

COMPANY # : 02691521

VIKING DIRECT (HOLDINGS) LIMITED

Reports and Financial Statements

Period ended 31 December 2005



REPORT AND FINANCIAL STATEMENTS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr E Wessel
Mr M Horn
Mr J Moore
Mr D Collin

SECRETARY

Mr J Davies

REGISTERED OFFICE

Bursom Industrial Park
Tollwell Road
Leicester LE4 1BR

BANKERS

Royal Bank of Scotland
5 Market Street
Leicester LE1 6DN

Citibank
1 North Wall Quay
Dublin 1
Ireland

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

The Smith Partnership
Celtic House
Heritage Gate
Friary Street
Derby

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Nottingham

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 53 week period ended 31 December 2005

ACTIVITIES

The company's principal activity is as the holding company to Group companies involved in the distribution of office supplies by mail order, internet, from telephone and facsimile order and by retail. The company traded via operations in Leicester, London and Manchester in the United Kingdom and from branches in Lilles, France and Madrid, Spain

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The group had sales of £692,133,000 for the period, which were below prior period results (2004 £739,507,000) due to the transfer of our UK BSD operation to Office Depot UK Limited and the closure of our Portuguese operation. The company is well placed to increase turnover given favourable economic conditions

DIVIDENDS AND TRANSFERS TO RESERVES

The group made a loss after tax of £10,597,000 (2004 Loss £7,630,000). A final dividend payment of £22,000,000 (2004 £Nil) was made during the year. The retained profit after minority interests and dividends of £4,344,000 (2004 Loss £10,070,000) was transferred to reserves

DIRECTORS AND THEIR INTERESTS

The following served as directors during the period

Mr G Cundick (resigned 2 November 2006)
 Mr E Wessel
 Mr P Birks (resigned 2 November 2006)
 Mr R Kaldekerken (resigned 10 July 2006)
 Mr R Vale (resigned 04 May 2005)
 Mr M Horn (appointed 6 September 2006)
 Mr D Collin (appointed 6 September 2006)
 Mr J Moore (appointed 2 November 2006)

The ultimate parent company operates a directors' share option scheme and certain directors have options to acquire shares in Office Depot Inc. Details are as follows

	Number of options over ordinary shares of \$0.01 each in Office Depot Inc				Weighted average price of options exercised	Weighted average market price at date of exercise	Weighted average subscription price of options outstanding at 31 December 2005
Directors		During period					
	25 December 2004	Granted	Exercised	31 December 2005			
G Cundick	474,251	30,000	25,700	478,551	\$10.82	\$20.78	\$11.90
P Birks	31,000	14,000	8,020	36,980	\$8.60	\$22.22	\$14.26
E Wessel	30,000	12,000	-	42,000	-	-	\$14.01
R Kaldekerken	442,503	121,000	242,772	320,731	\$15.00	\$22.73	\$14.54

No options lapsed during the period. The market price of the shares at 31 December 2005 was \$31.40 and the range during the period was \$16.50 to \$31.76

DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT

Details of the group's risk management policies are described below

Interest rate risk

The company finances its operations by bank borrowings at contracted rates of interest

Liquidity risk

The Directors consider that the company's banking facilities are adequate going forward. Short-term flexibility is achieved by overdraft facilities.

Credit risk

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history.

SUPPLIER PAYMENT POLICY

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment, and also by including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms in conditions being met by the supplier.

EMPLOYEE INVOLVEMENT

Regular meetings are held with employee representatives to discuss business performance, prospects and matters that concern them as employees. Opportunity is given at these meetings for senior executives to be questioned about these and other matters relating to the business and their employment.

EMPLOYMENT OF DISABLED PERSONS

The company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company. A resolution to reappoint Deloitte and Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M Horn
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report including the financial statements. The Directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view in accordance with UK GAAP of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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 are 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.

