

OFS (DS) Holdings Limited

Directors' report and consolidated
financial statements

Registered number 6436722

29 March 2009

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Directors' report

The Directors present their directors' report and consolidated financial statements for the year ended 29 March 2009.

Principal activities

The principal activity of the group is the retailing of a wide variety of goods including clothing and footwear for all ages and genders, cosmetics and fragrance, fashion accessories, electrical goods, housewares and home furnishings as well as toys, books and confectionery. This mix is carefully chosen and represents one of the unique features of our trading proposition.

The business is positioned in the value retail sector, trading as "The Original Factory Shop" with 104 stores (as at the year end). Stores are typically 7k to 10k sq ft units in small market towns and domestic tourist locations where they act as both a shopping destination and the local non-food convenience store; selected locations are characterised by low levels of competition and low rents. The breadth of offer and location strategy make the business unique. Discounted brands and other retailer labels, sold at a significant saving, reinforce the value credentials of the company and add to the uniqueness of the retail proposition.

In a tough retail climate last year the group's performance has been industry leading with like for like sales growth of 4.3% and total sales growth at 21.3%.

In addition to the work on concept development undertaken by your management the group has undoubtedly benefited from the consumer migration to value operators. In addition, positive momentum has come from the closure of Woolworths in December 2008.

Above average growth in the year also came from new and developing categories in the business e.g. fashion accessories, impulse groceries, personal care and the pet accessories. We traded strongly in the fourth quarter, benefiting from very cold weather, sales were driven by key categories for the business; heating, and functional outdoor clothing and footwear.

2008/2009 was a record year for new store openings. We opened seventeen stores spread across the UK in our target small town locations and expect to open a further thirty new stores in the next financial year, having already opened two stores during April 2009 and five in May 2009.

Despite adverse currency movements and cost price pressures we are pleased to report margins ahead of last year. Stock was also well controlled in the year. After a series of fashion and footwear clearance events in February and March we closed the year with stock over 12 months old 25% lower than that of last year.

During the year we recruited a new Chief Executive, Angela Spindler, who previously ran George at Asda and was managing director at Debenhams and who has the experience to drive our expansion plans. Our previous Chief Executive, George Foster, is continuing on the Board as a non-executive Director.

The Directors are confident that the business is well placed for a very strong year despite the overall challenging economic environment. Consumer research carried out in the fourth quarter has identified a number of key opportunities for both like for like growth and an accelerated new store opening program.

Trading Results

The Directors are delighted to report continued successful growth of the business during the last financial year. The reported turnover of £86.1m is an increase of 21.3% on the prior year turnover of £71.0m. The like for like sales performance for those stores trading for a full year in both years was an increase of 4.3% as customers responded to our value offer in difficult economic conditions.

All stores which are continuing to trade made a positive contribution to group profitability and cash flow.

Gross margin has increased to 48.3% (2008, 12 month equivalent: 47.7%) and the company recorded an operating profit before exceptional items of £9.7m (2008, 12 month equivalent: £7.7m).

The Board uses EBITDA as a key measure for its operational profit achievement and this has recorded an increase of 25.8% from £8.9m to £11.2m.

Cash generation continues to be strong and the bank balance at the year end shows a positive balance of £3.3m (2008: £0.9m) which will enable us to run the business and fund our expansion plans. Of the interest charged in the profit and loss account, £6.0m is rolled up and not due to be paid, therefore preserving cash in the business. All banking covenants throughout the year have been met and there is sufficient headroom in the covenants in our financial projections going forward.

The first months of the new financial year have begun with positive like for like sales and despite the challenging market background the Directors are confident that the business is well positioned for the period ahead.

Key Risks

The principal operational risk would be a major IT incident or disaster to our central warehouse, both of which are considered in our disaster recovery plan. The greatest financial risk would arise from macro-economic conditions particularly a prolonged downturn in consumer spending, however the business has already shown that it is quite robust in this situation.

