

Debenhams Finance Holdings Limited

Directors' Report and Financial Statements

Financial Year ended 1 September 2007

Registered Number 4755814

TUESDAY



\*AEI46WYA\*

A17

05/02/2008

176

COMPANIES HOUSE

# Debenhams Finance Holdings Limited

## Directors' report

The directors submit their report together with the audited financial statements of the Company for the year ended 1 September 2007

### Principal activities

The principal activities of the Company are to act as a holding company and to provide finance for group companies

### Profit and dividends

The results for the financial year are set out in the profit and loss account on page 4. During the year no interim dividend was paid (10 months ended 2 September 2006 £87,200,000) was paid during the year. The directors do not recommend the payment of a final dividend (2006 £nil). The loss of £11,468,000 (10 months ended 2 September 2006 profit of £139,721,000) has been transferred to reserves.

The directors of Debenhams plc manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Debenhams Finance Holdings Limited. The development, performance and position of the Group is shown on page 30 of the group's annual report which does not form part of this report.

### Financial risk management

Due to the nature of the Company's activities, its exposure to financial risks is limited.

### Directors

The following served as directors during the period to 1 September 2007

N R Kennedy

J D Lovering

C K Woodhouse

None of the directors has a contract of service with the Company.

### Directors' Indemnities

In accordance with the Company's Articles of Association, directors are granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The Companies (Audit Investigations and Community Enterprise) Act 2004 came into force on 6 April 2005, and, amongst other things, changed the provisions of Section 310 of the Companies Act 1985 to give companies the power to extend indemnities to directors against liability to third parties (excluding criminal and regulatory penalties) and to pay directors' legal costs as incurred provided that they are reimbursed to the Company if the individual is convicted or, in an action brought by the Company, judgment is given against the director. Accordingly, the Company has indemnified the directors to the extent permitted by the new legislation.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently except where required to comply with the new accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 1 September 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing these financial statements.

# Debenhams Finance Holdings Limited

## Directors' report

### Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information

### Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting

By order of the board

Registered Office  
1 Welbeck Street  
London W1G 0AA



**P R Eardley**  
Secretary

14 January 2008

# Debenhams Finance Holdings Limited

## Independent auditors' report to the members of Debenhams Finance Holdings Limited

We have audited the financial statements of Debenhams Finance Holdings Limited for the year ended 1 September 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### 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 legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report 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 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

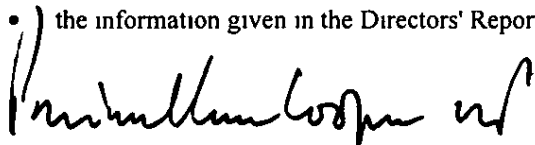
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 1 September 2007 and of its loss for the year then ended,
- 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Leeds  
31 January 2008

# Debenhams Finance Holdings Limited

## Profit and Loss Account

For the year ended 1 September 2007

		12 months ended 1 September 2007	10 months ended 2 September 2006
		£'000	£'000
	Note		
Administrative expenses		(11,470)	3,244
<b>Operating (loss)/profit</b>	2	<b>(11,470)</b>	<b>3,244</b>
Income from shares in group undertakings		-	137,700
<b>(Loss)/profit on ordinary activities before interest and taxation</b>		<b>(11,470)</b>	<b>140,944</b>
Net interest receivable/(payable)	4	3	(1,749)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(11,467)</b>	<b>139,195</b>
Taxation	5	(1)	526
<b>(Loss)/profit for the financial period</b>	10	<b>(11,468)</b>	<b>139,721</b>

All items in the profit and loss account relate to continuing activities

There are no differences between the results shown in the profit and loss account and the results as stated on an unmodified historical cost basis

There are no recognised gains and losses other than those included in the profit and loss account for each period and accordingly, no statement of total recognised gains and losses is given

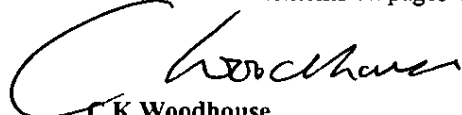
# Debenhams Finance Holdings Limited

## Balance Sheet

At 1 September 2007

	Note	1 September 2007 £'000	2 September 2006 £'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	7	508,430	519,900
		<u>508,430</u>	<u>519,900</u>
<b>Current assets</b>			
Debtors	8	3	4
Cash at bank and in hand		76	73
		<u>79</u>	<u>77</u>
<b>Net assets</b>		<u>508,509</u>	<u>519,977</u>
<b>Capital and reserves</b>			
Called up share capital	9	519,900	519,900
Profit and loss account	10	(11,391)	77
<b>Shareholders' funds – Equity interests</b>	10	<u>508,509</u>	<u>519,977</u>

The financial statements on pages 4 to 9 were approved by the Board on 14 January 2008 and were signed on its behalf by

  
C K Woodhouse  
Director

# Debenhams Finance Holdings Limited

## Notes to the financial statements

For the year ended 1 September 2007

### 1 Accounting policies

#### *Accounting convention*

These financial statements are prepared on the going concern basis and in accordance with applicable accounting standards in the United Kingdom under the historical cost convention

#### *Taxation*

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

#### *Investment*

Investments are held at cost less any provision for diminution in value

#### *Financial instruments*

As the Company is a wholly owned subsidiary of Debenhams plc, the Company has taken advantage of the exemption contained in FRS 25 'Financial instruments: Disclosure and presentation' not to provide the full disclosures in respect of financial instruments

### 2 Operating profit

Auditors' remuneration is borne by another group undertaking

The impairment to investment of £11,470,000 has been charged to administrative expenses (see note 7)

During the period there were no employees

### 3 Directors emoluments

The service contracts of C K Woodhouse and J D Lovering are held by Debenhams plc, the ultimate parent company. These directors are remunerated by Debenhams plc for their services to the group and their emoluments are disclosed in the accounts of that company. As it is not possible to allocate their emoluments between group companies the disclosures below excludes the emoluments for these directors.

