

Company Registration No.3357545

LINK FS LIMITED

Annual Report and Financial Statements

70 weeks ended 31 August 2008

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**LINK FS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2008**

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LINK FS LIMITED COMPANY INFORMATION

Directors

S Alder
R Dunne
R Harwood
K Jarvis

Secretary and registered office

O2 Secretaries Limited

Wellington Street
Slough
Berkshire
SL1 1YP

Auditor

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

LINK FS LIMITED DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 70 weeks ended 31 August 2008. Comparative figures are for the 52 weeks ended 29 April 2007.

PARENT COMPANY AND CONTROLLING ENTITY

Link FS Limited (the "Company") is a private limited company registered in England and Wales under the number 3357545. The registered address is Wellington Street, Slough, Berkshire SL1 1YP. It is a wholly owned subsidiary of Telefónica Europe plc, its ultimate UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S. A., a company incorporated in Spain.

PRINCIPAL ACTIVITY BUSINESS REVIEW AND RESULTS

The Company ceased to trade on 16 September 2006. The Directors do not anticipate the Company trading in the foreseeable future.

RESULTS

The Company did not trade in the period and has made neither profit nor loss.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the 70 weeks ended 31 August 2008 (the 52 weeks ended 29 April 2007: £nil).

DIRECTORS

The directors of the Company during the period were:

R Harwood
J Campbell
S Alder
R Dunne

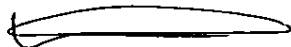
POST BALANCE CHANGES TO THE BOARD.

On 29 December 2008 Justine Campbell resigned as director and on 31 December 2008 Kate Jarvis was appointed a director of the Company.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

To the best of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the Company, all information relevant to enabling the auditors to provide their opinion on the financial statements has been provided. The directors have taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of any such information.

By Order of the board



For and on behalf of O2 Secretaries Limited

Company Secretary

11 May 2009

LINK FS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practices (UK GAAP).

The directors are required by UK company law to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company, in accordance with UK GAAP, as at the end of each financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The financial statements have been prepared on a basis other than going concern.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 1985. The directors are also responsible for the safeguard of the assets of the Company and hence for taking reasonable steps to prevent and detect fraud or any other irregularities.

LINK FS LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the member of Link FS Limited

We have audited the financial statements of Link FS Limited for the 70 weeks ended 31 August 2008 which have been prepared on a basis other than that of going concern and which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 11. These financial statements have been prepared on a basis other than going concern and under the accounting policies set out therein.

This report is made solely to the Company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the member those matters we are required to state 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable UK law and UK accounting standards (UK Generally Accepted Accounting Practices (UK GAAP)). Our responsibility is to audit the financial statements in accordance with relevant UK legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the information given in the directors' report is consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any misstatements in it.

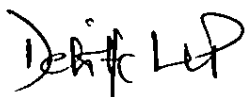
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with UK GAAP, of the state of the Company's affairs as at 31 August 2008 and of its result for the period then ended, have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
13 May 2009

LINK FS LIMITED
PROFIT AND LOSS ACCOUNT
For the 70 weeks ending 31 August 2008

	Note	2007/08 £'000	2006/07 £'000
Turnover		-	3,258
Operating profit	2	-	3,074
Profit on ordinary activities before taxation		-	3,074
Taxation on profit on ordinary activities	4	-	(922)
Profit for the period		-	2,152

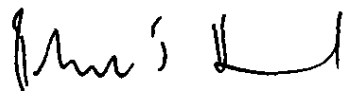
There are no recognised gains or losses other than the profit for the preceding period.

All turnover and operating results are derived from discontinued operations.

LINK FS LIMITED
BALANCE SHEET
As at 31 August 2008

	Note	£'000 2008 £'000	£'000 2007 £'000
Current assets			
Debtors	5	13,205	13,219
Cash at bank and in hand		-	-
		<u>13,205</u>	<u>13,219</u>
Creditors: amounts falling due within one year	6	<u>(2,559)</u>	<u>(2,573)</u>
Net current assets		<u>10,646</u>	<u>10,646</u>
Capital and reserves			
Profit and loss account	8	8,483	8,483
Capital reserve	8	2,163	2,163
Equity shareholder's funds		<u>10,646</u>	<u>10,646</u>

The financial statements were approved by the directors on and signed on their behalf by:



Director

11 May 2009

LINK FS LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
For the 70 weeks ending 52 weeks ended 31 August 2008

	2007/08	2006/07
	£'000	£'000
Opening equity shareholder's funds	10,646	8,494
Profit for the period	-	2,152
Net additions equity shareholder's funds	-	2,152
Closing equity shareholder's funds	10,646	10,646

LINK FS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and UK applicable accounting standards. Accounting policies have been consistently applied throughout the current and preceding periods. As explained in the Directors' Report, the Company transferred its trade, assets and liabilities to a fellow subsidiary Company on 16 September 2006 and has ceased trading. As required by FRS18 'Accounting Policies', the Directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at their book value. The principal accounting policies are set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements include the results of the Company and are for the 70 weeks ended 31 August 2008. Comparative figures are for the 52 weeks ending 29 April 2007.

