

Notes to the Financial Statements

1. Profit and loss account

The Company made a profit before dividends for the financial period of £1.4m (53 week period to 3 April 2009: £35.3m). The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

2. Audit fees

The audit fees payable by the Group to KPMG Audit Plc (2009: PricewaterhouseCoopers LLP) and their associates during the period were borne by Halfords Limited. In the 52 weeks to 2 April 2010 and the 53 weeks to 3 April 2009 the Company did not expense any fees relating to KPMG Audit Plc (2009: PricewaterhouseCoopers LLP).

3. Staff costs

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Remuneration Report on pages 71 to 80 which form part of the audited information.

4. Investments

	£m
Shares in Group undertaking	
Cost	
As at 3 April 2009	7.0
Additions — share-based payments	2.5
Capitalised intercompany receivable	162.6
Additions — increase in subsidiary undertaking investment	162.6
Disposal of subsidiary undertaking investment	(162.6)
At 2 April 2010	172.1

During the year an intercompany receivable was capitalised and transferred to investments. This was subsequently disposed of to another group undertaking at cost. The additions in subsidiary undertakings in the year relate to Halfords Holdings (Jersey) 1 Limited and Halfords Holdings (Jersey) 2 Limited.

The investments represent shares in the following subsidiary undertakings as at 2 April 2010 and the fair value of share based compensation plans that are awarded to employees of the Company's subsidiary undertakings.

	Incorporated in	Ordinary shares percentage owned %	Principal activities
Halfords Holdings (2006) Limited	Great Britain*	100	Intermediate holding company
Halfords Holdings (Jersey) 1 Limited	Jersey	100	Intermediate holding company
Halfords Holdings (Jersey) 2 Limited	Jersey	100	Intermediate holding company

* Registered in England and Wales.

In the opinion of the Directors the value of the investments in the subsidiary undertakings is not less than the amount shown above.

4. Investments continued

Principal subsidiary undertakings

The principal subsidiary undertakings of the Company at 2 April 2010 are as follows:

Subsidiary undertaking	Principal activity	% Ownership of ordinary equity shares
Halfords Holdings (2006) Limited	Intermediate holding company	100
Halfords Holdings Limited*	Intermediate holding company	100
Halfords Finance Limited*	Intermediate holding company	100
Halfords Limited*	Retailing of auto parts, accessories, cycles and cycle accessories	100
Halfords Investments (2010) LP†	Intermediate holding partnership	—
Nationwide Autocentres Holdings Limited*	Intermediate holding company	100
Nationwide Autocentres Limited*	Car servicing	100
Halfords Holdings (Jersey) 1 Limited	Intermediate holding company	100
Halfords Holdings (Jersey) 2 Limited	Intermediate holding company	100

* Shares held indirectly through subsidiaries undertakings.

† Wholly owned indirectly through subsidiary undertakings.

All subsidiary undertakings are incorporated in Great Britain and registered in England and Wales, except for Halfords Holdings (Jersey) 1 Limited and Halfords Holdings (Jersey) 2 Limited which are incorporated and registered in Jersey. All other subsidiary undertakings are dormant and did not trade during the year.

5. Debtors

	2010 £m	2009 £m
Falling due within one year:		
Amounts owed by Group undertakings	—	0.3
Other taxation and social security payable	0.1	—
	0.1	0.3
Falling due after more than one year:		
Amounts owed by Group undertakings	26.9	207.3

Amounts owed by Group undertakings that fall due after one year are subject to interest. At 2 April 2010 the amounts bear interest at a rate of 1.06% (2009: 3.4%)

6. Creditors

	2010 £m	2009 £m
Falling due within one year:		
Bank overdraft	0.1	0.1
Corporation tax	—	3.2
Amounts owed to Group undertakings	15.7	—
	15.8	3.3
Falling due after more than one year:		
Amounts owed to Group undertakings:	2.5	—

Notes to the Financial Statements

7. Equity share capital

	2010 Number of shares	2010 £000	2009 Number of shares	2009 £000
Ordinary shares of 1p each:				
Allotted, called up and fully paid	210,710,960	2,107	209,786,251	2,098

During the prior period the Company acquired 4,687,816 of its own shares at a cost of £13.1m.

During the current period the Company's share capital increased by 924,709 shares (2009: 125,406 shares) due to the exercise by employees of share options. Details of shares exercised by scheme are shown in Note 22 of the Group's financial statements.

In total the Company received proceeds of £0.9m (2009: £nil) from the exercise of share options.

Potential issue of ordinary shares

The Company has three employee share option schemes, which were set up following the Company's flotation. Further information regarding these schemes can be found in Note 22 of the Group's financial statements.

Interest in own shares

At 2 April 2010 the Company held in Trust 1,113,985 (2009: 1,113,985) of its own shares with a nominal value of £11,140 (2009: £11,140).

The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 2 April 2010 was £5.4m (2009: £3.4m).

8. Reserves

	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 3 April 2009	145.6	0.2	63.4	209.2
Profit for the financial period	—	—	1.4	1.4
Share options exercised	0.9	—	—	0.9
Share-based payment transactions	—	—	2.5	2.5
Dividends	—	—	(35.3)	(35.3)
At 2 April 2010	146.5	0.2	32.0	178.7

The Company settled dividends of £35.3m (2009: £32.3m) in the period, as detailed in Note 8 of the Group's financial statements.

9. Related party disclosures

Under FRS 8 "Related party disclosures" the Company is exempt from disclosing related party transactions with entities over which it wholly owns.

10. Contingent liabilities

The Group's banking arrangements include the facility for the bank to provide a number of guarantees in respect of liabilities owed by the Group during the course of its trading. In the event of any amount being immediately payable under the guarantee, the bank has the right to recover the sum in full from the Group. The total amount of guarantees in place at 2 April 2010 amounted to £3.2m (2009: £2.9m).

The Company's banking arrangements are subject to a netting facility whereby credit balances may be offset against the indebtedness of other Group companies.

11. Off balance sheet arrangements

The Company has no off balance sheet arrangements to disclose as required by S410A of the Companies Act 2006.