The Directors have also considered the following financial risks:

Trade/credit risks - the group has a very wide supplier base and is not exposed to a loss of ranges from any one supplier

Interest rate risks - the private equity and management funding is at fixed rates of interest and the interest is not payable for 10 years to preserve cash in the group. Interest on the bank loans is also predominantly at fixed rates.

Foreign currency risks – these are minimal as the group imports only a small percentage of merchandise and does not have large forward commitments.

Cash flow risks - forecasts are regularly monitored and our funding structure has been tested against a range of sensitivities.

Results

The loss for the period after taxation amounted to £3,971,000 (2008: £3,601,000). The retained loss of £3,971,000 has been transferred to reserves.

Proposed dividend

The Directors do not recommend the payment of a dividend for the year ended 29 March 2009 (2008: nil)

Directors

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

George Foster (resigned 12 January 2009)	Non Executive Director
A Spindler (appointed 12 January 2009)	Chief Executive Officer
Gareth Hutchinson	Finance Director
Oliver Mayer	Non Executive Director
David Williams	Chairman
Swarupa Pathakji	Non Executive Director

Directors' report *(continued)*

Employees

Our average number of employees during the year was 1,439 and at the year end the number had increased to 1,518 employees. The group has a policy of involving employees in its affairs where possible, and creating the opportunity for management to explain to employees matters which affect the group's performance. Weekly newsletters are circulated to all employees and all Head Office employees are invited to attend monthly business updates. Where practicable, opportunities are taken to employ disabled people and to ensure that they take part in training and career development. The disabled have, within the limits of their disabilities, the same prospects and opportunities for promotion as other employees.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 386 of the Companies Act 1985, a resolution is to be put to the forthcoming Annual General Meeting which, if passed, would result in the company not being required to appoint its auditors annually. KPMG LLP would then continue as the company's auditors.

By order of the board

GS Hutchinson
Director

Orient Business Park
Billington Road
Burnley
BB11 5UB

15 July 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

ABCD

KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditors' report to the members of OFS (DS) Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of OFS (DS) Holdings Limited for the year ended 29 March 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of OFS (DS) Holdings Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 March 2009 and of the group's loss for the 52 week period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

15 July 2009

Consolidated Profit and Loss Account
for the year ended 29 March 2009

	<i>Note</i>	Year ended 29 March 2009	109 day period ending 30 March 2008
		£000	£000
Turnover	<i>1</i>	86,144	20,279
Cost of sales		(44,554)	(10,954)
Gross profit		41,590	9,325
Distribution costs		(26,889)	(6,886)
Administrative expenses		(8,346)	(3,483)
Operating profit/(loss)	<i>2</i>	6,355	(1,044)
Operating profit before exceptional administrative expenses and goodwill amortisation		9,726	1,100
Exceptional administrative expenses	<i>3</i>	(464)	(1,275)
Amortisation of goodwill	<i>9</i>	(2,907)	(869)
Operating profit/(loss)		6,355	(1,044)
Other interest receivable and similar income	<i>6</i>	49	30
Interest payable and similar expenses			
Interest paid on bank/other loans		(3,546)	(1,126)
Loan note interest rolled up		(2,595)	(700)
Cumulative preference share dividend rolled up	<i>7</i>	(2,595)	(700)
Other finance charges		(204)	(61)
	<i>7</i>	(8,940)	(2,587)
Loss on ordinary activities before taxation		(2,536)	(3,601)
Tax on loss on ordinary activities	<i>8</i>	(1,435)	-
Loss for the financial period	<i>19</i>	(3,971)	(3,601)

All profit and loss account categories comprise continuing operations. The results for the period ended 30 March 2008 relate entirely to acquired operations.

The group has no recognised gains and losses other than those included in the profit and loss account above.

