

**VIKING DIRECT (HOLDINGS) LIMITED**

**Reports and Financial Statements**

**Period ended 27 December 2008**



<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of Directors' responsibilities</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7</b>

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr E Wessel (Resigned 27/06/2008)  
Mr M Horn  
Mr J Moore  
Mr D Collin

**SECRETARY**

J S Hills

**REGISTERED OFFICE**

501 Beaumont Leys Lane  
Leicester  
LE4 2BN

**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 LLP  
Chartered Accountants  
Nottingham, UK

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the 52 week period ended 27 December 2008.

### **RESULTS AND DIVIDENDS**

The loss for the period, after taxation, is £10,941,000 (2007: £1,799,000). The directors do not propose the payment of a dividend for the period (2007: £nil).

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activity continued to be to act as an intermediate holding company for Group companies involved in the distribution of office supplies by mail order, internet, from telephone and facsimile order and by retail. These Group companies continued to trade via operations in Leicester, London and Manchester in the United Kingdom and from a branch in Lilles, France.

In 2007 the company took on interest bearing group borrowings to fund further shares issued by its subsidiary company. The current year has seen a full years interest on the loan.

There are no significant changes anticipated to either the activities of the company or its sub-group. The directors are confident that the company will be able to continue to trade as a going concern for the foreseeable future.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risk or uncertainty to the company is in respect to the carrying value of the investment in the subsidiary undertaking and its related sub-group. As part of the ongoing review of business the directors undertook a full review of the company and its wider sub-group during period and as part of the post balance sheet review period exercise. As a result of which they believe that the carrying value of the investment continues to be supported by the trading results of the sub-group.

The company has the support of fellow group companies to allow it to meet its short term liabilities as and when they come due for payment. Hence the directors believe that it is appropriate to prepare the financial statements on the going concern basis.

### **FUTURE DEVELOPMENTS**

The directors do not foresee any change to the activities of the company at this time.

### **DIRECTORS**

The current directors are shown on page 1.

### **EXEMPTION**

This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985, therefore an enhanced business review has not been undertaken.

### **AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

1. So far as the director is aware, there is no relevant audit information of which the companies auditors are unaware; and
2. the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself 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 s.234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

23/10/09

M Horn - Director



## **VIKING DIRECT (HOLDINGS) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report including 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 the directors have 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 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;
- 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.

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

We have audited the financial statements of Viking Direct (Holdings) Limited for the period ended 27 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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**

The directors' 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 in the Statement of Directors' Responsibilities.

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, 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.

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 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 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 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 company's affairs as at 27 December 2008 and of its loss for the period then ended; and
- the financial statements 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*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Nottingham  
United Kingdom

*23rd October 2009*

**VIKING DIRECT (HOLDINGS) LIMITED****PROFIT AND LOSS ACCOUNT  
for the period ended 27 December 2008**

	Note	Period ended 27 December 2008 £'000	Period ended 29 December 2007 £'000
Interest payable and similar charges	3	(10,941)	(1,799)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(10,941)	(1,799)
Tax on loss on ordinary activities	5	-	-
<b>RETAINED LOSS FOR THE PERIOD</b>	9,10	(10,941)	(1,799)

All results arise from continuing activities.

There are no recognised gains and losses for the current or preceding financial period other than those included in the profit and loss account. Accordingly a statement of total recognised gains and losses is not presented.

**BALANCE SHEET**  
**at 27 December 2008**

	Note	27 December 2008 £'000	29 December 2007 £'000
<b>FIXED ASSETS</b>			
Investments	6	189,179	189,179
		<u>189,179</u>	<u>189,179</u>
<b>CURRENT ASSETS</b>			
<b>CREDITORS: amounts falling due within one year</b>	7	(170,096)	(159,155)
<b>NET CURRENT LIABILITIES</b>		<u>(170,096)</u>	<u>(159,155)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>19,083</u>	<u>30,024</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1,279	1,279
Share premium account	9	2,593	2,593
Profit and loss account	9	15,211	26,152
<b>SHAREHOLDERS FUNDS</b>		<u>19,083</u>	<u>30,024</u>

These financial statements were approved by the Board of Directors on 23/10/09

Signed on behalf of the Board of Directors.

M Horn  
Director





**NOTES TO THE ACCOUNTS**  
**for the period ended 27 December 2008****1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently in the current and prior period.