Approved by the Board of Directors on
and signed on behalf of the Board

20/12/06



M Horn

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIKING DIRECT (HOLDINGS) LIMITED

We have audited the financial statements of Viking Direct (Holdings) Ltd for the period ended 31 December 2005, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets and the related notes 1 to 22. 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 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 if, in our opinion, the directors' report is not 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 the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 December 2005 and of its loss for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Nottingham
United Kingdom

21st December 2006

VIKING DIRECT (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Period ended 31 December 2005

	Note	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
TURNOVER	2	692,133	739,507
Cost of sales		(478,018)	(505,196)
Gross profit		214,115	234,311
Distribution costs		(136,575)	(148,172)
Administrative expenses		(84,859)	(92,499)
OPERATING LOSS	4	(7,319)	(6,360)
Profit on sale of fixed assets		1,928	5,130
Interest receivable and similar income	5	2,185	3,594
Interest payable and similar charges	6	(7,859)	(7,994)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(11,065)	(5,630)
Tax on profit on ordinary activities	7	468	(2,000)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	18	(10,597)	(7,630)
Minority interests	18	4,344	(2,440)
LOSS FOR THE FINANCIAL PERIOD		(6,253)	(10,070)

All results arise from continuing operations

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**Period ended 31 December 2005**

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Loss for the financial period	(6,253)	(10,070)
Dividends	(22,000)	-
Currency translation differences on foreign currency net investment, net of taxation	(1,296)	1,645
Total recognised gains and losses for the period	(29,549)	(8,425)


VIKING DIRECT (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2005

			31 December 2005 £'000	25 December 2004 £'000
	Note	£'000	£'000	£'000
FIXED ASSETS				
Goodwill	9		4,479	4,828
Tangible fixed assets	10		78,863	84,306
			<u>83,342</u>	<u>89,134</u>
CURRENT ASSETS				
Stocks	12	34,428		39,181
Debtors	13	174,037		157,597
Cash at bank and in hand		12,636		71,011
		<u>221,101</u>		<u>267,789</u>
CREDITORS: amounts falling due within one year	14	(292,156)		(312,859)
NET CURRENT LIABILITIES			<u>(71,055)</u>	<u>(45,070)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,287	44,064
PROVISIONS FOR LIABILITIES	15		(2,116)	-
Equity minority interests			<u>-</u>	<u>(4,344)</u>
			<u>10,171</u>	<u>39,720</u>
CAPITAL AND RESERVES				
Called up share capital	16		1,279	1,279
Share premium account	18		2,593	2,593
Capital Reserve	18		1,495	1,495
Profit and loss account	18		4,804	34,353
TOTAL SHAREHOLDERS' FUNDS	18		<u>10,171</u>	<u>39,720</u>

These financial statements were approved by the Board of Directors on 20/12/06

Signed on behalf of the Board of Directors


M Horn
Director

VIKING DIRECT (HOLDINGS) LIMITED

COMPANY BALANCE SHEET 31 December 2005

	Note	31 December 2005 £'000	25 December 2004 £'000
FIXED ASSETS			
Investments	11	53,823	53,823
		<u>53,823</u>	<u>53,823</u>
CURRENT ASSETS			
CREDITORS: amounts falling due within one year		(22,000)	-
NET CURRENT LIABILITIES		<u>(22,000)</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,823</u>	<u>53,823</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,279	1,279
Share premium account	18	2,593	2,593
Profit and loss account	18	27,951	49,951
TOTAL SHAREHOLDERS' FUNDS	18	<u>31,823</u>	<u>53,823</u>

These financial statements were approved by the Board of Directors on 20/12/06
Signed on behalf of the Board of Directors

M Horn
Director



NOTES TO THE ACCOUNTS**Period ended 31 December 2005****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

No depreciation is charged on freehold land. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of other fixed assets. The rates of depreciation are as follows:

Freehold buildings	5% per annum
Short-term leasehold improvements	Over the term of the lease
Plant and Machinery	12.5 – 20% per annum
Computer equipment	33.3% per annum
Motor vehicles	33.3% per annum
Fixtures and fittings	20% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents invoice price and associated freight costs.

Taxation

The tax expense represents the sum of the corporation tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items which are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rentals on operating leases are charged to operating profit in the period to which they relate.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transactions are entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the Balance Sheet date. Resulting translation gains or losses are dealt with in the profit and loss account.

The financial statements of overseas divisions, who record their transactions in foreign currencies are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken direct to reserves.