Consolidated Balance Sheet

at 29 March 2009

	<i>Note</i>	29 March 2009		30 March 2008	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		54,374		57,281
Tangible assets	10		8,844		7,288
			<u>63,218</u>		<u>64,569</u>
Current assets					
Stocks	12	16,419		13,708	
Debtors	13	1,118		926	
Cash at bank and in hand		3,316		867	
		<u>20,853</u>		<u>15,501</u>	
Creditors: amounts falling due within one year	14	<u>(16,356)</u>		<u>(13,404)</u>	
Net current assets			<u>4,497</u>		<u>2,097</u>
Total assets less current liabilities			<u>67,715</u>		<u>66,666</u>
Preference share		(14,973)		(14,956)	
Loan notes		(14,973)		(14,956)	
Bank loans		(36,605)		(36,933)	
Interest and cumulative dividends rolled up		(6,589)		(1,400)	
Creditors: amounts falling due after more than one year	15	(73,140)		(68,245)	
Provisions for liabilities and charges	16	(464)		(369)	
Net liabilities			<u>(5,889)</u>		<u>(1,948)</u>
Capital and reserves					
Called up share capital	18	1,609		1,584	
Share premium account	19	74		69	
Profit and loss account	19	(7,572)		(3,601)	
Shareholders' deficit	20		<u>(5,889)</u>		<u>(1,948)</u>

These financial statements were approved by the board of directors on 15 July 2009 and were signed on its behalf by:

GS Hutchinson
 Director

Company Balance Sheet
at 29 March 2009

	<i>Note</i>	29 March 2009		30 March 2008	
		£000	£000	£000	£000
Fixed assets					
Investments	<i>11</i>		16,697		16,697
Current assets					
Debtors	<i>13</i>	16,300		16,610	
		<hr/>		<hr/>	
		16,300		16,610	
Creditors: amounts falling due within one year	<i>14</i>	(13,047)		(16,697)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			3,253		(87)
			<hr/>		<hr/>
Total assets less current liabilities			19,950		16,610
Creditors: amounts falling due after more than one year	<i>15</i>		(18,267)		(15,656)
			<hr/>		<hr/>
Net assets			1,683		954
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>18</i>		1,609		1,584
Share premium account	<i>19</i>		74		69
Profit and loss account	<i>19</i>		-		(699)
			<hr/>		<hr/>
Shareholders' funds	<i>20</i>		1,683		954
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 15 July 2009 and were signed on its behalf by:

GS Hutchinson
Director

Consolidated Cash Flow Statement
for the year ended 29 March 2009

	<i>Note</i>	2009 £000	2008 £000
Cash flow statement			
Cash flow from operating activities	21	9,562	(1,370)
Returns on investments and servicing of finance	22	(2,756)	(1,103)
Taxation		(1,106)	(150)
Capital expenditure and financial investment	22	(3,031)	(540)
Acquisitions	22	-	(28,757)
		<hr/>	<hr/>
Cash outflow before financing		2,669	(31,920)
Financing	22	(220)	32,787
		<hr/>	<hr/>
Increase in cash in the period		2,449	867
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of 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 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 29 March 2009. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which the Directors have estimated to be 20 years.

On the subsequent disposal or termination of a business, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Investments

Investments are stated at cost less provision for any impairments in value.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	life of lease
Fixtures and fittings	-	10 years
Computer equipment	-	4 years
Motor vehicles	-	4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of an accounting period

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Taxation

The charge for taxation is based on the profit for the year 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 FRS 19.

In the prior year the group members paid for losses surrendered up to the value of the losses received. In the current year losses were surrendered for nil consideration.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of retail goods to third party customers. All turnover derive from UK activities. Turnover is recognised at the point of sale to customers.

Classification of financial instruments

Following the adoption of FRS 25, financial instruments issued by the company/group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Operating profit/(loss)

	Year ended 29 March 2009 £000	Period from 12 December 2007 to 30 March 2008 £000
<i>Operating profit/(loss) is stated after charging</i>		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit these financial statements	5	5
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	24	23
Services relating to corporate finance transactions entered into or proposed to be entered into on behalf of the company or the company's subsidiaries	-	75
Other services pursuant to legislation	1	3
Tax services	12	7
All other services	21	-
Depreciation and amortisation of tangible and intangible fixed assets:		
Owned	1,459	385
Leased	16	6
Amortisation of goodwill	2,907	869
Hire of land and buildings - rentals payable under operating leases	5,376	4,475
Hire of other assets – rentals payable under operating leases	178	172
	<u> </u>	<u> </u>

3 Exceptional administrative expenses

Exceptional administrative expenses of £464,000 relate to the recruitment fees and severance payment for the new and previous managing director. In the prior period exceptional expenses of £1,275,000 comprised an exceptional one-off management bonus of £714,000 for incentivising key management and £561,000 of professional fees incurred as a result of the acquisition in the period.