1.2 Turnover

Turnover comprises amounts receivable, excluding Insurance Premium Tax and VAT, on the sale of after-sales support agreements and commission receivable on credit related transactions. Retail commissions earned from the provision of credit and from the sale of customer support agreements are included in turnover in the period in which the right to consideration has been obtained.

1.3 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

2. OPERATING PROFIT

	2007/08 £'000	2006/07 £'000
Turnover	-	3,258
Gross profit	-	3,258
Administrative expenses	-	(184)
Operating profit	-	3,074

The auditors' remuneration of £2,000 is borne by another group undertaking. (2007/08: £5,000)

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3. EMPLOYEES AND DIRECTORS

	2007/08 £'000	2006/07 £'000
Staff costs, including directors, for the period were:		
Wages and salaries	-	155
Social security costs	-	20
Other pension costs	-	9
	<u>-</u>	<u>184</u>

	Number	Number
The average number of employees, excluding directors, was:	<u>-</u>	<u>1</u>

The directors received no remuneration for services to the Company during the period (2006/07 £nil).

	Number	Number
Directors who accrued benefits under defined benefit pension schemes:	<u>-</u>	<u>-</u>

No directors (2006/07 no directors) received ordinary shares in DSG international plc under the Deferred Equity Participation Plan ("DEPP").

No directors (2006/07 no directors) exercised any rights of shares in Telefónica, S.A.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007/08 £'000	2006/07 £'000
Current taxation:		
UK corporation tax at UK statutory rate	0	922
Adjustment in respect of earlier periods	-	-
- UK corporation tax	<u>-</u>	<u>-</u>
	0	922

A reconciliation of the notional current taxation charge to the actual taxation charge is set out below:

Profit on ordinary activities at UK statutory rate*	-	922
	-	-
	-	-
Transfer pricing adjustment	273	-
	-	-
Group relief claimed, not paid for	(273)	-
	<u>-</u>	<u>-</u>
Current taxation on loss on ordinary activities	-	922

* Tax rate for the period is a mix rate of 29.4% taking into account the change in UK corporation tax rate to 28% with effect from 1 April 2008 (2007:30%)

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 DEBTORS

	2008 £'000	2007 £'000
Amounts due from other group undertakings	<u>13,205</u>	<u>13,219</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Amounts due to other group undertakings	<u>2,559</u>	<u>2,573</u>
	<u>2,559</u>	<u>2,573</u>

7 CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid: 1 ordinary share of £1	<u>1</u>	<u>1</u>

8 RESERVES

	Capital reserve £'000	Profit and loss account £'000
At 29 April 2007	<u>2,163</u>	<u>8,483</u>
At 31 August 2008	<u>2,163</u>	<u>8,483</u>

LINK FS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 POST RETIREMENT BENEFITS

Up until 16 September 2007, when the Company's ultimate parent was DSG international plc, eligible employees were able to participate in the DSG international plc Group's pension scheme which comprised both a defined benefit and defined contribution section. The defined benefit section was a funded scheme with assets held in a separate trustee administered fund. Contributions were assessed in accordance with the advice of independent qualified actuaries so as to spread the pension cost over the normal expected service lives of members. The scheme was valued by a qualified actuary at least every three years. The last valuation was carried out as at 5 April 2004, using the projected unit method and has been used to determine the level of funding to the scheme.

The last actuarial valuation of the defined benefit section, showed the value of assets to be sufficient to cover 87% of the benefits accrued to members after allowing for expected future increases in earnings. At 28 April 2007, the valuation of the defined benefit section for the purposes of FRS 17 showed a gross pension deficit of £141.7 million (29 April 2006 £186.5 million). Further particulars of the scheme are shown in the financial statements of DSG international plc which although presented under IAS 19 "Employment Benefits" show figures and disclosures equivalent to those applicable under FRS 17.

Since 1 September 2002, the defined benefit section of the pension scheme has been closed to new entrants. Membership of the defined contribution section is now offered to eligible employees.

10 RELATED PARTY DISCLOSURES

All purchases, payments and receipts were transacted through other group companies on behalf of the Company. All transactions were made on normal commercial terms.

During 2006/07 £3,257,976 of gross profit was earned from Coverplan Insurance Services Limited, a subsidiary of DSG Retail Limited, and nil (2006/07 nil) was earned from The Link Stores Limited, also a subsidiary of DSG Retail Limited.

Period end balances with group undertakings were as follows:

	2008	2007
	£'000	£'000
Debtors:		
The Link Stores Limited	13,205	13,219
	<u>13,205</u>	<u>13,219</u>
Creditors:		
Telefonica O2 (UK) Limited	(2,559)	(2,573)
	<u>(2,559)</u>	<u>(2,573)</u>

11 PARENT COMPANY

The Company's immediate parent company is The Link Stores Limited.

The ultimate parent Company is Telefónica, S.A., a company incorporated in Spain. Copies of the financial statements of Telefónica, S.A. may be obtained from Gran Vía 28, Madrid, Spain.