Do It All Limited

Directors' report and financial statements
Registered number 1977522
For the period ended 21 February 2010

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Directors' report

Do It All Lımıted ıs one of two prıncıpal tradıng entıtıes wıthın the Focus Group. The Group financıal statements and busıness revıew, whıch gıve more detaıl on the performance of the Group, can be found wıthın the report and financıal statements of FLP2 Lımıted, the parent company These can be obtaıned from the address detaıled ın note 22 to the accounts

The dırectors present theır dırectors' report and financıal statements for the 52 week penod ended 21 February 2010 *(2009 52 weeks ended 22 February 2009)*

Principal activity

The prıncıpal actıvıty of the Company ıs the retaıl operatıon of DIY and Gardenıng Superstores

Business review

The results for the 52 week penod ended 21 February 2010 and the comparatıve penod are shown on page 7

Tradıng performance
The results for 2010 reflect the tradıng actıvıty for a 52 week penod to 21 February 2010 and the comparatıve ınformatıon ıs for the 52 week penod to 22 February 2009

Sales ın 2010 were £121 7m. Lıke-for-lıke sales declıned by 6 0% reflectıng the challengıng tradıng envıronment Can The Group contınued to ınvest ın new ranges, ımproved stock avaılabılıty and the development of own brand ranges We have contınued to expand the Payless brand, a range of value for money, entry level products By February 2010, the range had been extended to 1,234 products, representıng 9% of sales Further brand development has been undertaken on a range of products under the 'World of' brand, ın four specıfic areas World of Colour, World of Lıghtıng, World of Home and World of Gardenıng

Operatıng profit was £1 7m (before exceptıonal costs and goodwıll amortısatıon - see note 3) *(2009 £0 8m)* The operatıng profit ın 2010 ıncluded £0 4m of reverse premıa receıpts (2009 £0 8m) Current year performance benefited from the major cost reductıon programme undertaken ın October 2008 and tıght cost controls throughout the year offset the declıne ın sales

In August 2009, Do It All Lımıted, along wıth 3 other Focus Group Companıes, Focus (DIY) Lımıted, Focus No1 Lımıted and Payless DIY Lımıted entered ınto a Company Voluntary Arrangement wıth theır credıtors by whıch the onerous lease costs and guarantees assocıated wıth non-tradıng propertıes were compromısed through the payment of a dıvıdend ın two tranches ın January 2010 and Aprıl 2010 Thıs lımıts the lıabılıty on these propertıes to the payment of busıness rates untıl the leases are assıgned, reducıng forecast annual cash outflows from £3m to £1m

Principal risks and uncertainties

Commercıal Rısks
We operate ın a hıghly competıtıve ındustry where some of our competıtors are larger and have more resources In addıtıon adverse economıc condıtıons ın the Unıted Kıngdom may affect our results

Processes to manage the ımpact on the busıness of each of these rısks are embedded ın our operatıons The dırectors and other senıor management actıvely monıtor these processes, and the actıons whıch arıse, to ensure rısks are effectıvely managed

Operatıonal Rısks
Health and safety, employers and publıc lıabılıty rısks are monıtored by way of regular updates to our board

Directors' report *(continued)*

Financial Risks

The Company manages financial and treasury risk through active working capital and debt management including regular communication with our finance providers Monitoring of net debt, banking facilities, cash flow, covenants and currency exposure is undertaken at board level on a monthly basis

Key performance indicators

Management uses a range of performance measures to monitor and manage the business A certain number of these are particularly important in the generation of shareholder value and are considered key performance indicators or KPIs

The KPIs used in the business are as follows

- Like for Like store sales,
- Electronic Point of Sale Margin plus Other Margin Adjustments versus plan,
- EBITDA versus plan,
- Trading EBITDA versus plan, and
- Cash generated from operations versus plan

Directors

The directors who have held office during the period are as follows

W Grimsey
R Bird
R Gladwin
AV Unitt
P Teale (resigned 1 March 2010)

Employees

In its employee recruitment practices the Company gives full consideration to job applications received from disabled persons and training is arranged where necessary Where an employee becomes disabled whilst employed by the Company, arrangements are made, wherever possible, for re-training in order to perform a job identified as appropriate to the aptitudes and abilities of the individual concerned