The remaining director is remunerated for his services by Debenhams Retail plc and his emoluments are charged to the profit and loss account in that company. The emoluments disclosed below represents the emoluments for his services to Debenhams group for the period shown

	12 months ended 1 September 2007 £'000	10 months ended 1 September 2007 £'000
Emoluments	176	298
Company contributions to money purchase pension schemes	36	-
Aggregate emoluments	212	298

Retirement benefits are accruing to one director under a money purchase scheme

# Debenhams Finance Holdings Limited

## Notes to the financial statements

For the year ended 1 September 2007

### 4 Net interest receivable/(payable)

	12 months ended 1 September 2007 £'000	10 months ended 2 September 2006 £'000
<b>Interest payable and similar charges</b>		
Group interest payable	-	(9,538)
	<hr/>	<hr/>
	-	(9,538)
<b>Interest receivable and similar income</b>		
Group interest receivable	-	7,786
Other interest receivable	3	3
	<hr/>	<hr/>
<b>Net interest receivable/(payable)</b>	<b>3</b>	<b>(1,749)</b>
	<hr/>	<hr/>

### 5 Taxation

	12 months ended 1 September 2007 £'000	10 months ended 2 September 2006 £'000
<b>Current tax</b>		
UK corporation tax charge / (credit)	1	(526)
	<hr/>	<hr/>

The tax assessed for the period is lower (10 months ended 2 September 2006 lower) than the standard rate of corporation tax in the UK (30%)

The differences are explained below

	12 months ended 1 September 2007 £'000	10 months ended 1 September 2007 £'000
(Loss)/profit on ordinary activities before tax	(11,467)	139,195
	<hr/>	<hr/>
(Loss)/profit on ordinary activities at standard rate of corporation tax in the UK of 30%	(3,440)	41,758
Effects of		
Non taxable expenses	3,440	-
Non taxable receipts	-	(42,284)
	<hr/>	<hr/>
<b>Current tax charge / (credit) for the period</b>	<b>1</b>	<b>(526)</b>
	<hr/>	<hr/>

### 6 Dividends

	12 months ended 1 September 2007 £'000	10 months ended 2 September 2006 £'000
<b>Equity - Ordinary</b>		
Interim dividend paid – nil p (2006 16 77p) per £1 ordinary share	-	87,200
	<hr/>	<hr/>



# Debenhams Finance Holdings Limited

## Notes to the financial statements

For the year ended 1 September 2007

### 7 Investments in subsidiary undertakings

	£'000
<b>Cost</b>	
At 1 September 2007 and 2 September 2006	519,900
<b>Provision for impairment</b>	
At 3 September 2006	-
Impairment	(11,470)
At 1 September 2007	(11,470)
<b>Net book value</b>	
At 1 September 2007	508,430

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying value of the Company's subsidiary undertaking has been compared to its recoverable amount. This review resulted in an impairment of £11,470,000, which has been charged to the profit and loss account.

The principal subsidiary undertaking of the Company at 1 September 2007 was as follows

Company	Country of operation	Country of registration	Activity
Baroness Retail Limited	UK	England	Holding Company

### 8 Debtors

	1 September 2007 £'000	2 September 2006 £'000
Amount owed by group undertakings	3	4

Amounts owed by group undertakings are unsecured, have no fixed date of redemption and interest is charged at an average rate of 7.4% (2006: 7.2%) per annum.

### 9 Share capital

	Number	£'000
At 2 September 2006 and 1 September 2007		
<b>Authorised</b>		
Ordinary shares of £1 each	600,000,000	600,000
<b>Called up, allotted and fully paid</b>		
Ordinary shares of £1 each	519,900,423	519,900

# Debenhams Finance Holdings Limited

## Notes to the financial statements

For the year ended 1 September 2007

### 10 Reconciliation of movements in shareholders' funds

	Share Capital	Profit and Loss account	1 September 2007 Total	1 September 2006 Total
	£'000	£'000	£'000	£'000
(Loss)/profit for the financial period	-	(11,468)	(11,468)	139,721
Dividends	-	-	-	(87,200)
Net reduction to shareholders' funds	-	(11,468)	(11,468)	52,521
Opening shareholders' funds	519,900	77	519,977	467,456
Closing shareholders' funds- equity	519,900	(11,391)	508,509	519,977

### 11 Commitments and contingent liabilities

The Company has no capital commitments or commitments under operating leases. The Company has guaranteed the lease obligations in respect of certain group companies, which, at 1 September 2007, amounted to £55.3 million (2 September 2006 £58.5 million) respectively.

### 12 Ultimate parent undertaking and related party disclosures

The immediate and ultimate parent undertaking is Debenhams plc.

The Company is a wholly owned subsidiary of Debenhams plc and is included in that company's consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Debenhams plc group.

The smallest and largest Group that prepares consolidated statements of which the company is a member is headed by Debenhams plc.

Copies of the financial statements of Debenhams plc can be obtained by writing to the Company Secretary at 1 Welbeck Street, London, W1G 0AA, England.