

TJX Europe Limited

**Directors' report and financial statements
for the 52 weeks ended 28 January 2017**

Registered number: 03094829

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TJX Europe Limited

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Directors and other information

Board of directors

Mary B. Reynolds
David L. Averill
John J. Klinger

Company secretaries

Ann McCauley (resigned 2 February 2017)
Susan Beaumont
Alicia C. Kelly
Lisa Schwartz

Registered office

50 Clarendon Road
Watford
Hertfordshire
WD17 1TX

Registered number

03094829

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Strategic report

Business review and principal activities

TJX Europe Limited ("the Company") is a holding Company of the wider TJX Europe Limited group of companies ("the Group") whose principal activity is the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' and 'HomeSense' stores in the UK, Republic of Ireland, Poland, Germany, Austria, the Netherlands and Australia and through the 'TK Maxx.com' website in the UK, at prices generally significantly below department and speciality stores' regular prices on comparable merchandise, every day.

The income statement for the period is set out on page 8. The profit on ordinary activities before taxation of £29,122,000 (2016: £41,860,000) includes dividends received from TJX UK, which is a subsidiary of the Company, for the amount of £44,600,000. (2016: £54,200,000). Net assets have increased to £155,110,000 (2016: £125,988,000) due to investments made during the year.

The directors do not recommend the payment of a dividend (2016: nil).

Principal risks and uncertainties

As part of a quoted US group the Company is subject to policies as set out by The TJX Companies, Inc. ("the Ultimate Parent Company") to properly monitor and control risk. The policies are set out by the Ultimate Parent Company and are implemented by the finance department of the Group. In addition, the directors consider any significant changes specific to operations of the European group business.

The Company's principal risks and uncertainties are integrated with the principal risks of the European group and its subsidiary trading companies.

Financial risk management

The Group's operations are exposed to a variety of financial risks that include the effects of foreign exchange risk, liquidity and interest rate risk. The Ultimate Parent Company has in place a risk management programme that seeks to manage the financial exposures of the Group by managing foreign exchange exposures and monitoring levels of funds on hand within the Group and future requirements for cash. The Company, the Group and the Ultimate Parent Company also project future debt requirements to ensure that sufficient debt facilities are in place to meet the anticipated liquidity requirements of the companies that form part of the wider group.

Price risk

The Group has no exposure to equity securities price risk, as it holds no listed or other equity investments. The Company holds no equity investments other than investments in subsidiary companies.

Foreign exchange risk

The Group is exposed to foreign exchange risks in the normal course of business, principally on purchases of product for resale denominated in US Dollars and euros. In order to limit the risk from currency exposure, the anticipated purchase obligations are hedged in advance. The hedging of transactions is initiated by the Ultimate Parent Company entering into forward foreign exchange contracts on behalf of the Group.

Credit risk

As a retailer, the Group does not have material credit risk from sales to customers. Policies are in place to ensure debit and credit cards are processed properly to minimise any risk of a bad debt.

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The Group actively manages debt financing. The Company has the option to borrow from other group companies if it requires funds. The finance department of the Group provides short and long term cash projections to the Ultimate Parent Company to ensure there is adequate funding available within the Group to meet anticipated requirements. Surplus funds are invested in short term deposits at bank and money market funds through top tier financial institutions to minimise counterparty risk.

Interest rate and cash flow risk

The Group has the option to borrow from other group companies as necessary to fund its expansion and operations. These loans can be granted at a mixture of fixed or floating rates of interest. It also has in place a variable rate overdraft facility with one of its banks that it can use to manage short term funding requirements. The Ultimate Parent Company manages interest rate risk and the adequacy of borrowing facilities at a group level.

The Company does not use derivative financial instruments to manage interest costs and, as such, no hedge accounting is applied.

The Company has interest bearing assets owed by subsidiaries, fellow group companies and the Ultimate Parent Company. In addition, the Group has short term deposits at bank and money market funds through top tier financial institutions to minimise counterparty risk.

Economic Risk

Economic conditions in the markets in which the Group operates, including unemployment, decreased disposable income and actual and perceived wealth, energy and health care costs, costs of oil, gas and other commodities, interest and tax rates and policies, weakness in the housing market, volatility in capital markets, decreased credit availability, inflation and deflation, as well as political or other factors beyond the Group's control such as threats or possibilities of war, terrorism, global or national unrest, actual or threatened epidemics, and political instability may have significant effects on consumer confidence and spending that would, in turn, affect retail sales. These conditions and factors could adversely affect discretionary consumer spending and although the Company believes the flexible off-price model helps the Company to react, they may adversely affect sales, cash flows and results of operations and performance.

Key performance indicators

The Company's principal key performance indicators are integrated with the key performance indicators of its subsidiary trading companies and are not managed separately.

During the 52 weeks ended 28 January 2017, the Group opened 47 'TK Maxx' stores (19 in the UK, 2 in the Republic of Ireland, 15 in Germany, 4 in Poland, 4 in Austria and 3 in the Netherlands) and 5 'HomeSense' stores in the UK to increase the total number of stores trading at the period end to 582 (503 'TK Maxx', 44 'HomeSense' and 35 'TK Maxx' stores in Australia). Like for like store sales increased by 5.9% (2016: 1.1%) based on actual currency rates and 1.6% (2016:4.0%) on constant currency rates.