Involvement in the performance of the Company is encouraged by means of incentive schemes linked to the performance of the Group on a number of measures

Political and charitable contributions

The Company made no political or charitable donations during the period *(2009 £nil)*

Policy and practice on payment of creditors

The Company is responsible for agreeing terms and conditions under which business transactions with suppliers are conducted It is the Company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all the relevant terms and conditions The average number of days that the Company takes to settle supplier invoices is 67 days (*2009 67 days*)

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 the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

Auditors

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

By order of the board

AV Unitt
Chief Financial Officer

Gawsworth House
Westmere Drive
Crewe
Cheshire
CW1 6XB

16th June 2010

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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

KPMG

KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Do It All Limited

We have audited the financial statements of Do It All Limited for the 52 weeks ended 21 February 2010 set out on pages 7 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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

As explained more fully in the Directors' Responsibilities Statement 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/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 21 February 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Do It All 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

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

18 June 2010

Chartered Accountants
St James' Square
Manchester
M2 6DS

Profit and Loss Account
for the period ended 21 February 2010

	Note	52 weeks 21 February 2010 Before exceptional items £000	Exceptional items £000	Total £000	52 weeks 22 February 2009 Before exceptional items £000	Exceptional items £000	Total £000
Turnover	*2*	**121,722**	**-**	**121,722**	130,518	-	130,518
Cost of sales	*3*	**(85,395)**	**1,500**	**(83,895)**	(94,947)	4,174	(90,773)
Gross profit		**36,327**	**1,500**	**37,827**	35,571	4,174	39,745
Distribution costs	*3*	**(27,184)**	**-**	**(27,184)**	(29,030)	-	(29,030)
Administrative expenses	*3*	**(7,472)**	**(739)**	**(8,211)**	(5,746)	(1,635)	(7,381)
Operating profit		**1,671**	**761**	**2,432**	795	2,539	3,334
Other interest receivable and similar income	*7*			**23**			239
Interest payable and similar charges	*8*			**(401)**			(1,429)
Other finance charges	*21*			**(1,288)**			(1,005)
Profit on ordinary activities before taxation				**766**			1,139
Tax on profit on ordinary activities	*9*			**(27)**			(106)
Profit for the financial period				**739**			1,033

The notes on pages 10-24 form part of these financial statements

All results for the financial year and the previous year relate to continuing operations

Balance Sheet
at 21 February 2010

	Note	21 February 2010 £000	21 February 2010 £000	22 February 2009 £000	22 February 2009 £000
Fixed assets					
Tangible assets	*10*	**15,616**		17,232	
Investments	*11*	**2,005**		2,005	
			17,621		19,237
Current assets					
Stocks	*12*	**18,956**		22,642	
Debtors	*13*	**64,250**		65,671	
Cash at bank and in hand		**320**		515	
		83,526		88,828	
Creditors: amounts falling due within one year	*14*	**(52,945)**		(57,738)	
Net current assets			**30,581**		31,090
Total assets less current liabilities			**48,202**		50,327
Creditors: amounts falling due after more than one year	*15*		**-**		(11)
Provisions for liabilities and charges	*16*		**(2,986)**		(5,770)
Net assets excluding pension liabilities			**45,216**		44,546
Pension liabilities	*21*		**(14,593)**		(11,758)
Net assets including pension liabilities			**30,623**		32,788
Capital and reserves					
Called up share capital	*18*		**44,289**		44,289
Share premium account	*19*		**21,231**		21,231
Profit and loss account	*19*		**(34,897)**		(32,732)
Shareholders' funds			**30,623**		32,788

The notes on pages 10-24 form part of these financial statements

These financial statements were approved by the board of directors on 16th June 2010 and were signed on its behalf by

AV Unitt
Chief Financial Officer

Statement of Total Recognised Gains and Losses
for the period ended 21 February 2010

	Note	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Profit for the financial period		**739**	1,033
Actuarial loss on retirement benefit obligations	*21*	**(5,427)**	(5,565)
Special contributions into the pension scheme		**1,393**	9,972
Deferred tax arising on net losses/(gains) in the pension scheme		**1,130**	(1,234)
Total recognised (losses)/profit relating to the financial period		**(2,165)**	4,206

