

Wickes Limited

Directors' report and financial statements

27 October 2002

Registered number 2070200



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 27 October 2002.

Principal activity

The principal activity of the Company is that of an intermediate holding Company.

Business review

The results for the period are shown on page 4.

Directors and directors' interests

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

WE Archer
GC Wilson
RS Bird
JM Rice (resigned 24 October 2002)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

The interests of the directors in the shares of Focus Wickes Limited, the ultimate holding Company, are disclosed in the financial statements of that Company.

Auditors

During the year KPMG resigned as auditors and KPMG Audit Plc were appointed to fill the vacancy arising. A resolution for the appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



GC Wilson
Director

Gawsworth House
Westmere Drive
Crewe
Cheshire
CW1 6XB

28 February

2003

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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.



KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Wickes Limited

We have audited the financial statements on pages 4 to 13.

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 are responsible for preparing the directors' report and as described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also 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 transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 27 October 2002 and of the loss of the Company for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit plc

Chartered Accountants
Registered Auditor

28 February 2003

Profit and loss account
for the period ended 27 October 2002

	<i>Note</i>	52 weeks ended 27 October 2002 £000	52 weeks ended 28 October 2001 £000
Other operating income		39	18
Operating profit – continuing operations		39	18
Interest payable and similar charges	5	(4,310)	(4,233)
Loss on ordinary activities before taxation	2-5	(4,271)	(4,215)
Tax on loss on ordinary activities	6	1,284	1,265
Retained loss for the financial period		(2,987)	(2,950)

The Company has no recognised gains or losses during the current and previous periods other than the loss for the periods reported above.

Balance sheet
at 27 October 2002

	<i>Note</i>	27 October 2002		28 October 2001	
		£000	£000	£000	£000
Fixed assets					
Investments	7		99,558		99,558
Current assets					
Debtors	8	63,081		101,200	
Cash at bank and in hand		23		30	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	9	63,104 (23,359)		101,230 (58,498)	
		<hr/>		<hr/>	
Net current assets			39,745		42,732
			<hr/>		<hr/>
Net assets			139,303		142,290
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	10		27,571		30,315
Share premium account	11		103,402		103,402
Special reserve	11		46		-
Capital redemption reserve	11		8,988		8,988
Profit and loss account	11		(704)		(415)
			<hr/>		<hr/>
Equity shareholders' funds			139,303		142,290
			<hr/>		<hr/>

These financial statements were approved by the board of directors on *28 February*, 2003 and were signed on its behalf by:



GC Wilson
Director

Reconciliation of movements in shareholders' funds
for the period ended 27 October 2002

	52 weeks 2002 £000	52 weeks 2001 £000
Loss for the financial period	(2,987)	(2,950)
New share capital subscribed	-	832
Reduction in share capital (see note 10)	(2,744)	-
Increase in special reserve (see notes 10 and 11)	2,744	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(2,987)	(2,118)
Opening shareholders' funds	142,290	144,408
	<hr/>	<hr/>
Closing shareholders' funds	139,303	142,290
	<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 Company's financial statements.

Basis of preparation

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

The Company is exempt by virtue of section 228 of the Companies Act 1985 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 Financial Reporting Standard 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 Focus Wickes Limited the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Focus Group Limited, within which this Company is included, can be obtained from the address given in note 13.

Taxation

The credit for taxation is based on the 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, which was adopted in the previous period, deferred tax has been provided for in full. No discounting has been applied to the deferred tax provision.

Notes (continued)

2 Loss on ordinary activities before taxation

There was no audit fees during the period (2001: £nil).

3 Remuneration of directors

Director remuneration costs of the Company and its subsidiary undertakings in the period were as follows:

	2002 52 weeks £000	2001 52 weeks £000
Directors' emoluments	739	657
Company contributions to money purchase pension schemes	88	29
Compensation for loss of office	-	160
	<u>827</u>	<u>846</u>

The aggregate of emoluments of the highest paid director was £295,320 (2001: £215,556) and Company pension contributions of £29,796 (2001: £nil) were made to money purchase schemes on his behalf. He is a member of a defined benefit scheme, under which his accrued pension at the period end was £81,617 (2001: £41,153).

	Number of directors 52 weeks 2002	52 weeks 2001
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	-
Defined benefit schemes	4	4

During the period five directors ceased contributions to the defined benefit schemes operated by the Group and joined the Focus Group Money Purchase Plan. These directors have retained benefit in defined benefit schemes.

