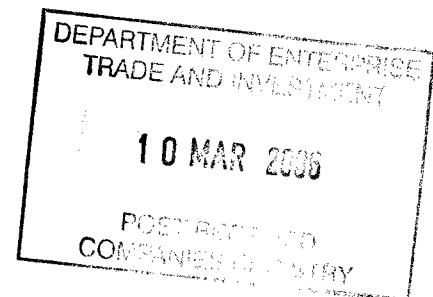




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Registered Number : 2081369

**Dell Corporation Limited**  
**Annual Report**  
**For the year ended 28 January 2005**



## **Annual Report for the year ended 28 January 2005**

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## **Directors' report for the year ended 28 January 2005**

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 28 January 2005.

### **Principal activity and review of the business**

The company's principal activity throughout the financial year was the marketing and distribution of personal computers under a commissionaire agreement with another group company, Dell Products. The company's profit after tax for the financial year is £8,983,000 (2004:£16,915,000). No dividend was paid in the year (2004: £nil).

### **Future developments**

The directors do not intend to significantly change the activities of the company.

### **Directors**

The directors of the company at 28 January 2005, all of whom have been directors for the whole of the year ended on that date unless stated otherwise, are listed below:

P Gallagher (resigned 31 October 2005)  
D R Norman  
W Rodrigues (resigned 30 June 2005)  
T Welch  
J Claman (appointed 31 October 2005)

### **Directors' interests in shares of the company**

According to the register required to be kept under Section 325 of the Companies Act 1985, no director had, at any time during the year, any interest in the shares of the company or any other group company which is required to be notified to the company. For this purpose the directors are exempt from notifying the company of interests in shares in a body corporate incorporated outside Great Britain.

Insurance has been taken out by the company on behalf of the directors against liabilities in relation to the company.

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year 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.

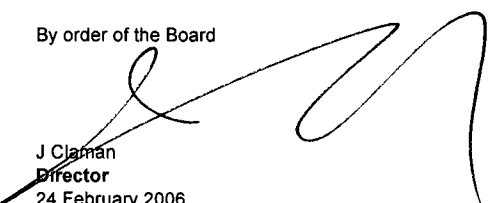
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 28 January 2005 and that applicable accounting standards have 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.

**Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
J Claman  
Director  
24 February 2006

## **Independent auditors' report to the members of Dell Corporation Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

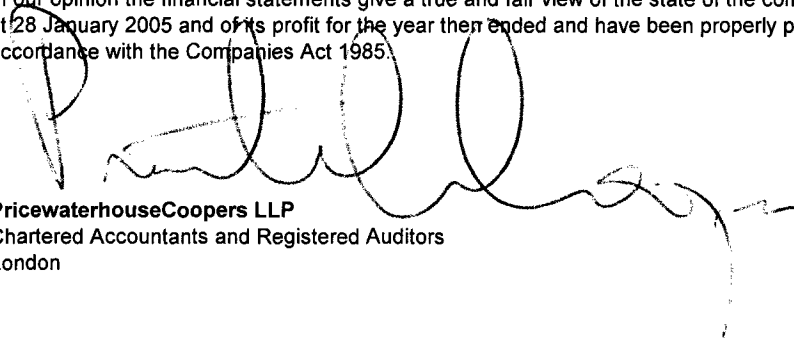
### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 of the state of the company's affairs at 28 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

**Profit and loss account  
for the year ended 28 January 2005**

	Notes	2005 £'000	2004 £'000
<b>Turnover</b>			
Commission income	2	66,488	59,416
Sales of locally procured product		<u>47,084</u>	<u>44,476</u>
		113,572	103,892
 Cost of sales		 <u>(47,270)</u>	 <u>(42,661)</u>
<b>Gross profit</b>		<b>66,302</b>	<b>61,231</b>
Administrative expenses		(130,514)	(105,367)
Other operating income		<u>71,037</u>	<u>60,647</u>
<b>Operating profit</b>	3	<b>6,825</b>	<b>16,511</b>
Interest receivable and similar income		2,659	1,769
Interest payable and similar charges	6	<u>(80)</u>	<u>(103)</u>
<b>Profit on ordinary activities before taxation</b>		<b>9,404</b>	<b>18,177</b>
Tax on profit on ordinary activities	7	<u>(421)</u>	<u>(1,262)</u>
<b>Retained profit for the financial year</b>	14	<b><u>8,983</u></b>	<b><u>16,915</u></b>

All activities of the company arose from continuing operations.

The company has no recognised gains or losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and its historical cost equivalents.