Reconciliation of Movements in Shareholders' Funds
for the period ended 21 February 2010

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Profit for the financial period	**739**	1,033
Other recognised (losses)/gains relating to the period	**(2,904)**	3,173
Net (reduction in)/addition to shareholders' funds	**(2,165)**	4,206
Opening shareholders' funds	**32,788**	28,582
Closing shareholders' funds	**30,623**	32,788

The notes on pages 10-24 form part of these financial statements

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

The following amendments to standards have been adopted in these financial statements for the first time

The amendment to FRS 8 Related Parties Disclosures (mandatory for periods beginning on/after 6 April 2008) The amendment has the effect that only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions and there is no longer a disclosure exemption available in the parent Company's own financial statements

The amendment to FRS 21 Events after the balance sheet date (mandatory for periods starting on/after 1 January 2009) to confirm no obligation exists at the balance sheet date for dividends declared after that date

The following new and amendments to standards are not yet effective

- Amendment to FRS 25 Financial Instruments Presentation (mandatory for periods starting on/after 1 January 2010)

Basis of preparation

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

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 1 to 3, along with a description of the financial position of the Group, its cash flows, liquidity position and borrowing facilities

The Group meets its day to day working capital requirements through a £50m Revolving Credit Facility that is due for renewal in December 2011. Although there is some considerable time before the facility expires, work has already commenced with external advisors on a re-financing process

The directors have considered the future profitability of the Group and have prepared profit and cash flow forecasts for the period up to February 2012 These projections indicate that the banking covenants attached to the Group's facilities will be complied with throughout the forecast period and that the facilities should provide sufficient working capital for the Group for the whole of the period

The directors have further considered a number of reasonably possible changes to the forecasts to reflect the inherent uncertainty in the current economic climate The directors are satisfied that, taking account of these changes, there is sufficient flexibility in the overhead cost base and discretional spend lines, together with flexibility in the working capital forecasts, to allow the Group to meet its projected working capital requirements and liabilities arising on financing and investment obligations and to meet its banking covenants

After making enquiries, including in relation to the continued commitment of the Group's major shareholders, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare Group accounts These financial statements present information about the Company as an individual undertaking and not about its Group.

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 published consolidated financial statements

As the Company is a wholly owned subsidiary of FLP2 Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group The consolidated financial statements of the Group can be obtained from the address in note 22

Notes *(continued)*

1 Accounting policies *(continued)*

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 property	-	over the life of the lease
Fixtures and equipment		
Computer equipment	-	33 33% straight line
Other fixtures and equipment	-	10% - 20% straight line

Leases

Payments made under an arrangement which, in substance, is of a rental nature ("operating lease") are charged to the profit and loss account on a straight line basis over the term of the operating lease

Where the Company acquires the economic benefits of the use of an asset under a lease purchase or finance lease agreement, the asset is capitalised and depreciated as if it had been purchased outright

For sale and leaseback agreements the commercial substance of the leaseback is taken into account when deciding on the correct accounting treatment For sale and leaseback arrangements which are of a rental nature ("operating lease") any profit on disposal is recognised immediately in the profit and loss account

Incentives received to enter into a lease agreement are recognised in the profit and loss account over the shorter of the lease and the period to the next rent review

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using 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 Company provides post retirement benefits to its employees through the Focus Money Purchase Plan The assets of the money purchase plan are held separately from those of the Company in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Additionally the Company operates the Do It All Pension Plan and certain other employees are members of other Group defined benefit schemes All the Group defined benefit schemes are closed to new entrants and there are no benefits accruing The assets of the schemes are held separately from those of the Company

Pension scheme assets are measured using market values For quoted securities the current bid price is taken as market value Pension scheme liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Stocks

Stocks are stated at the lower of cost and net realisable value Cost comprises the purchase cost of goods and where appropriate cost related to storage and distribution, less an amount relating to purchase rebates received from suppliers

Notes *(continued)*

1 Accounting policies *(continued)*

Rebates received from suppliers

Volume related rebates receivable from suppliers are deducted from the carrying value of the stock Rebate agreements with suppliers that cover more than one period are recognised in the accounts in the period in which they are earned