4 Remuneration of directors

	Year ended 29 March 2009 £000	Period from 12 December 2007 to 30 March 2008 £000
Directors' emoluments	454	223
Company contributions to money purchase pension schemes	207	296
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £193,000 (2008: £178,000), and company pension contributions of £181,000 (2008: £204,000) were made to a money purchase scheme on his behalf. The prior period included within directors' emoluments a one off bonus for incentivising key management towards better performance.

	Year ended 29 March 2009 Number of directors	Period from 12 December 2007 to 30 March 2008 Number of directors
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<u> </u>	<u> </u>

Notes *(continued)*

5 Staff numbers and cost

The average number of persons employed by the group and company (including directors) during the year, analysed by category, was as follows:

	Group Year ended 29 March 2009	Company Year ended 29 March 2009	Group Period from 12 December 2007 to 30 March 2008	Company Period from 12 December 2007 to 30 March 2008
	Number of employees	Number of employees	Number of Employees	Number of employees
Sales and warehouse	1,357	-	1,190	-
Administration	79	9	66	3
	<u>1,436</u>	<u>9</u>	<u>1,256</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	Group Year ended 29 March 2009	Company Year ended 29 March 2009	Group Period from 12 December 2007 to 30 March 2008	Company Period from 12 December 2007 to 30 March 2008
	£000	£000	£000	£000
Wages and salaries	13,297	858	3,662	174
Social security costs	878	91	259	22
Other pension costs	261	250	365	11
	<u>14,436</u>	<u>1,199</u>	<u>4,286</u>	<u>207</u>

6 Other interest receivable and similar income

	Year ended 29 March 2009	Period from 12 December 2007 to 30 March 2008
	£000	£000
On bank deposits	49	30
	<u>49</u>	<u>30</u>

Notes (*continued*)

7 Interest payable and similar expenses

	Year ended 29 March 2009	Period from 12 December 2007 to 30 March 2008
	£000	£000
On bank loans	2,704	908
On other loans	842	218
On loan notes	2,595	700
On preference shares	2,595	700
Other finance charges	204	61
	<hr/>	<hr/>
	8,940	2,587
	<hr/> <hr/>	<hr/> <hr/>

Other finance charges of £204,000 (2008: £61,000) relate to the amortisation of professional fees incurred in respect of financing secured in the prior period (comprising bank loans, other loans, loan notes and preference shares). These costs have been capitalised against the specific financial instruments to which they relate and are being amortised through the profit and loss account over the life of the instrument, in accordance with FRS 4.

8 Taxation

	Year ended 29 March 2009	Period from 12 December 2007 to 30 March 2008
	£000	£000
Analysis of tax charge in the period		
<i>UK corporation tax</i>		
Current tax on income for the period	1,285	-
Adjustments in respect of prior periods	55	-
	<hr/>	<hr/>
Total current tax (see below)	1,340	-
Total deferred tax	95	-
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	1,435	-
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2008: lower) than the standard rate of corporation tax in the UK of 28% (2008: 30%) The differences are explained below:

	Year ended 29 March 2009	Period from 12 December 2007 to 30 March 2008
	£000	£000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	2,536	3,601
	<hr/>	<hr/>
Current tax at 28% (2008: 30%)	(710)	(1,080)
<i>Effects of:</i>		
Goodwill amortisation	765	259
Expenses not deductible for tax purposes	385	210
Fixed asset timing differences	(21)	(13)
Non taxable income		(15)
Utilisation of tax losses	(206)	421
Preference dividends not tax deductible	727	224
Other timing differences	345	(6)
Adjustment for prior period	55	-
	<hr/>	<hr/>
Current tax charge	1,340	-
	<hr/> <hr/>	<hr/> <hr/>

The group has not recognised a deferred tax asset in respect of losses carried forward as it is unclear when/whether the asset will crystallise.

