

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1. Profit and loss account

The Company made a profit before dividends for the financial period of £35.3m (52 week period to 28 March 2008: £64.1m). The Directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the Company alone.

### 2. Audit fees

The audit fees payable by the Group to PricewaterhouseCoopers LLP and their associates during the period were borne by Halfords Limited. In the 53 weeks to 3 April 2009 and the 52 weeks to 28 March 2008 the Company did not expense any fees relating to 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 47 to 53 which form part of the audited information.

### 4. Investments

	£m
<b>Shares in Group undertaking</b>	
<b>Cost</b>	
As at 28 March 2008	5.3
Additions — share-based payments	1.7
<b>At 3 April 2009</b>	<b>7.0</b>

The investment represents shares in the following subsidiary undertaking as at 3 April 2009 and the fair value of share-based compensation plans that are awarded to employees of the Company's subsidiaries.

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

\* Registered in England and Wales.

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

### Principal subsidiaries

The principal subsidiary undertakings of the Company at 3 April 2009 are as follows:

	Principal activity	% Ownership
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

All the above subsidiaries are incorporated in Great Britain and registered in England and Wales. All other subsidiary undertakings are dormant and did not trade during the year.

5. Debtors

	2009	2008
	£m	£m
<b>Falling due within one year:</b>		
Amounts owed by Group undertakings	0.3	0.2
<b>Falling due after more than one year:</b>		
Amounts owed by Group undertakings	207.3	217.9

Amounts owed by Group undertakings that fall due after one year are subject to interest. At 3 April 2009 the amounts bear interest at a rate of 3.4% (2008: 6.4%).

6. Creditors: amounts falling due within one year

	2009	2008
	£m	£m
Bank overdraft	0.1	—
Corporation tax	3.2	3.5
Accruals and deferred income	—	0.6
	3.3	4.1

7. Equity share capital

	2009	2009	2008	2008
Ordinary shares of 1p each:	Number of shares	£000	Number of shares	£000
Authorised	295,000,000	2,950	295,000,000	2,950
Allotted, called up and fully paid	209,786,251	2,097	214,348,661	2,143

Allotted, called up and fully paid share capital decreased during the period due to the Company's share repurchase programme. During the period the Company acquired 4,687,816 (2008: 9,453,738) shares at a cost of £13.1m (2008: £30.3m). Distributable reserves have been reduced by £13.1m (2008: £30.3m), being the consideration paid for the shares.

During the current period the Company's share capital increased by 3,000 shares (2008: 3,888,848 shares) due to the exercise by employees of share options at £2.60 under the 2004 Halfords Share Option Scheme. In addition, a further 122,406 nil cost options were exercised under the 2005 Long Term Incentive Plan. In 2008 a further 867,014 options were exercised at £2.65 by members of the 2004 Halfords Sharesave Scheme and in total, the Company received proceeds of £12.4m 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 21 of the Group's financial statements.

**Interest in own shares**

At 3 April 2009 the Company held in Trust 1,113,985 (2008: 1,114,374) of its own shares with a nominal value of £11,140 (2008: £11,144). 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 3 April 2009 was £3.4m (2008: £3.3m).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8. Reserves

	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 28 March 2008	145.6	0.2	71.8	217.6
Profit for the financial period	—	—	35.3	35.3
Purchase of own shares	—	—	(13.1)	(13.1)
Employee share options	—	—	1.7	1.7
Dividends	—	—	(32.3)	(32.3)
<b>At 3 April 2009</b>	<b>145.6</b>	<b>0.2</b>	<b>63.4</b>	<b>209.2</b>

The Company settled dividends of £32.3m (2008: £31.4m) 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 has 90% control or more.

### 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 3 April 2009 amounted to £2.9m (2008: £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.