NOTES TO THE ACCOUNTS

Period ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

Consolidation

The foreign subsidiary has been consolidated using the net investment method. The profit and loss account and balance sheet have been translated into sterling at the rate ruling on the balance sheet date and the difference on translation of the net investment taken directly to reserves.

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such assets, the difference is treated as purchased goodwill and, following the implementation of FRS 10 "Goodwill and Intangible Assets", is capitalised in the period in which it arises and amortised over its estimated useful life up to a maximum of 20 years with a full period's charge for amortisation in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Negative goodwill of £1,495,000 arose on the acquisition of businesses in prior periods and was written off to the profit and loss reserve as a matter of accounting policy and remains eliminated in that reserve and will be charged or credited in the profit and loss account as appropriate on the subsequent disposal of the businesses to which it relates.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Pension scheme

Costs of the group's defined contribution pension scheme are charged to profit and loss in the period to which they relate.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Cashflow statements

Since over 90% of the voting rights of the company are controlled within the group and consolidated financial statements are publicly available, the company has taken advantage of the exemption conferred by FRS1 for subsidiary companies not to disclose a cashflow statement.

2. ANALYSES OF TURNOVER, OPERATING PROFIT AND NET ASSETS

Turnover represents goods sold to third parties at invoiced value and excludes value added tax. The turnover all arises from the principal activity in the following countries:

	Turnover		Operating loss		Net assets	
	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
United Kingdom	376,679	405,135	16,076	27,518	205,266	168,607
France	282,914	300,461	(10,255)	(22,947)	(154,795)	(97,441)
Spain	29,410	29,676	(11,432)	(9,435)	(40,300)	(27,716)
Portugal	3,130	4,235	(1,708)	(1,496)	-	(3,730)
	<u>692,133</u>	<u>739,507</u>	<u>(7,319)</u>	<u>(6,360)</u>	<u>10,171</u>	<u>39,720</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Period ended 31 December 2005 £	Period ended 25 December 2004 £
Directors' emoluments	467,127	119,156
Highest paid director		
Emoluments	244,900	119,156
Pension	23,517	21,960
	<u>268,417</u>	<u>141,116</u>

Two directors (2004 two) were members of the company's money purchase pension scheme Total contributions during the period were £43,203 (2004 £21,960)

The remuneration of the Graham Cundick & Peter Birks was borne by the group The remuneration of the other directors was borne by other companies within the Office Depot Inc group

	Period ended 31 December 2005	Period ended 25 December 2004
Average number of persons employed		
Distribution	727	897
Administration	1,840	2,062
	<u>2,567</u>	<u>2,959</u>

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Staff costs during the period		
Wages and salaries	57,427	59,817
Social security costs	8,666	13,980
Other pensions	1,963	1,085
	<u>68,056</u>	<u>74,882</u>

Other than the directors, the company has no employees

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

4. OPERATING LOSS

		Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Operating loss is stated after charging			
Depreciation	- owned assets	12,077	19,119
Goodwill amortisation		349	351
Rentals under operating leases	- plant and machinery	1,513	685
	- other assets	10,838	10,711
Auditors remuneration	- audit fees	138	221
	- non audit fees	-	51
		<u> </u>	<u> </u>

The audit fee for the company has been paid by another Group company

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Bank interest	2,185	2,247
On loans to other group undertaking	-	1,347
	<u> </u>	<u> </u>
	2,185	3,594
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Bank interest	-	141
On loans from ultimate parent company	7,856	7,757
Exchange loss on loans	3	96
	<u> </u>	<u> </u>
	7,859	7,994
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
a) Analysis of (credit) / charge in the period		
Current tax		
UK corporation tax at 30% (2004 – 30%)	(948)	3,083
Foreign taxation	-	83
Adjustment in respect of prior periods	(1,852)	1,801
Total current tax (note 7b)	(2,800)	4,967
Deferred tax		
Credit/(Charge) for timing differences arising in the period	(190)	898
Foreign exchange differences	-	98
Adjustments in respect of prior periods	2,522	(3,963)
Total deferred tax	2,332	(2,967)
Tax (credit) / charge on profit on ordinary activities	(468)	2,000