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes In accordance with FRS 19 deferred tax liabilities are provided for in full, deferred tax assets are recognised to the extent that they are expected to be recoverable in the foreseeable future No discounting has been applied to the deferred tax provision

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period, less an appropriate deduction for actual and expected returns

Turnover is recognised on despatch of goods to the customer, and is all within the UK

Classification of financial instruments issued by the Company

Financial instruments issued by the Company 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

Derivatives and other financial instruments

The Company's financial instruments, other than derivatives, comprise cash and liquid resources, and various items such as debtors and creditors that arise directly from its operations

2 Segmental reporting

All of the Company's activities relate to UK retail operations Turnover is all supplied to the UK market

Notes *(contınued)*

3 Exceptional (income)/costs

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Cost of sales		
Store portfolıo restructurıng ıncome	**(1,500)**	(4,174)
Admınıstratıon		
Refinancıng costs	**668**	-
Restructure and alıgnment costs	**71**	1,635
Exceptional operatıng (income)/costs	**(761)**	2,539

Store portfolıo restructurıng ıncome ın 2010 relates to a decrease ın the onerous lease provısıon and rent revıew accrual, applyıng the terms of the Company Voluntary Arrangement ('CVA') whıch states that the Company has now dıscharged ıts rental oblıgatıons ın respect of the non-tradıng stores ıncluded wıthın the CVA In 2009, store portfolıo restructurıng ıncome related to store closure ıncome net of closure costs of the Severnsıde dıstrıbutıon centre and a decrease ın the onerous lease provısıon ın respect of non-tradıng stores

Refinancıng costs ın 2010 relate to fees ıncurred ın respect of the CVA, whıch was entered ınto ın August 2009

Restructure and alıgnment costs ın 2010 and 2009 relate to organısatıonal restructures at stores and head office

The tax effect of exceptıonal ıtems ıs £nıl (*2009 £nıl*)

4 Profit on ordinary activities before taxation

Profit on ordinary actıvıtıes before taxation is stated after charging:	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Hıre of other assets - operatıng leases		
Plant and machınery	**475**	538
Land and buıldıngs	**15,035**	15,939
Deprecıatıon of tangıble fixed assets		
Owned	**2,478**	2,702
Leased	**159**	325
Impaırment of tangıble fixed assets	**28**	-
Audıtors' remuneratıon		
Audıt of these financıal statements	**22**	29
Amounts receıvable by the audıtors and theır assocıates ın respect of		
Other servıces relatıng to taxatıon	**16**	25
Servıces relatıng to corporate finance transactıons entered ınto or proposed to be entered ınto by or on behalf of the Company or the Company's subsıdıarıes	**143**	27

Notes *(continued)*

5 Remuneration of directors

The directors receive no remuneration from the Company in their capacity as directors All remuneration is provided by another Group undertaking, Focus (DIY) Limited

	Number of directors	
	21 February 2010	22 February 2009
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**5**	5

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	52 weeks	52 weeks
	21 February 2010	22 February 2009
Sales	**1,003**	1,442
Administration	**80**	108
	1,083	1,550

The aggregate payroll costs of these persons were as follows

	52 weeks	52 weeks
	21 February 2010	22 February 2009
	£000	£000
Wages and salaries	**15,582**	16,269
Social security costs	**1,171**	1,330
Other pension costs	**270**	291
	17,023	17,890

7 Other interest receivable and similar income

	52 weeks	52 weeks
	21 February 2010	22 February 2009
	£000	£000
Other interest receivable	**23**	239

Notes *(contınued)*

8 Interest payable and sımilar charges

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
On bank loans and overdrafts	**66**	151
Fınance charges payable ın respect of finance leases and hıre purchase contracts	**84**	31
Dıscounted provısıons		
Unwındıng of dıscount	**242**	1,006
Effect of change ın dıscount rate	**9**	241
	401	1,429

9 Taxatıon

Analysıs of charge ın perıod

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Current tax		
UK corporatıon tax on profit for the perıod	**-**	-
Adjustments ın respect of prıor perıod	**-**	-
Total current tax (see below)	**-**	-
Deferred tax		
Adjustments ın respect of pensıons	**27**	106
Total tax charge	**27**	106

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the period

The current tax charge for the period is lower *(2009 lower)* than the standard rate of corporation tax in the UK 28% *(2009 28%)* The differences are explained below

