

REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE PERIOD
3 FEBRUARY 2008 TO 31 JANUARY 2009
FOR
DISC DISTRIBUTION LIMITED

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

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DISC DISTRIBUTION LIMITED

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FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

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DISC DISTRIBUTION LIMITED

COMPANY INFORMATION

FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

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
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SN6 8TY

DISC DISTRIBUTION LIMITED

REPORT OF THE DIRECTOR **FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009**

The director presents his report with the financial statements of the company for the period 3 February 2008 to 31 January 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the period 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 has subsequently been put into liquidation. Various balances due from other members of Woolworths group have therefore been provided against during the year.

DIVIDENDS

No dividends will be distributed for the period ended 31 January 2009

DIRECTORS

S East has held office during the whole of the period from 3 February 2008 to the date of this report

Other changes in directors holding office are as follows

C D Scott - resigned 29 January 2009

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 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). The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. 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.

DISC DISTRIBUTION LIMITED

REPORT OF THE DIRECTOR
FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

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 s234ZA of the Companies Act 1985

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



S East - Director

13 October 2010

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

We have audited the financial statements of Disc Distribution Limited for the period ended 31 January 2009 on pages five to twelve. These financial statements have been prepared under the accounting policies set out therein.

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 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

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant 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 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 Report of the Director is consistent with the financial statements.

In addition we 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within 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 director 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.

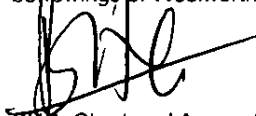
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director is consistent with the financial statements.

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 Administration and subsequent 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.



BFG, Chartered Accountants
Registered Auditors
77 Shrivenham Hundred Bus Pk
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Wiltshire
SN6 8TY

13 October 2010

DISC DISTRIBUTION LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009**

	Notes	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
TURNOVER		-	-
Administrative expenses		61,800,298	473,628
		(61,800,298)	(473,628)
Other operating income		2,573,505	1,002,056
OPERATING (LOSS)/PROFIT	3	(59,226,793)	528,428
Interest receivable and similar income		4,911,347	4,949,584
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(54,315,446)	5,478,012
Tax on (loss)/profit on ordinary activities	4	1,560,951	1,759,705
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		(55,876,397)	3,718,307

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period and the profit for the previous period

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED

BALANCE SHEET
31 JANUARY 2009

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	6	287,456	81,864,742
CREDITORS			
Amounts falling due within one year	7	1,687,503	27,388,392
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,400,047)</u>	<u>54,476,350</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,400,047)</u>	<u>54,476,350</u>
CAPITAL AND RESERVES			
Called up share capital	8	9,167,413	9,167,413
Share premium	9	151,534	151,534
Other reserves	9	2,818,167	2,818,167
Profit and loss account	9	(13,537,161)	42,339,236
SHAREHOLDERS' FUNDS	12	<u>(1,400,047)</u>	<u>54,476,350</u>

The financial statements were approved by the director on 13 October 2010 and were signed by



S East - Director

The notes form part of these financial statements

DISC DISTRIBUTION LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

	Notes	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
Net cash outflow from operating activities	1	(4,911,347)	(5,752,920)
Returns on investments and servicing of finance	2	4,911,347	4,949,584
Taxation	2	-	803,336
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 3 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 PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
Operating (loss)/profit	(59,226,793)	528 428
Decrease/(Increase) in debtors	81,577,286	(4,045,000)
Decrease in creditors	(27,261,840)	(2,236,348)
Net cash outflow from operating activities	(4,911,347)	(5,752,920)

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

	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
Returns on investments and servicing of finance		
Interest received	4,911,347	4 949 584
Net cash inflow for returns on investments and servicing of finance	4,911,347	4,949,584
Taxation		
Taxation paid	(9,124,433)	(176,846)
Taxation refund	11,881,166	-
Taxation group relief	(2,756,733)	980,182
Net cash inflow for taxation	-	803 336

3 ANALYSIS OF CHANGES IN NET DEBT

	At 3 2 08 £	Cash flow £	At 31 1 09 £
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 PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

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 has subsequently been placed into creditors' voluntary liquidation

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

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

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease period

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 period ended 31 January 2009 nor for the period ended 2 February 2008

DISC DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009

3 OPERATING (LOSS)/PROFIT

The operating loss (2008 - operating profit) is stated after charging

	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
Hire of plant and machinery	-	54,000
Other operating leases	429,182	410,647
	<u>-</u>	<u>-</u>
Directors' emoluments	-	-

Auditors' remuneration is borne by other group companies

4 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the period was as follows

	Period 3 2 08 to 31 1 09 £	Period 4 2 07 to 2 2 08 £
Current tax		
UK corporation tax	1,560,951	1,759,705
Tax on (loss)/profit on ordinary activities	<u>1,560,951</u>	<u>1,759,705</u>

5 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 3 February 2008 and 31 January 2009	<u>7,639,000</u>
PROVISIONS	
At 3 February 2008 and 31 January 2009	<u>7,639,000</u>
NET BOOK VALUE	
At 31 January 2009	<u>-</u>
At 2 February 2008	<u>-</u>

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 Dormant

	% holding
Class of shares	100.00
Ordinary	

DISC DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009**6 DEBTORS**

	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	287,456	75,723
Other debtors	-	39,289,019
	<u>287,456</u>	<u>39,364,742</u>
Amounts falling due after more than one year		
Loan note	-	42,500,000
	<u>-</u>	<u>42,500,000</u>
Aggregate amounts	<u>287,456</u>	<u>81,864,742</u>

Other debtors includes amounts owed by Woolworths Group plc, a group undertaking, of £nil (2008 - £37,740,645) which was interest bearing at a rate of 4.5% being approximately LIBOR less 0.5 percent per annum. The remainder of the other debtor balance relating to group undertakings is interest free and repayable on demand.

The loan note debt of £nil (2008 - £42,500,000) relates to an amount due from Woolworths Media plc, a group undertaking. The loan note was interest bearing at the rate of 7.5 per cent per annum.

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade creditors	123,551	600,931
Tax	1,560,951	11,881,166
VAT	1,310	2,395
Other creditors	-	10,668,482
Due to joint ventures	-	4,233,280
Accruals and deferred income	1,691	2,138
	<u>1,687,503</u>	<u>27,388,392</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand. Included within other creditors is an amount of £nil (2008 - £10,668,482) which is owed to other group undertakings. Whilst, included within taxation is an amount of £nil (2008 - £3,200,000) which is owed to other group undertakings as a consequence of group relief which will be paid/surrendered once determined.

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2009 £	2008 £
46,000,000	Ordinary	25p	<u>11,500,000</u>	<u>11,500,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2009 £	2008 £
36,669,254	Ordinary	25p	<u>9,167,413</u>	<u>9,167,413</u>

DISC DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 3 FEBRUARY 2008 TO 31 JANUARY 2009****9 RESERVES**

	Profit and loss account £	Share premium £	Other reserves £	Totals £
At 3 February 2008	42,339,236	151,534	2,818,167	45,308,937
Deficit for the period	(55,876,397)			(55,876,397)
At 31 January 2009	(13,537,161)	151,534	2,818,167	(10,567,460)

10 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.

11 ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is Woolworths Media plc, a company registered in England and Wales. The ultimate parent company and controlling party is Woolworths Group plc, which is registered in England and Wales.

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss)/Profit for the financial period	(55,876,397)	3,718,307
Net (reduction)/addition to shareholders' funds	(55,876,397)	3,718,307
Opening shareholders' funds	54,476,350	50,758,043
Closing shareholders' funds	(1,400,047)	54,476,350