9 Intangible fixed assets

Group	Goodwill £000
<i>Cost</i>	
At beginning and end of year	58,150
	<hr/> <hr/>
<i>Amortisation</i>	
At beginning of year	869
Charged in year	2,907
	<hr/>
At end of year	3,776
	<hr/> <hr/>
<i>Net book value</i>	
At 29 March 2009	54,374
	<hr/> <hr/>
At 30 March 2008	57,281
	<hr/> <hr/>

Notes (continued)

10 Tangible fixed assets

Group	Leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of year	135	7,060	481	3	7,679
Additions	-	2,746	285	-	3,031
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	135	9,806	766	3	10,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>					
At beginning of year	6	295	87	3	391
Charge for the year	16	1,169	290	-	1,475
On disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	22	1,464	377	3	1,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>					
At 29 March 2009	113	8,342	389	-	8,844
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>					
At 30 March 2008	129	6,765	394	-	7,288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Fixed asset investments

Company	Total £000
<i>Cost</i>	
At beginning of year	16,697
Additions	-
	<hr/>
At end of year	16,697
	<hr/> <hr/>

Notes (continued)

11 Fixed asset investments (continued)

The undertakings in which the company's interest at the year end is more than 20% as follows:

	Country of incorporation	Principal activity	Class and percentage holding
<i>Subsidiary undertakings</i>			
OFS (DS) Finance Limited*	UK	Holding	100% Ordinary shares
OFS (DS) Acquisitions	UK	Holding	100% Ordinary shares
Original FS Holdings Limited	UK	Holding	100% Ordinary shares
The Factory Shop Group Limited	UK	Holding	100% Ordinary shares
The Factory Shop Limited	UK	Retail	100% Ordinary shares
Changename Limited	UK	Dormant	100% Ordinary shares
Eurotown Limited	UK	Dormant	100% Ordinary shares
Cape Country Furniture Limited	UK	Dormant	100% Ordinary shares
The Original Factory Shop Group Limited	UK	Dormant	100% Ordinary shares
The Original Factory Shop Limited	UK	Dormant	100% Ordinary shares
The Factory Shop Properties Limited	UK	Dormant	100% Ordinary shares

* Shares held directly by the company. The remainder are held indirectly.

12 Stocks

	Group 29 March 2009 £000	Company 29 March 2009 £000	Group 30 March 2008 £000	Company 30 March 2008 £000
Goods for resale	16,419	-	13,708	-

13 Debtors

	Group 29 March 2009 £000	Company 29 March 2009 £000	Group 30 March 2008 £000	Company 30 March 2008 £000
Amounts owed by group undertakings	-	16,300	-	16,610
Other debtors	216	-	90	-
Prepayments and accrued income	902	-	836	-
	1,118	16,300	926	16,610

14 Creditors: amounts falling due within one year

	Group 29 March 2009 £000	Company 29 March 2009 £000	Group 30 March 2008 £000	Company 30 March 2008 £000
Bank loans	1,500	-	1,250	-
Trade creditors	10,883	-	9,403	-
Taxation and social security	425	-	358	-
Accruals and deferred income	2,974	-	2,053	-
Corporation tax	574	-	340	-
Amounts owed to group undertakings	-	13,047	-	16,697
	16,356	13,047	13,404	16,697

Notes (*continued*)

15 Creditors: amounts falling due after more than one year

	Group 29 March 2009 £000	Company 29 March 2009 £000	Group 30 March 2008 £000	Company 30 March 2008 £000
Bank loan	32,750	-	33,250	-
Deal costs relating to bank loans	(1,094)	-	(1,260)	-
Other loans	5,000	-	5,000	-
Deal costs relating to other loans	(50)	-	(56)	-
Loan notes	15,113	-	15,113	-
Deal costs relating to loan notes	(140)	-	(155)	-
Preference shares	15,112	15,112	15,112	15,112
Deal costs relating to preference shares	(140)	(140)	(155)	(156)
Rolled up interest and cumulative dividends	6,589	3,295	1,400	700
	<u>73,140</u>	<u>18,267</u>	<u>68,245</u>	<u>15,656</u>