The profit on the sale of the building has been treated as fully taxable

b) Factors affecting the tax charge for the period

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30% (2004 30%)
The actual tax charge for the current and previous period differs from the standard rate for the reasons set out in the following reconciliations

	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Loss on ordinary activities before taxation	(11,065)	(5,630)
Tax charge on loss on ordinary activities at standard rate	(3,320)	(1,689)
Effects of.		
Permanent differences	2,183	3,874
Short term timing differences	(1,245)	(323)
Differences between capital allowances and depreciation	497	1,221
Capital gains held over	(226)	-
Foreign taxation	-	83
Current period losses carried forward	1,163	-
Adjustment in respect of prior periods	(1,852)	1,801
Total current tax (note 7a)	(2,800)	4,967

8 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial period amounted to £22,000,000 (2004 £nil) before a dividend payment of £22,000,000 (2004 £nil)

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

9. GOODWILL

	£'000
Cost	
At 31 December 2005 and 25 December 2004	6,984
Accumulated amortisation	
At 25 December 2004	2,156
Charge for the period	349
At 25 December 2004	2,505
Net book value	
At 31 December 2005	4,479
At 25 December 2004	4,828

10. TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £'000	Short-term leasehold improve- ments £'000	Plant and machinery £'000	Motor vehicles, Equipment, fixtures & fittings £'000	Total £'000
Cost					
At 25 December 2004	34,287	39,015	63,409	9,708	146,419
Additions	10	3,958	8,579	834	13,381
Disposals	(7,873)	(6,201)	(8,861)	(2,157)	(25,092)
Translation differences	(1,827)	3,111	(3,483)	(454)	(2,653)
Reclassifications	(115)	(107)	(124)	(40)	(386)
At 31 December 2005	24,482	39,776	59,520	7,891	131,669
Depreciation					
At 25 December 2004	13,459	7,328	35,845	5,481	62,113
Charge for period	841	3,018	7,206	1,012	12,077
Disposals	(7,873)	(2,624)	(8,031)	(1,138)	(19,666)
Translation differences	(524)	3,113	(3,838)	(396)	(1,645)
Reclassifications	(4)	(17)	(44)	(8)	(73)
At 31 December 2005	5,899	10,818	31,138	4,951	52,806
Net book value					
At 31 December 2005	18,583	28,958	28,382	2,940	78,863
At 25 December 2004	20,828	31,687	27,564	4,227	84,306

The Company has no tangible fixed assets

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

11. INVESTMENTS

The Company	£'000
Balance at 25 December 2004 and 31 December 2005	53,823

The subsidiary companies, all of which are involved in the distribution of office supplies, are

Name	Country of Incorporation	Country of Registration	Type of shares	% Holding
Office Depot International (UK) Limited	Great Britain	England & Wales	Ordinary	100%
Viking Direct SARL	France	France	Ordinary	100%
Office Depot France SNC	France	France	Ordinary	97 4%
Centrale des Marques SA	France	France	Ordinary	97 4%
Office Depot BSD SNC	France	France	Ordinary	100%
Office Depot MSC SAS	France	France	Ordinary	98 7%
France Ameublement SA	France	France	Ordinary	97 4%
Office Depot NCL SAS	France	France	Ordinary	99 6%
Office Depot VPC SAS	France	France	Ordinary	99 7%
Office Depot MDF SNC	France	France	Ordinary	92 6%

12. STOCKS

The group's stock consists entirely of goods for resale. The company holds no stocks.

13. DEBTORS

	The Group	
	31 December 2005 £'000	25 December 2004 £'000
Trade Debtors	63,815	67,518
Amounts owed by other group companies	78,971	53,868
Current Corporation Tax	4,796	2,317
Deferred Tax (note 15)	-	1,082
Other Debtors	16,726	25,672
Prepayments and accrued income	9,729	7,140
	174,037	157,597

The above debtors are all due within one year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Company		The Group	
	31 December 2005 £'000	25 December 2004 £'000	31 December 2005 £'000	25 December 2004 £'000
Trade creditors	-	-	41,736	45,125
Amounts owed to other group companies	22,000	-	221,149	233,525
Other taxes and social security	-	-	18,311	27,006
Other creditors	-	-	4,042	1,235
Accruals and deferred income	-	-	6,918	5,968
	22,000	-	292,156	312,859