## Balance sheet as at 28 January 2005

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	8	<u>13,657</u>	<u>17,816</u>
<b>Current assets</b>			
Stock	9	419	387
Debtors	10	<u>184,746</u>	<u>139,946</u>
Cash at bank and in hand		<u>-</u>	<u>2</u>
		<b>185,165</b>	<b>140,335</b>
<b>Creditors</b>			
Creditors - Amounts falling due within one year	11	<u>(123,989)</u>	<u>(92,301)</u>
<b>Net current assets</b>		<u><b>61,176</b></u>	<u><b>48,034</b></u>
<b>Total Assets less Current Liabilities</b>		<b>74,833</b>	<b>65,850</b>
<b>Net assets</b>		<u><b>74,833</b></u>	<u><b>65,850</b></u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss reserve	14	<u>74,833</u>	<u>65,850</u>
<b>Equity shareholders' funds</b>	15	<u><b>74,833</b></u>	<u><b>65,850</b></u>

The financial statements on pages 4 to 10 were approved by the board of directors on 20 February 2006 and were signed on its behalf by:



J Claman  
Director

**Notes to the financial statements for the year ended 28 January 2005****1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The financial year represents the 52 weeks ended 28 January 2005 (prior year 52 weeks ended 30 January 2004). The principal accounting policies are set out below:

**Cash flow**

The financial statements of the ultimate parent company which are publically available include a consolidated cash flow statement. Consequently, in accordance with FRS1 (Revised 1996), the company is exempt from preparing a cash flow statement.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis at rates calculated to write down assets to their estimated residual value over their useful lives as follows:

Leasehold improvements	the lesser of 5 years or the lease period
Fixtures, fittings, tools and equipment	2 to 5 years

**Deferred taxation**

Deferred taxation is recognised using the incremental liability method. Deferred taxation is provided on a full provision basis without discounting, on all timing differences which have arisen but not been reversed at the balance sheet date.

The deferred tax balance has been measured at the tax rate expected to apply when timing differences reverse. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are not discounted.

**Operating leases**

All operating lease rentals are charged to the profit and loss account in the financial period in which they are incurred.

**Turnover**

Turnover represents commission income and sales of locally procured products. Commission income is accounted for on an accruals basis and arises on the delivery of final products. Sales of locally procured products are accounted for on the delivery of final products. All turnover originates from the UK.

**Stock**

Stock represents finished goods stock which is valued at the lower of cost and net realisable amount.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the profit and loss account.

Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

**Pensions**

Pension contributions are charged against profit as incurred and relate to defined contribution schemes administered by third parties. Contributions for the year amounted to £2,393,866 (2004: £2,042,134). The contributions outstanding at 28 January 2005 were £387,214 (2004: £314,575)

**2 Group company transactions****Commissionaire agreement**

On 1 February 1995, the company entered into a commissionaire agreement with a group company, Dell Products. Under this agreement Dell Products appointed the Company as its agent, with the company acting in its own name, but for the account of the Principal, Dell Products, who assumes the economic risks of the company's marketing and distribution of Dell Products.



### 3 Operating profit

2005 £'000	2004 £'000
---------------	---------------

Operating profit is stated after charging the following:

Staff costs (including directors)

Wages and salaries	75,846	67,098
Social security costs	7,998	6,258
Other pension costs	2,393	2,042
	<u>86,237</u>	<u>75,398</u>

Depreciation of tangible fixed assets

7,371	8,625
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Loss on disposal of tangible fixed assets

456	10
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Foreign exchange losses

255	220
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Operating lease charges - plant and machinery

229	141
-----	-----

Operating lease charges - other

2,556	2,957
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**Auditors' remuneration:**

Audit	71	67
Other services	<u>50</u>	<u>46</u>

### 4 Directors' emoluments

Total emoluments of the directors, including pension contributions of £25,224 (2004:£24,284), were £1,265,802 (2004:£1,185,120)

During the year three directors (2004: three) exercised share options in the ultimate parent company and two directors (2004: two) were accruing benefits under a defined contribution pension scheme.

#### Highest Paid Director

2005 £'000	2004 £'000
---------------	---------------

Aggregate emoluments	<u>742</u>	<u>728</u>
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The highest paid director exercised share options in the ultimate parent company in the year.

### 5 Employees

The average monthly number of persons employed by the company during the year was

By activity

2005 Number	2004 Number
----------------	----------------

Sales	432	316
Administration	837	611
Total	<u>1,269</u>	<u>927</u>

**6 Interest payable and similar charges**

	2005 £'000	2004 £'000
Interest payable: Inland Revenue	-	27
Interest payable: Bank	80	45
Interest payable: HM Customs & Excise	-	31
	<u>80</u>	<u>103</u>

**7 Tax on profit on ordinary activities**

	2005 £'000	2004 £'000
<b>Current Tax</b>		
UK corporation tax on profits of the period	-	1,760
Adjustment in respect of previous periods	1,320	137
Total current tax	<u>1,320</u>	<u>1,897</u>
<b>Deferred Tax</b>		
- Current	(899)	(641)
- Previous years	-	6
Total deferred tax	<u>(899)</u>	<u>(635)</u>
Tax on profit on ordinary activities	<u>421</u>	<u>1,262</u>

