or valuation at 31 January 2010 is as follows

	31 Jan 10 £000	25 Jan 09 £000
Cost	–	18,467
Revaluation uplift	–	1,051
	–	19,518

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

If the freehold and long leasehold property had not been included at valuation they would have been included under the historical cost convention as follows

	31 Jan 10 £000	25 Jan 09 £000
Cost	–	18,467
Accumulated depreciation	–	(2,264)
Net book amount	–	16,203

The value of investment properties at the balance sheet date, which have been classified as investment properties as set out in the Accounting Policies, have been determined by the Directors These assets are subject to formal valuation as part of the formal valuation cycle undertaken by the Company's professional advisors

12 Fixed asset investments

	Shares in subsidiaries £000	Unlisted investments £000	Total £000
Cost			
At 26 January 2009 and 31 January 2010	25	41	66

Unlisted investments related to equity shares in a trade investment which are held at historical cost The Company did not receive a dividend payment in the year (2009 £4,349)

Subsidiary undertakings

Details of the non-trading subsidiary undertakings of the Company are as follows,

	Country of incorporation	Ordinary share capital owned by British Bookshops	Aggregate of share capital and reserves at 31 January 2010 £	Company status
John Beal & Sons (Stationers) Limited	England	100%	6,219	Dormant
Sussex Stationers Limited	England	100%	18,817	Dormant

The accounts contain information about British Bookshops and Stationers Limited as an individual Company and do not contain consolidated financial information required of a parent of subsidiary companies The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts, as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of the parent company, Amber One Limited

Notes to the financial statements (continued)

13 Stocks

	31 Jan 10 £000	25 Jan 09 £000
Goods for resale	5,261	5,172

14 Debtors

	31 Jan 10 £000	25 Jan 09 £000
Trade debtors	183	125
Amounts owed by group undertakings	316	–
Amounts owed by related undertakings	1,000	–
Other debtors	242	2
Prepayments and accrued income	648	732
Deferred taxation (note 17)	378	–
	2,767	859

15 Creditors: amounts falling due within one year

	31 Jan 10 £000	25 Jan 09 £000
Overdrafts	–	1,593
Trade creditors	3,046	2,556
Corporation tax	482	–
Other taxation and social security	339	580
Other creditors	117	113
Accruals and deferred income	1,078	424
	5,062	5,266

16 Creditors: amounts falling due after more than one year

	31 Jan 10 £000	25 Jan 09 £000
Amounts owed to group undertakings	25	10,459
	25	10,459

Notes to the financial statements (continued)

17 Deferred taxation

Deferred taxation(asset)/liability is set out below

	31 Jan 10 £000	25 Jan 09 £000
Accelerated capital allowances	(378)	-
Total deferred tax (asset)/liability	(378)	-
Movement in provision		
Provision at start of period	-	-
Deferred tax charged in the Profit and Loss account for the period	(378)	-
Provision at end of period	(378)	-

18 Provisions

	Onerous lease £000
At 26 Jan 2009	-
Additions	248
At 31 Jan 2010	248

Provision is made for onerous leases on leased properties In making the estimate, management consider the likelihood of being able to sublet properties, the expected level of rentals, expected future trading conditions and whether uneconomic sites will be closed and sublet

19 Related party transactions

The Company is a wholly owned subsidiary of Amber One Limited, the consolidated accounts of which are publicly available Accordingly, the Company has taken advantage of the exemption in FRS8 from disclosing transactions with Amber One Limited

Notes to the financial statements (continued)

19 Related party transactions (continued)

At the balance sheet date amounts owing from related undertakings (which were not eligible for the exemption included in FRS8) are as follows

	31 Jan 10 £000	25 Jan 09 £000
Endless LLP	**1,000**	–

Members of British Bookshops Holdings LLP, the parent company of Amber One Limited, are also members of Endless LLP During the 53 week period ended 31 January 2010 the Company made payments of £130,266 (2009 £nil) with respect to monitoring and consultant fees

20 Share capital

Authorised share capital

	31 Jan 10 £000	25 Jan 09 £000
750,000 Ordinary shares of £0 10 each	**75**	75
180,000 Deferred shares of £1 each	**180**	-
	255	75

Allotted, called up and fully paid

	31 Jan 10		25 Jan 09	
	No	£000	No	£000
501,768 Ordinary shares of £0 10 each	**501,768**	**50**	501,768	50
180,000 Deferred shares of £1 each	**180,000**	**180**	-	-
	681,768	**230**	501,768	50

The deferred shares carry no voting rights The shareholders are not entitled to receive dividends On a return of capital or winding-up, the holders of the deferred shares shall only be entitled to repayment of the nominal amount paid up after repayment of the capital paid up on each ordinary share and the payment of £500,000 on each ordinary share in issue

The deferred shares can be redeemed at the option of the company at any time at a value of 1p per share

Notes to the financial statements (continued)

21 Revaluation reserve

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Balance brought forward	**6,485**	9,830
Transfer to the Profit and Loss Account on realisation	**(6,485)**	(3,345)
Balance carried forward	**–**	6,485

22 Profit and loss account

	Period from 26 Jan 09 to 31 Jan 10 £000	Period from 31 Jan 08 to 25 Jan 09 £000
Balance brought forward	**4,383**	9,708
Loss for the financial 53 week period	**(6,156)**	(5,325)
Transfer from revaluation reserve	**6,485**	–
Balance carried forward	**4,712**	4,383

23 Reconciliation of movements in shareholders' funds

	31 Jan 10 £000	25 Jan 09 £000
Loss for the financial 53 week period	**(6,156)**	(5,325)
Issue of deferred shares	**180**	–
Transfer to profit and loss account	**–**	(3,345)
Net reduction to shareholders' funds	**(5,976)**	(8,670)
Opening shareholders' funds	**10,918**	19,588
Closing shareholders' funds	**4,942**	10,918

24 Pension commitments

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The pension cost charge represents contributions payable by the Company to the fund and amounted to £18,403 (2009 £27,203) Contributions totalling £2,068 (2009 £4,512) were payable to the fund at the balance sheet date and are included in creditors

Notes to the financial statements (continued)

25 Operating lease commitments

At 31 January 2010 the Company had annual commitments to third parties under non-cancellable operating leases in respect of land and buildings as follows,

	31 Jan 10	25 Jan 09
	£000	£000
Expiry date:		
Within 1 year	**90**	393
Between 2 and 5 years	**843**	850
After more than 5 years	**2,142**	1,278

26 Ultimate parent company

The Company's immediate parent undertaking is Amber One Limited, a limited liability partnership registered in England The Company's ultimate controlling party is Endless LLP, a limited liability partnership registered in England The members of this limited liability partnership are David Newett, Garry Wilson and Darren Forshaw

27 Post-balance sheet event

On 11 February 2010, the immediate holding company, Amber One Limited, was sold to Tiger Alex Holdings Limited, a company ultimately controlled by the directors of British Bookshops & Stationers Limited