On behalf of the Board



David L. Averill
Director
3 August 2017

Directors' report

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 28 January 2017. The comparative period covers the 52 weeks ended 30 January 2016.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law (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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 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 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.

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is 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.

Future development and outlook

The directors are not aware of any circumstances that would materially impact the Company's ability to continue to operate in the foreseeable future.

Financial risk management

Refer to principal risks and uncertainties within the strategic report on page 2.

Dividends

Refer to strategic report on page 2.

Directors' report (continued)

Employees

The Company has no employees, only directors (2016: nil). Company activities are supported by the employees of other Group companies.

Directors

The directors who served at any time during the year and up to the date of signing the financial statements are shown below:

Mary B. Reynolds
David L. Averill
John J. Klinger

Directors' emoluments are included in note 4 to the financial statements.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the Board



David L. Averill
Director
3 August 2017

Independent auditors' report to the members of TJX Europe Limited

Report on the financial statements

Our opinion

In our opinion, TJX Europe Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 28 January 2017 and of its profit for the 52 week period (the "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.

What we have audited

The financial statements, included within the strategic report, the directors' report and financial statements (the "annual report") comprise:

- the balance sheet as at 28 January 2017;
- the income statement for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of TJX Europe Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 4, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

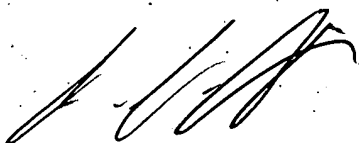
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 August 2017

Income statement

	Note	2017 £'000	2016 £'000
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		(4)	-
Operating loss	5	(4)	-
Income from shares in Group undertakings	6	44,600	54,200
Interest payable and similar charges	7	(15,474)	(12,340)
Profit on ordinary activities before taxation		29,122	41,860
Tax on profit on ordinary activities	8	-	-
Profit for the financial period		29,122	41,860

All of the Company's activities are of a continuing nature.

The accounting policies and the notes on pages 11 to 16 form an integral part of the financial statements.

Balance sheet

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	9	575,090	535,272
		575,090	535,272
Current assets			
Debtors	10	7	11
Cash at bank and in hand		8	10,898
		15	10,909
Creditors: amounts falling due within one year	11	(377)	(575)
Net current (liabilities) / assets		(362)	10,334
Total assets less current liabilities		574,728	545,606
Creditors: amounts falling due after more than one year	12	(419,618)	(419,618)
Net assets		155,110	125,988
Capital and reserves			
Called up share capital	13	59,276	59,276
Retained earnings		95,834	66,712
Total equity		155,110	125,988

The accounting policies and the notes on pages 11 to 16 form an integral part of the financial statements.

The financial statements and notes on pages 8 to 16 were approved by the Board of Directors on 3 August 2017 and are signed on its behalf by:



David L. Averill
Director

Statement of changes in equity

	Called-up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance as at 01 February 2015	59,276	24,852	84,128
Profit for the financial period	-	41,860	41,860
Balance as at 30 January 2016	59,276	66,712	125,988
Profit for the financial period	-	29,122	29,122
Balance as at 28 January 2017	59,276	95,834	155,110

The accounting policies and the notes on pages 11 to 16 form an integral part of the financial statements.

Notes to the financial statements

1. General information

The principal activity of the Company is as a holding company of the Group, whose principal activity is the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' and 'HomeSense' stores in the UK, Republic of Ireland, Poland, Germany, Austria, the Netherlands and Australia and through the 'TK Maxx.com' website in the UK, at prices generally significantly below department and speciality stores' regular prices on comparable merchandise, every day.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 50 Clarendon Road, Watford, Hertfordshire, WD17 1TX.

2. Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, the reduced disclosure framework set out in that standard and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the parent company, NBC Atlantic Ltd. (the "Parent Company"). The directors have received confirmation that the Parent Company intends to support the Company for at least one year after these financial statements are signed.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of the Ultimate Parent Company, a company incorporated in the United States of America.

b) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Ultimate Parent Company includes the Company's cash flows in its own consolidated financial statements.

c) Corporation tax

Corporation tax represents amounts expected to be paid in respect of the taxable profit for the period and is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

3. Summary of significant accounting policies (continued)

d) Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

e) Related party disclosure

The Company is a wholly owned subsidiary of the Ultimate Parent Company and is included in the consolidated financial statements which are publicly available. Consequently, the Company is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the Group or investees of the Group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

4 Directors' emoluments

None of the directors received emoluments for their services as directors of the Company (2016: nil). The directors receive emoluments in their capacity as officers of the Ultimate Parent Company and their emoluments are included in the financial statements of the Ultimate Parent Company.

5 Operating loss

Auditors' remuneration for the provision of statutory audit services for the period (and the prior period) was borne by the Company's subsidiary, TJX UK.