	Group 29 March 2009 £000	Company 29 March 2009 £000	Group 30 March 2008 £000	Company 30 March 2008 £000
Debt can be analysed as falling due:				
In one year or less, or on demand	1,500	-	1,250	-
Between one and two years	1,750	-	1,500	-
Between two and five years	6,750	-	6,000	-
Greater than five years	64,640	18,267	60,745	15,656
	<u>74,640</u>	<u>18,267</u>	<u>69,495</u>	<u>15,656</u>

The bank loan of £33,250,000 is split over 3 facilities from Barclays and Kaupthing Singer & Friedlander. Facility A of £12,500,000 is repayable over 7 years with 14 biannually instalments, with an interest rate payable of 2.25% above LIBOR. Facility B of £11,000,000 is payable in full after 8 years in December 2015 and has an interest rate payable of 2.75% above LIBOR. Facility C of £11,000,000 is payable in full after 9 years in December 2016 and has an interest rate payable of 3.25% above LIBOR. The Capital Expenditure Facility has been drawn down in the year to £1,000,000, which is repayable in full after 7 years in December 2014 and has interest rate payable of 2.25% above LIBOR.

The other loan of £5,000,000 from Duke Street is repayable in full after 10 years in December 2017 and has a total rolled up interest rate of 9% above LIBOR.

The loan notes have been issued to Duke Street and to management on 12 December 2007. These are repayable in full after 10 years in December 2017 and have an interest rate of 15.5%

The preference shares are entitled to a rolled up cumulative dividend of 15.5% and rank above the ordinary shares upon a return of capital. The preference shares are redeemable on 12 December 2017 unless previously redeemed at a date of exit. In such cases a sum equal to the subscription price together with a sum equal to all arrears on the preference shares up to redemption date is payable.

The interest on the Duke Street loan notes and the preference shares are all rolled up and are payable in December 2017.

Notes *(continued)*

16 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of year	369
Movement in the year	95
At end of year	464

The elements of provided deferred taxation are as follows:

	2009 £000	2008 £000
Difference between accumulated depreciation and amortisation and capital allowances	464	369

17 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £261,000 (2008:£365,000)

There were no outstanding or prepaid contributions at either the beginning of end of the financial period

18 Called up share capital

	Group and Company	
	2009 £000	2008 £000
<i>Authorised</i>		
387,541 A shares of £1 each	388	388
1,261,562 B Shares of £1 each	1,262	1,262
	1,650	1,650
<i>Allotted, called up and fully paid</i>		
347,137/322,401 A ordinary shares of £1 each	347	322
1,261,562 B ordinary shares of £1 each	1,262	1,262
	1,609	1,584

Ordinary shares

The A ordinary shares and B ordinary shares rank as if they constitute one class of shares with regard to dividends.

Upon a return of capital all ordinary shares will rank equally as subordinate to the preference shares when surplus assets are divided. Each holder will receive surplus assets in proportion to the nominal value paid up and credited as paid upon the ordinary shares.

Each A ordinary share and B ordinary share entitles their holder to one vote at any general meeting of the company.

During the year the company issued 24,736 A ordinary shares for £30,000 resulting in a £5,000 increase in share premium (see note 19).

Notes (continued)

19 Reserves

	Share premium account £000	Profit and loss account £000	Total £000
Group			
At beginning of year	69	(3,601)	(3,532)
Loss for the year	-	(3,971)	(3,971)
Issue of share capital at a premium (note 18)	5	-	5
	<hr/>	<hr/>	<hr/>
At end of year	74	(7,572)	(7,498)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Company			
At beginning of year	69	(699)	(630)
Profit for the year	-	699	699
Issue of share capital at a premium	5	-	5
	<hr/>	<hr/>	<hr/>
At end of period	74	-	74
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

OFS (DS) Holdings Limited has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The profit for the financial period dealt with in the accounts of the holding company is £699,000 (2008: loss of £699,000). With the exception of the profit for the financial period there were no other recognised gains and losses in the company, nor was there a difference between the historical cost profit and that noted above.

