

Focus DIY (Finance) plc

Directors' report and financial statements

Registered number 4526040

For the period ended 21 February 2010

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Directors' report

The directors present their directors' report and financial statements for the 52 week period ended 21 February 2010
(2009 52 weeks ended 22 February 2009)

Principal activity

The Company's principal activity is that of an intermediate holding and finance company

Business review

The results of the Company for the period are set out in the accompanying financial statements

The financial statements for the period ended 21 February 2010 have been prepared under UK GAAP and for the Company only as the Company has no securities admitted to trading on a regulated market of an EU state

Directors

The directors who held office during the period were as follows

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

Political and charitable contributions

The Company made no political or charitable donations and incurred no political expenditure during the year (2009 £nil)

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 all 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

Financial Instruments

The Company's principal financial instrument is Mezzanine Loan Notes which were delisted from the Irish Stock Exchange in June 2007

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 Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Focus DIY (Finance) plc

We have audited the financial statements of Focus DIY (Finance) plc for the 52 weeks ended 21 February 2010 set out on pages 5 to 12. 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 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 2, 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 loss 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 Focus DIY (Finance) Plc
(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

	<i>Notes</i>	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
Administrative expenses		(8)	(26)
Operating loss	2	(8)	(26)
Other interest receivable and similar income		-	-
Interest payable and similar charges		-	-
Loss for the financial period before taxation		(8)	(26)
Tax on loss on ordinary activities	5	-	-
Loss for the financial period		(8)	(26)

The notes on pages 8-12 form part of these financial statements

All amounts relate to continuing operations

The Company has no recognised gains or losses in either the current or preceding period, other than those reported above, and therefore no statement of total recognised gains and losses has been presented

Balance Sheet
at 21 February 2010

	<i>Note</i>	21 February 2010 £000	22 February 2009 £000
Fixed assets			
Investments	6	-	-
Current assets			
Debtors	7	747,393	747,393
Creditors: amounts falling due within one year	8	(116,295)	(116,287)
Net current assets		631,098	631,106
Total assets less current liabilities		631,098	631,106
Creditors: amounts falling due after more than one year	9	(3,184)	(3,184)
Net assets		627,914	627,922
Capital and reserves			
Called up share capital	10	456,872	456,872
Profit and loss account	11	171,042	171,050
Shareholders' funds		627,914	627,922

The notes on pages 8-12 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

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
Loss for the financial period	(8)	(26)
Net reduction in shareholders' funds	(8)	(26)
Opening shareholders' funds	627,922	627,948
Closing shareholders' funds	627,914	627,922

The notes on pages 8-12 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, 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

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 discretionary 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 13.

Investments

Investments are stated at cost less full provision for any impairment in value.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments

Following the adoption of FRS 25, 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.

2 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging

	52 weeks 21 February 2010	52 weeks 22 February 2009
	£000	£000

Auditors' remuneration

Audit of these financial statements

8	7
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Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, FLP2 Limited.

3 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
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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 directors	
	52 weeks 21 February 2010	52 weeks 22 February 2009
Administration	5	5

The aggregate payroll costs of these employees are borne by another group undertaking, Focus (DIY) Limited

5 Taxation

Analysis of credit/charge in the period

	52 weeks 21 February 2010 £000	52 weeks 22 February 2009 £000
<i>Current tax</i>		
UK corporation tax on loss for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax credit (see below)	-	-
	<hr/>	<hr/>

Factors affecting the tax credit for the period

The current tax credit 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 21 February 2010 £000	52 weeks 22 February 2009 £000
Loss on ordinary activities before taxation	(8)	(26)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(2)	(7)
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	7
Group relief sold at less than prevailing rate	2	-
	<hr/>	<hr/>
Current tax credit for period (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

6 Fixed asset investments

Shares in group
 undertakings
 21 February 2010
 £000

Cost

At beginning and end of period

-

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	
			Indirect Ordinary	Direct Ordinary
Focus DIY (Investments) Ltd	UK	Intermediate holding company	-	100%
Focus No 1 Limited	UK	Intermediate holding company	100%	-
Focus Retail Group Limited	UK	Intermediate holding company	100%	-
Focus Group (Finance) Limited	UK	Intermediate holding company	100%	-
Focus (DIY) Limited	UK	Retail operator of DIY superstores	100%	-
Do It All Limited	UK	Retail operator of DIY superstores	100%	-

7 Debtors

21 February 2010
 £000

22 February 2009
 £000

Amounts owed by group undertakings

747,393

747,393

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

8 Creditors: amounts falling due within one year

21 February 2010
 £000

22 February 2009
 £000

Amounts owed to group undertakings

116,283

116,275

Accruals and deferred income

12

12

116,295

116,287

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

9 Creditors: amounts falling due after more than one year

21 February 2010
 £000

22 February 2009
 £000

Mezzanine loan notes

3,184

3,184

The mezzanine notes have ceased to accrue interest and will be redeemed at 40p per £1 in 2015

Notes (continued)

10 Called up share capital

	21 February 2010 £000	22 February 2009 £000
<i>Allotted, called up and fully paid</i>		
456,871,939 ordinary shares of £1 each	456,872	456,872

11 Reserves

	Profit and loss account £000
Company	
At beginning of period	171,050
Retained loss for the financial period	(8)
At end of period	171,042

12 Contingent liabilities

The Company has guaranteed certain borrowings of subsidiary undertakings which at 21 February 2010 amounted to £188.8m (2009 £177.2m)

13 Ultimate parent company

At the period end the Company was a subsidiary undertaking of FLP2 Limited which 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

Companies House
 Crown Way
 Mandy
 Cardiff
 CF14 3UZ