

REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011
FOR
DISC DISTRIBUTION LIMITED

BHG, Chartered Accountants
Registered Auditors
77 Shrivenham Hundred Bus Pk
Majors Road, Watchfield
Swindon
Wiltshire
SN6 8TY

WEDNESDAY



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DISC DISTRIBUTION LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2011

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DISC DISTRIBUTION LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2011

DIRECTOR	S East
REGISTERED OFFICE	242 Marylebone Road London NW1 6JL
REGISTERED NUMBER	00125787 (England and Wales)
AUDITORS	BHG, Chartered Accountants Registered Auditors 77 Shrivenham Hundred Bus Pk Majors Road, Watchfield Swindon Wiltshire SN6 8TY

DISC DISTRIBUTION LIMITED

REPORT OF THE DIRECTOR **FOR THE YEAR ENDED 31 JANUARY 2011**

The director presents his report with the financial statements of the company for the year ended 31 January 2011

CESSATION OF TRADING

The company ceased trading on 24 March 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company

REVIEW OF BUSINESS

The company continued to act as an intermediate holding company for Woolworths Group plc, its ultimate parent. Woolworths Group plc went into Administration on 27 January 2009 and was put into liquidation on 21 January 2010.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2011

DIRECTOR

S East held office during the whole of the period from 1 February 2010 to the date of this report

ELECTIVE RESOLUTION

On the 2 June 1999 the company passed an elective resolution whereby it would dispense, until revoked, with

- a) the holding of an annual general meeting,
- b) the laying of the annual report and financial statements before the company in general meeting

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Woolworths Group plc went into Administration on 27 January 2009 following the appointment of Administrators to the main operating companies, Woolworths plc and Entertainment UK Limited on 27 November 2008. All of the company's assets have since 27 November 2008 been under the control of the Administrators.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

For all directors at the time the report is approved, the following applies

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

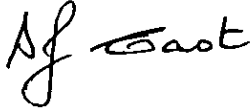
DISC DISTRIBUTION LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 JANUARY 2011

AUDITORS

The auditors, BHG, Chartered Accountants, have indicated their willingness to accept reappointment as auditors of the company. A resolution to reappoint them as auditors to the company will be proposed.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'S East', is written over the printed name.

S East - Director

1 March 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
DISC DISTRIBUTION LIMITED**

We have audited the financial statements of Disc Distribution Limited for the year ended 31 January 2011 on pages five to eleven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

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 31 January 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

We draw attention to note 1 to the financial statements which describes the basis of preparation of those financial statements. As a result of the uncertainty arising from the liquidation of the ultimate parent company, Woolworths Group plc, the company may be subject to a claim under a guarantee given in respect of the borrowings of Woolworths Group plc and its subsidiaries.

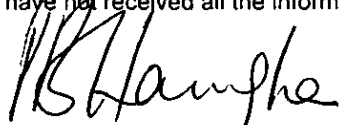
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Patrick Harrington BCom FCA (Senior Statutory Auditor)
for and on behalf of BHG, Chartered Accountants
Registered Auditors
77 Shrivenham Hundred Bus Pk
Majors Road, Watchfield
Swindon
Wiltshire
SN6 8TY

1 March 2011

DISC DISTRIBUTION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011 £	2010 £
TURNOVER		-	-
Administrative expenses		-	285,765
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	(285,765)
Tax on loss on ordinary activities	4	-	(80,014)
LOSS FOR THE FINANCIAL YEAR		-	(205,751)

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the previous year

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED

BALANCE SHEET
31 JANUARY 2011

	Notes	2011 £	2010 £
CREDITORS			
Amounts falling due within one year	6	1,605,798	1,605,798
NET CURRENT LIABILITIES		<u>(1,605,798)</u>	<u>(1,605,798)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,605,798)</u>	<u>(1,605,798)</u>
CAPITAL AND RESERVES			
Called up share capital	7	9,167,413	9,167,413
Share premium	8	151,534	151,534
Other reserves	8	2,818,167	2,818,167
Profit and loss account	8	(13,742,912)	(13,742,912)
SHAREHOLDERS' FUNDS	11	<u>(1,605,798)</u>	<u>(1,605,798)</u>

The financial statements were approved by the director on 1 March 2011 and were signed by



S East - Director

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011 £	2010 £
Net cash outflow from operating activities	1	-	(80,014)
Taxation	2	-	80,014
Increase in cash in the period		-	-