	52 weeks ending 21 February 2010 £000	52 weeks ending 22 February 2009 £000
Profit on ordinary activities before taxation	**766**	1,139
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% *(2009 28%)*	**214**	319
Effects of		
Expenses not deductible for tax purposes	**271**	700
Depreciation for year in excess of capital allowances	**901**	618
Movement in other timing differences	**(1,379)**	(87)
Group relief for nil consideration	**(7)**	-
Capital gains moved intra-group for nil consideration	**-**	(1,550)
Current tax charge for period (see above)	**-**	-

Factors that may affect future tax charges

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years

As at 21 February 2010 there is a deferred tax asset of £8,865,000 *(2009 £9,335,000)* which has not been recognised on the balance sheet due to the uncertainty of future events To the extent that the asset unwinds in future periods the effective tax rate will reduce accordingly

Notes *(continued)*

10 Tangible fixed assets

	Short leasehold property £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At beginning of period	4,538	37,513	42,051
Additions	104	1,268	1,372
Disposals	(72)	(1,755)	(1,827)
At end of period	4,570	37,026	41,596
Depreciation			
At beginning of period	203	24,616	24,819
Charge for period	240	2,397	2,637
Impairment	-	28	28
Disposals	(48)	(1,456)	(1,504)
At end of period	395	25,585	25,980
Net book value			
At 21 February 2010	**4,175**	**11,441**	**15,616**
At 22 February 2009	4,335	12,897	17,232

Included in the total net book value of fixtures, fittings, tools and equipment is £421,000 *(2009 £580,000)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the period on these assets was £159,000 *(2009 £325,000)*

11 Fixed asset investments

	Shares in group undertakings 21 February 2010 £000
Cost and net book value	
At beginning and end of period	**2,005**

The principal undertakings in which the Company's interest at the period end is more than 20% are as follows

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Percentage and class of shares held**
CJ & JJ Enterprises Limited	UK	Dormant	100% ordinary
Paul Madeley Limited	UK	Dormant	100% ordinary
Payless Properties Limited	UK	Dormant	100% ordinary
Paul Madeley (Holdings) Limited	UK	Dormant	100% ordinary

Notes *(continued)*

12 Stocks

	21 February 2010 **£000**	22 February 2009 £000
Finished goods and goods for resale	**18,956**	22,642

13 Debtors

	21 February 2010 **£000**	22 February 2009 £000
Trade debtors	**771**	799
Amounts owed by group undertakings	**61,589**	62,745
Other debtors	**18**	17
Prepayments and accrued income	**1,872**	2,110
	64,250	65,671

Amounts owed by group undertakings are receivable on demand and accrue no interest

Trade debtors, other debtors, prepayments and accrued income are all receivable within one year

14 Creditors: amounts falling due within one year

	21 February 2010 **£000**	22 February 2009 £000
Obligations under finance leases and hire purchase contracts	**11**	144
Trade creditors	**12,530**	15,319
Amounts owed to group undertakings	**31,255**	31,255
Other taxation and social security	**1,388**	1,201
Other creditors	**2,284**	2,366
Accruals and deferred income	**5,477**	7,453
	52,945	57,738

Amounts owed to group undertakings are payable on demand and accrue no interest

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	21 February 2010 £000	22 February 2009 £000
Obligations under finance leases and hire purchase contracts	-	11

The maturity of obligations under finance leases and hire purchase contracts is as follows

	21 February 2010 £000	22 February 2009 £000
Within one year	-	11
In the second to fifth years	-	-
	-	11
Less future finance charges	-	-
	-	11

16 Provisions for liabilities and charges

	Onerous lease provision £000
At beginning of period	5,770
Utilised during period	(1,787)
Charge for the period	(1,248)
Unwinding of discount element	242
Effect of change in the discount rate	9
At end of period	**2,986**

The onerous lease provision relates to leased properties not currently occupied by the Group and is based on an estimate of the period that the property will remain vacant The provisions are based on the discounted value of future cash outflows relating to rates and, for those stores not included in the Company Voluntary Arrangement, rent and service charges

