

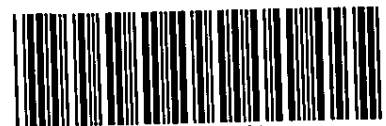
Company Registration No 05200103

## **SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED**

### **REPORT AND FINANCIAL STATEMENTS**

for the year ended 30 April 2010

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SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED  
REPORT AND FINANCIAL STATEMENTS  
For the year ended 30 April 2010

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**DIRECTORS**

A S Barclay  
H M Barclay  
S Makin  
M Newton-Jones  
P L Peters  
M Seal

**COMPANY SECRETARY**

Shop Direct Secretarial Services Limited

**REGISTERED OFFICE**

Aintree Innovation Centre  
Park Lane  
Netherton  
Bootle  
L30 1SL

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

SHOP DIRECT GROUP FINANCIAL SERVICES  
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**DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 30 April 2010

**Principal activity and business review**

The principal activity of the company is that of an investment holding company

On 26 June 2009 the company sold Shop Direct Financial Services Limited for a consideration of £138.2m to Shop Direct Finance Company Limited

During the year the company increased its investment in Shop Direct Finance Company Limited by £138.2m

**Results and dividends**

The company did not trade during the year therefore no profit and loss account is presented

**Future outlook**

The directors remain confident on the trading outlook of the companies owned by the business

**Principal risks and uncertainties**

The company's principal risk relates to the recoverable value of the company's principal investments

**Directors**

The directors that held office during the year were as follows

A S Barclay  
H M Barclay  
S Makin (appointed 11<sup>th</sup> November 2009)  
M Newton-Jones  
P L Peters  
M Seal

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**DIRECTORS' REPORT (continued)**

**Elective resolutions**

The company has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked

**Statement to disclose information to auditors**

So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information to establish that the company's auditors are aware of that information

This statement is given and should be interpreted within Section 418 of Companies Act 2006

By order of the board

*Am Sroake*

Shop Direct Secretarial Services Limited  
**Company Secretary**  
Date *28 SEPTEMBER* 2010

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED**

We have audited the financial statements of Shop Direct Group Financial Services Limited for the year ended 30 April 2010 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED (continued)**

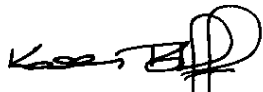
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

  
**Karen Bluff (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
~~28 SEPTEMBER~~ 2010

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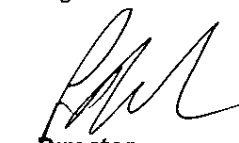
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**BALANCE SHEET**

	<i>Notes</i>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Fixed assets</b>			
Investments	4	375,000	375,000
		<hr/>	<hr/>
<b>Net assets</b>		375,000	375,000
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	5	375,000	375,000
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	6	375,000	375,000
		<hr/>	<hr/>

The financial statements of Shop Direct Group Financial Services Limited, company number, 05200103 on pages 6 to 9 were approved by the Board of Directors on 28 SEPT 2010

Signed on its behalf

  
Director  
**S MAKIN**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Accounting Policies**

#### **Basis of Accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom applicable accounting standards, which have been applied on a consistent basis with the previous year unless otherwise stated. The principal accounting policies are set out below.

The accounts are drawn up to the Saturday nearest to 30 April in accordance with the Companies Act 2006, which this year fell on 1 May 2010.

#### **Consolidated financial statements**

As the company is a wholly owned subsidiary of March UK Limited, the company is exempt under section 408 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

#### **Cash flow statement and related party transactions**

As the results of the company are included in the consolidated financial statements of March UK Limited, its parent undertaking which are publicly available, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements (revised 1996)'.

The company is also exempt under the terms of FRS 8 'Related Party Transactions' from disclosing related party transactions with entities that are part of the group or investees of the group as March UK Limited controls 100% of the total shareholding and the consolidated accounts of that company are publicly available.

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are included in the company's balance sheet at their cost on acquisition. Where appropriate, provision is made for any impairment in their value.

### **2 Auditors' remuneration**

The auditors' remuneration has been borne by another group undertaking and not recharged.

### **3 Employees and directors**

The company has no employees (2009: nil).

None of the directors received any emoluments for services to the company during the year ended 30 April 2010 (2009: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4 Fixed asset investments**

	<b>Group undertakings £'000</b>
At 1 May 2009	375,000
Additions	138,216
Disposals	(138,216)
At 30 April 2010	<u>375,000</u>

The fixed asset investment addition relates to the increased investment in Shop Direct Finance Company Limited. The disposal relates to the sale of Shop Direct Financial Services Limited on 26 June 2009 to Shop Direct Finance Company Limited.

Principal subsidiary and joint venture undertakings at 30 April 2010 are listed below. Except where stated otherwise, subsidiary undertakings are incorporated in England and Wales, carry out their principal operations in the country of incorporation, and the company owns 100% of the ordinary share capital.

<b><i>Subsidiary undertakings</i></b>	<b>Nature of business</b>
Legal Direct Recoveries Limited*	Debt recovery
Shop Direct Finance Company Limited	Financial services
Shop Direct Financial Services Limited*	Financial services
 <b><i>Joint Venture undertakings</i></b>	
Home Shopping Personal Finance Limited*	Financial services
Solution Personal Finance Limited*	Financial services

\*Indicates the company is owned by an intermediary company

On 26 June 2009 the company sold Shop Direct Financial Services Limited to Shop Direct Finance Company Limited for a consideration of £138.2m.

**5 Share capital**

	<b>2010 £</b>	<b>2009 £</b>
<b>Authorised</b>		
400,000,000 ordinary shares of £1 each	400,000,000	400,000,000
 <b>Allotted, issued and fully paid</b>		
375,000,001 ordinary shares (2009 375,000,001 ordinary shares) of £1 each	375,000,001	375,000,001

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6 Reconciliation of movement in shareholders' funds**

**£'000**

Total shareholders' funds at 1 May 2009 and 30 April 2010

375,000

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**7 Ultimate controlling party**

The immediate holding company is Shop Direct Limited, a company registered in England and Wales. The results of the company are consolidated into the report and financial statements of March UK Limited, a company registered in England and Wales, which the directors regard as being controlled by Sir David and Sir Frederick Barclay Family Settlements.