

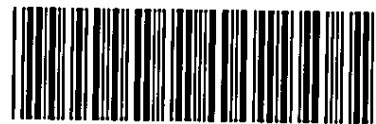
Payless Developments Limited

Directors' report and financial
statements

Registered number 1937616

22 February 2009

TUESDAY



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29/09/2009

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Directors' report

The directors present their annual report and financial statements for the period ended 22 February 2009 (*2008:43 week period ended 24 February 2008*).

Principal activity

The Company has not traded in the financial period.

Directors

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

W Grimsey	
R Bird	
G West	(resigned 31 January 2009)
WJ Hoskins	(resigned 28 April 2008)
S Thomas	(resigned 23 September 2008)
R Gladwin	(appointed 7 April 2008)
AV Unitt	(appointed 28 April 2008)
P Teale	(appointed 2 February 2009)

Auditors

The Company was dormant within the meaning of the Company Act 1985 throughout the period to 22 February 2009 and accordingly its accounts have not been audited.

By order of the board



AV Unitt
Finance Director

Gawsworth House
Westmere Drive
Crewe
Cheshire
CW1 6XB

Statement of 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Balance Sheet
At 22 February 2009

	<i>Note</i>	2009 £	2008 £
Creditors : amounts falling due after more than one year	3	(68,900)	(68,900)
Net liabilities		(68,900)	(68,900)
Capital and reserves			
Called up share capital	4	100	100
Profit and loss account		(69,000)	(69,000)
Shareholders' funds		(68,900)	(68,900)

The Company has remained dormant throughout the financial period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss.

- (a) For the period ended 22 February 2009 the Company was entitled to exemption under section 249AA (1) of the Companies Act 1985.
- (b) Members have not required the Company to obtain an audit in accordance with section 249B (2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- ensuring the Company keeps accounting records which comply with section 221; and
 - preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period, and of its profit and loss for the financial period, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to account so far as applicable to the Company.

These financial statements were approved by the board of directors on 29 September 2009 and were signed on its behalf by:



AV Unitt
Finance Director

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, except as noted below.

Basis of preparation

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements.

As the Company was a wholly owned subsidiary of FLP2 Limited at the balance sheet date, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of FLP2 Limited, within which this Company is included, can be obtained from the address given in note 6.

2 Profit and loss account

The Company has not traded during the period or prior period and accordingly no profit and loss account has been prepared.

The Company has 5 employees (2008:4) and the directors did not receive any remuneration in respect of their services to the Company (2008:£nil).

3 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to Group undertakings	68,900	68,900

4 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

Notes (continued)

5 Subsequent Events

In August 2009, the Group of which this Company is part commenced a Company Voluntary Arrangement in Payless DIY Limited, Do It All Limited, Focus (DIY) Limited and Focus No1 Limited with interlocking agreements in Do It All Limited, Focus (DIY) Limited and Focus No 1 Limited. The Company Voluntary Arrangements result in 38 closed premises landlord liabilities being compromised with £8.6m annual rent, service charges and insurance cash savings. A further element of the Company Voluntary Arrangements is monthly payment of rent on all trading properties until March 2011 which has the benefit of smoothing cash flows.

In September 2009 the Group received confirmation that the Do It All Limited, Focus (DIY) Limited and Focus No 1 Limited Company Voluntary Arrangements were approved.

The Payless DIY Company Voluntary Arrangement remains in progress and if not approved it is likely that Payless DIY Limited will be placed into administration. However, as Payless DIY Limited is a dormant company with no trade suppliers, the impact on the Group of just the Payless DIY Limited Company Voluntary Arrangement not being approved is negligible.

In September 2009 the Group successfully extended the £50m Revolving Credit Facility for two years to 31 December 2011.

On the 24 September 2009 the Group's Term B debt of £104.8m was agreed to carry PIK interest until March 2011. This is non cash pay interest and therefore has an annual cashflow benefit of £5.0m.

6 Ultimate holding company

At the period end FLP2 Limited was the ultimate parent Company incorporated in the UK.

The largest Group in which the results of the Company have been consolidated is headed by FLP2 Limited.

Copies of the Group financial statements can be obtained from:

Companies House
Crown Way
Cardiff
CF4 3UZ