Notes (continued)

4 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 2002	52 weeks 2001
Administration	4	4

5 Interest payable and similar charges

	2002 52 weeks £000	2001 52 weeks £000
On all other loans	4,310	4,233

Notes (continued)

6 Taxation

(a) Analysis of tax credit for the period

	52 weeks 2002 £000	52 weeks 2001 £000
<i>Current tax</i>		
UK corporation tax on loss for the period	(1,281)	(1,265)
Adjustments in respect of prior period	(3)	-
	<hr/>	<hr/>
Total current tax (see (b) below)	<u>(1,284)</u>	<u>(1,265)</u>

(b) Factors affecting the tax credit for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	52 weeks 2002 £000	52 weeks 2001 £000
Loss on ordinary activities before taxation	(4,271)	(4,215)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(1,281)	(1,265)
<i>Effects of:</i>		
Adjustment to tax credit in respect of prior periods	(3)	-
	<hr/>	<hr/>
Current tax credit for period (see (a) above)	<u>(1,284)</u>	<u>(1,265)</u>

(c) Factors that may affect future tax charges

The Company has surplus management expenses of £1,023,150 which may be available to reduce tax payments in the future.

The Company also has capital losses of £87,299,806 (subject to agreement by the Inland Revenue) which may be available to offset against certain capital gains in the future, which would also reduce tax payments.

Notes (continued)

7 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost and net book value</i>	
At beginning and end of period	99,558

The principal undertakings (excluding dormant companies) in which the Company's interest at the period end is more than 20% are as follows:

Subsidiary undertaking	Country of incorporation	Principal activity	Class and percentage of shares held
Hunter Estates Limited	UK	Property management	100% ordinary
Wickes Holdings Limited	UK	Intermediate holding company	100% ordinary

All companies shown as incorporated in the UK are registered in England and Wales.

8 Debtors

	27 October 2002 £000	28 October 2001 £000
Amounts owed by group undertakings	63,077	100,929
Other debtors	4	271
	<u>63,081</u>	<u>101,200</u>

Notes (continued)

9 Creditors: amounts falling due within one year

	27 October 2002 £000	28 October 2001 £000
Amounts owed to group undertakings	22,303	56,773
Accruals and deferred income	918	1,574
Other creditors	138	151
	<u>23,359</u>	<u>58,498</u>

10 Called up share capital

	27 October 2002 £000	28 October 2001 £000
<i>Authorised</i>		
Equity: 118,222,618 (2001: 123,710,000) ordinary shares of 50p each	59,111	61,855
	<u>59,111</u>	<u>61,855</u>
<i>Allotted, called up and fully paid</i>		
Equity: 55,141,880 (2001: 60,630,022) ordinary shares of 50p each	27,571	30,315
	<u>27,571</u>	<u>30,315</u>

The movement in the number of shares allotted and fully paid during the period was as follows:

	Ordinary shares of 50p each
At beginning of period	60,630,022
Cancellation of shares	(5,488,142)
	<u>55,141,880</u>
At end of period	<u>55,141,880</u>

By way of a written resolution of the Company passed in accordance with Section 381A of the Companies Act 1985 dated the 19 March 2002 it was resolved that the share capital of the Company be reduced by cancelling and extinguishing 5,488,142 ordinary shares of 50p each.

With the sanction of an Order of the High Court of Justice dated 11 April 2002 the reduction of share capital of 5,488,142 ordinary shares of 50p each created a special reserve against which the anticipated deficit on the profit and loss account of the Company as at 28 July 2002 may be written off.

Notes (continued)

11 Share premium and reserves

	Special Reserve	Share premium account	Capital redemption reserve	Profit and loss account
	£000	£000	£000	£000
At beginning of period	-	103,402	8,988	(415)
Reduction in share capital	2,744	-	-	-
Profit and loss deficit written off	(2,698)	-	-	2,698
Retained loss for the period	-	-	-	(2,987)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	46	103,402	8,988	(704)
	<hr/>	<hr/>	<hr/>	<hr/>

12 Contingent liabilities

The Company has guaranteed certain borrowings of fellow subsidiary undertakings which at 27 October 2002 amounted to £240.5 million (2001: £270.0 million).

13 Ultimate holding company

The Company's ultimate holding Company is Focus Wickes Limited.

Copies of the Group financial statements can be obtained from:

Companies House
Crown Way
Cardiff
CF4 3UZ

14 Post Balance Sheet Event

On 29 January 2003 the shares in Focus Wickes Limited the ultimate parent undertaking were acquired by Focus Wickes (Investments) Limited. The ultimate parent undertaking with effect from that date is Focus Wickes Group Limited.

As part of the above transaction the Company guaranteed certain borrowings of fellow Group undertakings.