**Reconciliation of net cash flow
to movement in net debt**

	3		
Increase in cash in the period		-	-
Change in net debt resulting from cash flows		-	-
Movement in net debt in the period		-	-
Net debt at 1 February		-	-
Net debt at 31 January		-	-

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating loss	-	(285,765)
Decrease in debtors	-	287,456
Decrease in creditors	-	(81,705)
Net cash outflow from operating activities	-	(80,014)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
Taxation		
Taxation refundable	-	80,014
Net cash inflow for taxation	-	80,014

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 2 10 £	Cash flow £	At 31 1 11 £
Net cash	-	-	-
Cash at bank and in hand	-	-	-

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2011**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

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

As described in the Report of the Director on pages 2 and 3, the company's ultimate parent company Woolworths Group plc went into Administration on 27 January 2009 and was subsequently placed into creditors' voluntary liquidation on 21 January 2010

Note 10 to the financial statements explains that the company has provided guarantees of the borrowings of a number of group companies that are now in Administration or creditors' voluntary liquidation. As such there is a potential that a liability under these guarantees may arise

In view of the above, the director believes it would not be appropriate to prepare accounts on a going concern basis, instead, assets and liabilities have been included in the financial statements at the director's estimate of their recoverable amounts. Accordingly, full provision has been made for all known liabilities and anticipated losses on realisation of assets

Accounting convention

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

The company was dormant throughout the year ended 31 January 2011. However, reference to information relating to the year ended 31 January 2010 has been made where appropriate

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

Interest

Interest receivable and payable is accrued on a daily basis

Investments

Investment cost is the aggregate nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertaking. Investments are recorded at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment

Rental income

Rental income is recognised on a straight line basis over the period of the lease

2 STAFF COSTS

There were no staff costs for the year ended 31 January 2011 nor for the year ended 31 January 2010

3 OPERATING LOSS

The operating loss is stated after charging

	2011 £	2010 £
Director's remuneration	-	-

DISC DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2011

3 OPERATING LOSS - continued

Auditors' remuneration is borne by other group companies

4 TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	-	(80,014)
Tax on loss on ordinary activities	-	(80,014)

5 FIXED ASSET INVESTMENTS

COST

At 1 February 2010
and 31 January 2011

Shares in
group
undertakings
£

7,639,000

PROVISIONS

At 1 February 2010
and 31 January 2011

7,639,000

NET BOOK VALUE

At 31 January 2011

-

At 31 January 2010

-

The company's investments at the balance sheet date in the share capital of companies include the following

Strand Services (Watford) Limited

Country of incorporation England and Wales

Nature of business The company was dissolved on 22 June 2010

Class of shares	% holding
Ordinary	100.00

6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	123,551	123,551
Tax	1,480,937	1,480,937
VAT	1,310	1,310
	1,605,798	1,605,798

7 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid
Number Class

Nominal
value
25p

36,669,254 Ordinary

2011 £	2010 £
9,167,413	9,167,413

DISC DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2011

8 RESERVES

	Profit and loss account £	Share premium £	Other reserves £	Totals £
At 1 February 2010	(13,742,912)	151,534	2,818,167	(10,773,211)
Profit for the year	-	-	-	-
At 31 January 2011	<u>(13,742,912)</u>	<u>151,534</u>	<u>2,818,167</u>	<u>(10,773,211)</u>

9 CONTINGENT LIABILITIES

There existed at the year end a cross guarantee arrangement between the company and other members of the Woolworths group. Following Woolworths Group plc entering Administration, along with a number of other parties to this cross guarantee, and the fact that it has subsequently been placed into creditors' voluntary liquidation, it is probable that the guarantee will give rise to a present obligation.

However, the company's director, given the complex nature of the affairs of the companies which entered Administration and creditors' voluntary liquidation, is unable to assess the quantum of the company's potential liability under guarantees. Bearing in mind that the company is currently insolvent, it is not anticipated that the company will be in a position to make payment under the terms of those guarantees.

10 ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is WW Realisation 8 Limited (in Administration) (formerly Woolworths Media plc and WW Realisation 8 plc), a company registered in England and Wales. The ultimate parent company and controlling party is Woolworths Group plc (in liquidation) which is registered in England and Wales.

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the financial year	-	(205,751)
Net addition/(reduction) to shareholders' funds	-	(205,751)
Opening shareholders' funds	<u>(1,605,798)</u>	<u>(1,400,047)</u>
Closing shareholders' funds	<u><u>(1,605,798)</u></u>	<u><u>(1,605,798)</u></u>