The standard rate of tax for the year based on the UK standard rate of corporation tax of 30%. The actual tax charge for the current and previous year end differed from the standard rate for the reasons explained below:

	2005 £'000	2004 £'000
<b>Profit on ordinary activities before taxation</b>		
Profit on ordinary activities before tax	9,404	18,177
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2004: 30%)	2,821	5,453
Effects of:		
Expenses not deductible for tax purposes	225	65
Depreciation in excess of capital allowances	822	678
Statutory deduction for stock option costs	(3,945)	(4,443)
Adjustments in respect of prior years	1,320	-
Other short term timing differences	(55)	144
Unrelieved tax losses and other deductions arising in the period	132	-
<b>Current tax charge for the period</b>	<u>1,320</u>	<u>1,897</u>

**8 Tangible assets**

	Buildings & Leasehold Improvements £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>			
At 31 January 2004	4,774	56,307	61,081
Additions	-	3,667	3,667
Retirements	(2,978)	(3,992)	(6,970)
<b>At 28 January 2005</b>	<b>1,796</b>	<b>55,982</b>	<b>57,778</b>
<b>Accumulated depreciation</b>			
At 31 January 2004	(3,981)	(39,284)	(43,265)
Provision for the year	(456)	(6,915)	(7,371)
Retirements	2,677	3,837	6,514
<b>At 28 January 2005</b>	<b>(1,760)</b>	<b>(42,362)</b>	<b>(44,122)</b>
<b>Net book amount</b>			
<b>At 28 January 2005</b>	<b>36</b>	<b>13,620</b>	<b>13,657</b>
At 31 January 2004	793	17,023	17,816

**9 Stock**

	2005 £'000	2004 £'000
Finished goods	<u>419</u>	<u>387</u>

**10 Debtors**

	2005 £'000	2004 £'000
Amounts owed by group undertakings	171,830	127,676
Deferred tax (note 12)	1,774	875
Taxation & Social Security	-	67
Other debtors and deferred expenditure	10,841	4,935
Prepayments and accrued income	<u>301</u>	<u>6,393</u>
	<u>184,746</u>	<u>139,946</u>

Amounts owed by group undertakings are unsecured, repayable on demand. Of the total balance, interest is borne on £52,000,000 (2004: £42,000,000) at the 3 month Sterling Libor plus 0.5%. Interest is also borne on £106,063,000 (2004: £68,220,000) at the 1 month Sterling Libor plus 50 base points.

**11 Creditors - amounts falling due within one year**

	2005 £'000	2004 £'000
Bank overdraft	467	3,143
Trade creditors	30,792	26,104
Amounts owed to group undertakings	4,593	9,226
Taxation & Social Security	44,338	22,708
Accruals and deferred income	<u>43,799</u>	<u>31,120</u>
	<u>123,989</u>	<u>92,301</u>

Amounts due to group undertakings are unsecured and repayable on demand. Of the total balance, interest is borne on £535,000 (2004: £2,754,785) at the 1 month Sterling Libor plus 50 base points.

**12 Deferred tax**

	2005 £'000	2004 £'000
Movement in deferred tax assets is as follows		
As at start of the year	875	240
Profit and loss account	<u>899</u>	<u>635</u>
At the end of the year	<u>1,774</u>	<u>875</u>
The amounts recognised for each significant type of timing difference is as follows		
Accelerated capital allowances	1,603	781
Losses	132	-
Other timing differences	<u>39</u>	<u>94</u>
	<u>1,774</u>	<u>875</u>

**13 Called up share capital**

	2005 £	2004 £
Authorised, allotted and fully paid		
100 Ordinary shares of £1 each:	<u>100</u>	<u>100</u>

**14 Profit and loss reserve**

	£'000
As at 30 January 2004	65,850
Retained profit for the financial year	<u>8,983</u>
As at 28 January 2005	<u>74,833</u>

**15 Reconciliation of movements in shareholders' funds**

	2005 £'000	2004 £'000
Profit for the year	8,983	16,915
Shareholder's funds as at beginning of year	65,850	48,935
Shareholder's funds as at end of year	<u>74,833</u>	<u>65,850</u>

**16 Operating lease commitments**

At 28 January 2005 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2005 Land and Buildings £'000	Other £'000	2004 Land and Buildings £'000	Other £'000
Within one year	-	-	1,678	76
Between two and five years	7	141	-	93
After five years	1,454	-	1,454	-
	<u>1,461</u>	<u>141</u>	<u>3,132</u>	<u>169</u>

**17 Ultimate and intermediate parent undertaking**

The ultimate and intermediate parent undertaking and controlling party is Dell Inc. a company incorporated in the USA which is the parent undertaking of the smallest and largest group to consolidate these accounts. Group financial statements can be obtained from Dell Inc., One Dell Way, Round Rock, Texas, USA.

Transactions with fellow subsidiaries and investees of the group qualifying as related parties are not disclosed as the company is exempt under 3(c) of FRS8 - Related Party Transactions.