In August 2009, Do It All Limited entered into a Company Voluntary Arrangement by which the onerous lease costs and guarantees associated with non trading properties were compromised through the payment of a dividend in January 2010 and April 2010 The total onerous lease costs in relation to these properties on the date of entering the CVA were £12 1m The amounts compromised were £10 6m The dividend payments were £0 75m in January 2010 and £0 75m in April 2010

Notes *(continued)*

16 Provisions for liabilities and charges *(continued)*

The unprovided deferred tax asset under FRS19 is shown below

	21 February 2010 £000	22 February 2009 £000
Difference between accumulated depreciation and capital allowances	**(6,624)**	(6,038)
Other timing differences	**(1,030)**	(2,079)
Trading losses	**(1,280)**	(1,287)
Capital gains	**69**	69
Deferred tax asset (unrecognised)	**(8,865)**	(9,335)

17 Contingent liabilities

The Company has guaranteed certain borrowing of fellow subsidiary undertakings which at 21 February 2010 amounted to £188 8m *(2009 £177 2m)*

18 Called up share capital

	21 February 2010 £000	22 February 2009 £000
Allotted, called up and fully paid		
44,288,742 ordinary shares of £1 each	**44,289**	44,289

19 Share premium and reserves

	Share premium account £000	Profit and loss account £000
Company		
At beginning of period	21,231	(32,732)
Profit for the financial period	-	739
Actuarial gain relating to net pension liabilities	-	(4,034)
Deferred tax associated with actuarial gain relating to net pension liabilities	-	1,130
At end of period	**21,231**	**(34,897)**

	21 February 2010 £000	22 February 2009 £000
Profit and loss reserve excluding pension liability	**(20,304)**	(20,974)
Pension liability	**(14,593)**	(11,758)
Profit and loss reserve including pension liability	**(34,897)**	(32,732)

Notes *(continued)*

20 Commitments

(a) Annual commitments under non-cancellable operating leases are as follows

	21 February 2010		22 February 2009	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire				
Within one year	**928**	**29**	20	64
In the second to fifth years inclusive	**4,346**	**212**	5,975	180
Over five years	**10,409**	**15**	12,754	81
	15,683	**256**	18,749	325

There were no capital commitments at the end of the financial period *(2009 £nil)*

21 Pension scheme

The Company provides post retirement benefits in accordance with Group arrangements The Company contributes to the Focus Money Purchase Plan, a defined contribution scheme, and supports the Do It All Pension Plan which is a defined benefit scheme. Certain employees are members of other Group defined benefit schemes There are no future benefits accruing in any of the Group defined benefit schemes and they are all closed to new members

The total pension cost included within operating costs for the Company is derived as follows

	21 February 2010	22 February 2009
	£000	£000
Focus Money Purchase Plan	**270**	291

Included within creditors is a pension contribution accrual of £28,077 *(2009 £30,492)*

The latest formal independent actuarial valuation of the Do It All Pension Plan was performed on April 2007 and was updated for FRS17 purposes to 21 February 2010 by a qualified independent actuary

	21 February 2010	22 February 2009
	£000	£000
Equities	**22,812**	16,848
Bonds	**-**	24,238
Property	**5,708**	1,924
Other	**236**	159
LDI portfolio	**20,607**	-
Fair value of plan assets	**49,363**	43,169
Present value of unfunded defined benefit obligations	**(69,631)**	(59,499)
Deficit in the plans	**(20,268)**	(16,330)
Deferred tax asset	**5,675**	4,572
Net pension liabilities	**(14,593)**	(11,758)

Notes *(contınued)*

21 Pension scheme *(contınued)*

The Lıabılıty Drıven Investments ('LDI') portfolıo seeks to ensure that assets and lıabılıtıes track each other over tıme, matchıng the future cash ınflows from bonds wıth the future cash requırements of the pensıon scheme It also reduces volatılıty The trustees of the Focus Pensıons plan and the Do It All Pensıons plan commenced consultatıon wıth the Company on a change of ınvestment strategy ın September 2008 and adjusted the asset holdıng accordıngly wıth a change ın ınvestment splıt (reductıon ın equıtıes) and swıtch from bonds to LDI ın March 2009

None of the faır value of the assets of the scheme ıncluded any of the Company's own financıal ınstruments or any property occupıed by, or other assets used by the Company