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

15 PROVISIONS FOR LIABILITIES AND CHARGES

The Group

Lease restoration

Balance at 26 December 2004

Charged to profit and loss account

-
866

Balance at 31 December 2005

866

£'000

Deferred taxation

Balance at 25 December 2004

(1,082)

Current period charge

(190)

Adjustment in respect of prior periods

2,522

Balance at 31 December 2005

1,250

The lease restoration provision relates to costs that will be incurred in restoring leasehold properties to their original condition, and is expected to be utilised within the next 20 years

There is no unprovided deferred taxation. The amounts provided for deferred taxation are set out below

	31 December 2005 £'000	25 December 2004 £'000
Accelerated capital allowances	562	(980)
General provisions	(52)	(1,254)
Losses	(1,164)	-
Held over gains	1,904	1,152
	<u>1,250</u>	<u>(1,082)</u>

16 CALLED UP SHARE CAPITAL

	31 December 2005 £	25 December 2004 £
Authorised		
1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Called up, allotted and fully paid		
1,278,870 ordinary shares of £1 each	<u>1,278,870</u>	<u>1,278,870</u>

17 DIVIDEND

	2005 £	2004 £
Final dividend paid £17.20 per ordinary share (2004 Nil)	<u>22,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2005

18. MOVEMENTS IN RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share Capital £'000	Share Premium account £'000	Capital Reserve £'000	Profit & Loss Account £'000	2005 Total Share- Holder Funds £'000	2004 Total Share- Holder Funds £'000
The Group						
Balance at 25 December 2004	1,279	2,593	1,495	34,353	39,720	48,145
Loss after taxation	-	-	-	(10,597)	(10,597)	(7,630)
Minority interests	-	-	-	4,344	4,344	(2,440)
Dividends paid	-	-	-	(22,000)	(22,000)	-
Foreign exchange translation	-	-	-	(1,296)	(1,296)	1,645
Balance at 31 December 2005	<u>1,279</u>	<u>2,593</u>	<u>1,495</u>	<u>4,804</u>	<u>10,171</u>	<u>39,720</u>
The Company						
Balance at 25 December 2004	1,279	2,593	-	49,951	53,823	53,823
Dividends paid	-	-	-	(22,000)	(22,000)	-
Balance at 31 December 2005	<u>1,279</u>	<u>2,593</u>	<u>-</u>	<u>27,951</u>	<u>31,823</u>	<u>53,823</u>

19. PENSION SCHEME

The group operates a defined contribution pension scheme for selected employees. Contributions are held in a fund administered by a separate trustee. The profit and loss charge of £1,963,000 (2004 £1,085,000) represents actual contributions paid in the period. As at 31 December 2005, there were no contributions due to the scheme by the company.

20. COMMITMENTS

The Group has continuing financial commitments in respect of leases. The rents payable on property are subject to negotiation at various intervals specified in the leases. The group pays all insurance, maintenance and repairs of leased properties. The annual rental payable under these leases in the forthcoming period is as follows:

	Land and buildings		Plant, machinery and motor vehicles	
	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000	Period ended 31 December 2005 £'000	Period ended 25 December 2004 £'000
Leases which expire				
Within one year	1,236	802	1,020	470
Within 2 to 5 years	2,027	854	1,400	684
After 5 years	6,610	4,597	-	5,077
	<u>9,873</u>	<u>6,253</u>	<u>2,420</u>	<u>6,231</u>

The Company has no lease commitments.

NOTES TO THE ACCOUNTS

Period ended 31 December 2005

21 ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party at the period end was Office Depot Inc , a company incorporated in the United States of America. Copies of Office Depot Inc's accounts can be obtained from that company, at 2200 Old Germantown Road, Delray Beach, Florida 33445, USA

The immediate parent company is Office Depot International BV, (formerly Viking Direct (Holdings) BV), a company incorporated in the Netherlands

22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within FRS 8 Related Party Transactions not to show transactions with other group companies