20 Reconciliation of movements in shareholders' funds

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
(Loss)/profit for the financial period	(3,971)	699	(3,601)	(699)
Shares issued	30	30	1,653	1,653
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in shareholders' funds	(3,941)	729	(1,948)	954
Opening shareholders' funds	(1,948)	954	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(5,889)	1,683	(1,948)	954
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 Reconciliation of operating profit/(loss) to operating cash flows

	Year ended 29 March 2009 £000	Period from 12 December 2007 to 30 March 2008 £000
Operating profit/(loss)	6,355	(1,044)
Depreciation, amortisation and impairment charges	4,382	1,260
(Increase)/decrease in stocks	(2,711)	1,587
Increase in debtors	(192)	(40)
Increase/(decrease) in creditors	1,728	(3,133)
	<hr/>	<hr/>
Net cash flow from operating activities	9,562	(1,370)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

22 Analysis of cash flows

	Year ended 29 March 2009	Period from 12 December 2007 to 30 March 2008
	£000	£000
<i>Returns on investments and servicing of finance</i>		
Interest paid	(2,805)	(1,133)
Interest received	49	30
	<hr/>	<hr/>
Net cash outflow	(2,756)	(1,103)
	<hr/> <hr/>	<hr/> <hr/>
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(3,031)	(540)
	<hr/>	<hr/>
Net cash outflow	(3,031)	(540)
	<hr/> <hr/>	<hr/> <hr/>
<i>Acquisitions</i>		
Payments to acquire subsidiary undertaking	-	(31,850)
Net cash acquired with subsidiary	-	3,093
	<hr/>	<hr/>
Net cash outflow	-	(28,757)
	<hr/> <hr/>	<hr/> <hr/>
<i>Financing</i>		
Repayment of loans	(1,250)	(37,401)
Receipt on drawdown of new loans	1,000	68,535
Issue of share capital	30	1,653
	<hr/>	<hr/>
Net cash flow	(220)	32,787
	<hr/> <hr/>	<hr/> <hr/>

23 Analysis of net debt

	At beginning of period	Cash flow	Other non cash Changes	At end of period
	£000	£000	£000	£000
Cash in hand, at bank	867	2,449	-	3,316
Overdrafts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	867	2,449	-	3,316
Debt due after one year	(68,245)	(1,000)	(3,895)	(73,140)
Debt due within one year	(1,250)	1,250	(1,500)	(1,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net debt	(68,628)	2,699	(5,395)	(71,324)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

24 Commitments

Group

a) Capital commitments at the end of the period, for which no provision has been made, are as follows:

	2009	2008
	£000	£000
Contracted	627	248

b) Annual commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	258	45	46	74
In the second to fifth years inclusive	611	145	789	98
Over five years	4,928	-	3,026	-
	5,797	190	3,861	172

The Group has no annual commitments under non-cancellable operating leases.

The Company has no capital or operating lease commitments

25 Related party disclosures

The company is controlled by Duke Street as the majority shareholder. During the period monitoring fees of £60,000 (2008: £18,000) were paid to Duke Street. In the prior year there was also deal fees of £815,000 paid to Duke Street.

26 Ultimate Parent Company

The Company is a subsidiary undertaking of Duke Street which is also the ultimate parent company. Duke Street is incorporated in England and Wales.

Duke Street General Partner Limited ("Duke Street") holds 71% (2008: 69%) of the issued share capital of OFS (DS) Holdings Limited on behalf of the Duke Street VI funds. The board of directors of Duke Street (the "Board") consists of Peter Taylor, Jeffrey Belkin, Fred Chauffier, Iain Kennedy, Tim Lebus, Buchan Scott, Charlie Troup, Colin Curvey, Miles Cresswell-Turner and John Harper. The Board has however delegated its investment decision making duties in respect of the Duke Street VI funds to the Duke Street VI Investment Committee comprising Didier Bismuth and Jean-Marc Dayan in addition to the members of the Board.