Movement ın present value of defined benefit oblıgatıons

	21 February 2010 £000	22 February 2009 £000
At the begınnıng of the perıod	**59,499**	66,796
Interest cost	**3,822**	4,027
Actuarıal losses/(gaıns)	**7,730**	(9,750)
Benefits paıd	**(1,420)**	(1,574)
At the end of the period	**69,631**	59,499

Movement ın faır value of plan assets

	21 February 2010 £000	22 February 2009 £000
At the begınnıng of the perıod	**43,169**	45,679
Expected return on scheme assets	**2,534**	3,022
Actuarıal gaıns/(losses)	**2,303**	(15,315)
Contrıbutıons by employer	**1,385**	1,385
Specıal contrıbutıons	**1,393**	9,972
Benefits paıd	**(1,421)**	(1,574)
At the end of the period	**49,363**	43,169

Expenses recognısed ın the profit and loss account

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Interest cost	**3,822**	4,027
Expected return on scheme assets	**(2,534)**	(3,022)
Total	**1,288**	1,005

The total amount recognısed ın the consolıdated statement of total recognısed gaıns and losses ın respect of actuarıal gaıns and losses ın £5,427,000 loss *(2009 £5,565,000 loss)*

Cumulatıve actuarıal gaıns/losses reported ın the statement of total recognısed gaıns and losses for accountıng perıods endıng on or after 22 June 2002 are £9,217,000 loss

Notes *(contınued)*

21 Pension scheme *(contınued)*

The expense ıs recognısed ın the followıng lıne ıtems ın the profit and loss account

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Other finance charges	**1,288**	1,005

Expected long term rates of return

The expected rate of return on cash ıs equal to bank ınterest rates The expected return on bonds ıs determıned by reference to UK long dated gılt and bond yıelds The expected return on equıtıes and property has been determıned by settıng an approprıate rısk premıum above gılt and bond yıelds havıng regard to market condıtıons

	Expected long term rate of return at 21 February 2010 %	Expected long term rate of return at 22 February 2009 %
Equıtıes	**7.20**	7 75
Bonds	**4.75**	5 00
Property	**6.70**	7 25
LDI Portfolıo	**5.00**	N/A
Cash	**1.00**	5 25
Overall for the scheme	**5.78**	6 78

Prıncıpal actuarıal assumptıons

	Expected long term rate of return at 21 February 2010 %	Expected long term rate of return at 22 February 2009 %
Rates of general ıncrease ın salarıes	**-**	-
Rate of ıncrease to pensıons ın payment	**3.30**	3 25
Revaluatıon rate for deferred pensıoners	**3 30**	3 25
Dıscount rate for scheme lıabılıtıes	**5.85**	6 50
Inflatıon	**3 30**	3 25

The assumptıons relatıng to longevıty underlyıng the pensıon lıabılıtıes at the balance sheet date are based on standard actuarıal mortalıty tables and ınclude an allowance for future ımprovements ın longevıty The assumptıons are equıvalent to expectıng a 65-year old to lıve for a number of years as follows

- Current pensıoner aged 65 21 2 years (male), 24 1 (female)
- Future retıree upon reachıng 65 22 4 years (male) 25 2 (female)

The assumptıons used by actuary are chosen from a range of possıble actuarıal whıch, due to the tımescale covered, may not necessarıly be borne out ın practıce

Notes *(continued)*

21 Pension scheme *(continued)*

History of the scheme for the current and prior periods is as follows

	21 February 2010 £000	22 February 2009 £000	24 February 2008 £000	29 April 2007 £000	29 October 2006 £000
Fair value of scheme assets	**49,363**	43,169	45,679	49,486	46,618
Present value of scheme liabilities	**(69,631)**	(59,499)	(66,796)	(77,282)	(76,069)
Deficit in scheme	**(20,268)**	(16,330)	(21,117)	(27,796)	(29,451)
Experience adjustments on scheme liabilities	**-**	-	-	643	-
Experience adjustments on scheme assets	**2,303**	(15,315)	(5,873)	817	3,373

The Company expects to contribute approximately £1,385,000 to its defined benefit scheme in the next financial year

22 Ultimate parent company

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

The consolidated financial statements of the Group are available to the public and may be obtained from

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