6 Income from shares in group undertakings

	2017 £'000	2016 £'000
Income from shares in Group undertakings	44,600	54,200
	<u>44,600</u>	<u>54,200</u>

7 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest on loans payable to group companies	15,474	12,340
	<u>15,474</u>	<u>12,340</u>

Notes to the financial statements (continued)

8 Tax on profit on ordinary activities

(a) Tax expense included in the income statement

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on profit for the period	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

b) Reconciliation of tax charge

Tax assessed for the period differs from the tax charge that would result from applying the standard rate of corporation tax to the profit on ordinary activities. The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	29,122	41,860
Profit multiplied by the standard rate of tax in the UK of 20% (2016: 20.16%)	5,824	8,439
Effects of:		
Non-taxable dividend from Group undertaking	(8,920)	(10,927)
Group relief surrendered free of charge	3,096	2,488
Tax charge for the period	-	-

c) Tax rate changes

The main rate of corporation tax reduced from 21% to 20% from 1 April 2015.

Further changes to the UK corporation tax rates were substantively enacted as part of Finance (No. 2) Act 2015 and Finance Act 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

9 Investments

Investments in Group undertakings:

	£'000
At 31 January 2016	535,272
Investment in TJX Australia Holding Co Pty Ltd	39,818
At 28 January 2017	575,090

Notes to the financial statements (continued)

9 Investments (continued)

Name of undertaking	Country of incorporation and registered address	Proportion of nominal value of issued shares held by Company
TJX Ireland Unlimited Company	Segrave House 19/20 Earlsfort Terrace Dublin 2 Republic of Ireland	<1%
TJX UK	50 Clarendon Road Watford Hertfordshire WD17 1TX England and Wales	100%
TK Maxx	50 Clarendon Road Watford Hertfordshire WD17 1TX England and Wales	100%
NBC Europe Ltd.	50 Clarendon Road Watford Hertfordshire WD17 1TX England and Wales	100%
TJX Germany Ltd.	50 Clarendon Road Watford Hertfordshire WD17 1TX England and Wales	100%
TJX Austria Holding GmbH	Nordring 2-10/9, 2334 Vosendorf Austria	100%
TJX Australia Holding Company Pty Limited	AMP Centre L 27 50 Bridge St Sydney NSW 2000 Australia	100%
TJX Nederland BV	Strawinskylaan 411, WTC, Toren A, 4de etage, 1077XX Amsterdam The Netherlands	100%

The companies above operate in their country of incorporation.

Notes to the financial statements (continued)

9 Investments (continued)

The principal activity of TJX Ireland Unlimited Company is the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' stores in the Republic of Ireland, at prices generally significantly below department and speciality stores' regular prices on comparable merchandise, every day.

The principal activities of TJX UK are the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' and 'HomeSense' stores in the UK, and through the 'TK Maxx.com' website, at prices generally significantly below department and speciality stores' regular prices on comparable merchandise, every day; and the wholesale trading of fashionable, quality, brand name merchandise to other Group companies.

TK Maxx's principal activity is the management of part of TJX UK's property portfolio.

NBC Europe Ltd is an intermediate holding company for the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' stores in Poland.

TJX Germany Ltd acts as the general partner for the Group's retailing of fashionable quality, brand name merchandise through TK Maxx stores in Germany and Austria and the Group's distribution operation in Bergheim, Germany.

TJX Austria Holding GmbH is an intermediate holding company for the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' stores in Austria.

TJX Australia Holding Company Pty Limited is an intermediate holding company for the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' stores in Australia.

The principal activity of TJX Netherland BV is the retailing of fashionable, quality, brand name merchandise through 'TK Maxx' stores in the Netherlands, at prices generally significantly below department and speciality stores' regular prices on comparable merchandise, every day.

The directors believe that the carrying value of the investments is supported by their recoverable amount.

10 Debtors

	2017 £'000	2016 £'000
Amounts owed by Group undertakings	7	11
	<u>7</u>	<u>11</u>

Amounts owed by Group undertakings are unsecured, interest free and payable on demand.

11 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to Group undertakings	377	575
	<u>377</u>	<u>575</u>

Amounts owed to Group undertakings are unsecured, interest free and payable on demand.

Notes to the financial statements (continued)

12 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	419,618	419,618
	<u>419,618</u>	<u>419,618</u>

Amounts owed to group undertakings are unsecured and attract interest at either a rate equivalent to A-rated 10 year sterling debt plus a margin in the range of + 0.53% to + 0.66% or a rate equivalent to BBB-rated 10 year sterling debt.

13 Called up share capital

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
59,275,716 (2016: 59,275,716) ordinary shares of £1 each	<u>59,276</u>	<u>59,276</u>

14 Ultimate holding company

The Company's Ultimate Parent Company is The TJX Companies, Inc., a company incorporated in Delaware, United States of America, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the Ultimate Parent Company's consolidated financial statements may be obtained from The TJX Companies, Inc., The Corporate Treasurer, 770 Cochituate Road, Framingham, Massachusetts, 01701, USA (tel. 001-508-390-2351), (<http://www.tjx.com>). The Company's registered office is 50 Clarendon Road, Watford, Hertfordshire, WD17 1TX.