**Accounting convention**

The financial statements are prepared under the historical cost convention and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the directors report, and in accordance with the Companies Act 1985.

**Consolidated accounts**

The company has taken advantage of the exemption available in s.228A of the Companies Act 1985 not to produce consolidated accounts as the company and its subsidiary undertakings are incorporated in the consolidated accounts of Office Depot Inc., a company incorporated in the United States of America.

**Cash flow**

The company is exempt from the requirements of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Office Depot Inc. and its cash flows are included in the consolidated cash flow statement of that company.

**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.

**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.

**Investments**

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

**Related party transactions**

By virtue of the company being a wholly owned subsidiary included in the accounts of a larger group, whose accounts are publicly available, the company is exempt under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions or balances with entities which are part of the group that qualify as related parties.

**NOTES TO THE ACCOUNTS  
for the period ended 27 December 2008**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

There are no employees other than the directors listed on page 1 (2007: nil).

The directors were remunerated through other companies within the group. It is not practicable to allocate their remuneration between different companies and no recharge is made for these services.

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period ended 27 December 2008 £'000	Period ended 29 December 2007 £'000
Interest payable and similar charges - Group	10,941	1,799

**4. OPERATING LOSS**

Audit fees for the period of £3,000 have been borne by another group company (2007: £3,000).

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	Period ended 27 December 2008 £'000	Period ended 29 December 2007 £'000
a) Analysis of charge in the period:		
Current tax		
UK corporation tax at 28% (2007: 30%)	-	-

**Deferred tax**  
There is no deferred tax.

**(b) Factors affecting the current tax charge**

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	Period ended 27 December 2008 £'000	Period ended 29 December 2007 £'000
Loss on ordinary activities before tax	(10,941)	(1,799)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 28.5% (2007: 30%)	(3,119)	(540)
Group relief not paid for	3,119	540
Current tax charge for period (note 5a)	-	-

**NOTES TO THE ACCOUNTS**  
**for the period ended 27 December 2008**

**6. INVESTMENTS**

<b>Investments in subsidiary undertaking</b>	<b>£'000</b>
Cost at 29 December 2007 and 27 December 2008	<u>189,179</u>
<b>Net book value</b>	
Cost at 29 December 2007 and 27 December 2008	<u><u>189,179</u></u>

Details of the subsidiary undertaking, the activities of which comprise the distribution of office supplies, are set out below:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration</b>	<b>Type of shares</b>	<b>% Holding</b>
Office Depot International (UK) Limited	Great Britain	England & Wales	Ordinary	100%

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008 £'000</b>	<b>2007 £'000</b>
Amounts owed to group undertakings	<u>170,096</u>	<u>159,155</u>

**8. CALLED UP SHARE CAPITAL**

	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Authorised</b>		
319,718 'A' ordinary shares of £1 each	320	320
959,152 'B' ordinary shares of £1 each	959	959
221,130 undesignated shares of £1 each	221	221
	<u>1,500</u>	<u>1,500</u>
<b>Called up, allotted and fully paid</b>		
1,278,870 ordinary shares of £1 each	320	320
	959	959
	<u>1,279</u>	<u>1,279</u>

The class 'A' ordinary shares and class 'B' ordinary shares rank pari passu.

**NOTES TO THE ACCOUNTS**  
**for the period ended 29 December 2007**

**9. RESERVES**

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 29 December 2007	2,593	26,152	28,745
Loss for the period	-	(10,941)	(10,941)
At 27 December 2008	<u>2,593</u>	<u>15,211</u>	<u>17,804</u>

**10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	27 December 2008 £'000	29 December 2007 £'000
Loss for the financial period	(10,941)	(1,799)
Opening shareholders' funds	<u>30,024</u>	<u>          </u>
Closing shareholders' funds	<u>19,083</u>	<u>30,024</u>

**11. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The company had no capital commitments or contingent liabilities at the period ended 27 December 2008 or 29 December 2007.

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is Office Depot Europe Holdings Ltd, (formerly Viking Direct (Holdings) BV), a company incorporated in the Netherlands. At 27 December 2008, the directors regard Office Depot Inc, a company incorporated in the USA, as the ultimate parent undertaking and controlling party.

The largest and smallest groups in which Office Depot Europe Limited is consolidated are those headed by Office Depot Inc. Copies of the Office Depot Inc. accounts can be obtained from 6600 North Military Trail, Boca Raton, FL. 33496.