

Company Registration No. 1476371

BEAKHOUSE LIMITED

Annual Report and Financial Statements

52 weeks ended 29 April 2006

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BEAKHOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2006

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BEAKHOUSE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 April 2006. Comparative figures are for the 52 weeks ended 30 April 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company was investment. The directors anticipate that the Company will be dormant in the future.

BUSINESS REVIEW AND RESULTS

The results of the Company are shown on page 5. The operating profit related to exchange gains arising on settlement of foreign currency denominated intercompany loans. The net assets of the Company comprise intra-group debtors. It is not considered that any significant risk attaches to these assets.

DIVIDENDS

During the period, the directors declared an interim dividend of £500,000 per ordinary share. (2004/05 £nil).

DIRECTORS

The directors of the Company throughout the period were:

G D Budd
M J Sidders

DIRECTORS' SHARE INTERESTS

The directors' interests in the share capital of the ultimate parent, DSG international plc, were:

Beneficial and family interests

	Ordinary shares 29 April 2006		Ordinary shares 30 April 2005	
	Unrestricted	Restricted	Unrestricted	Restricted
G D Budd	691,536	137,406	667,003	105,785
M J Sidders	74,458	91,807	117,544	53,708

Directors' share options

	At 1 May 2005	Granted in period	Exercised in period	Lapsed in period	At 29 April 2006
G D Budd	1,125,844	290,657	-	(101,440)	1,315,061
M J Sidders	399,611	210,943	-	-	610,554

Restricted beneficial interests comprise share awards made under the Long Term Incentive Plan ("LTIP") and, in addition for 2004/05, shares held in share banks under the Deferred Equity Participation Plan ("DEPP"). Details of the LTIP and the DEPP are shown in the financial statements of DSG international plc.

Each of the directors, as a DSG international plc Group employee, is interested as a potential beneficiary in 2,233,063 (30 April 2005 1,732,531) ordinary shares owned by Dixons TSR Trust ("the Trust") an employee share ownership trust. The particulars of the Trust are shown in the financial statements of DSG international plc.

No director had a beneficial interest in the shares of the Company or any other group undertaking except as disclosed above or in any contract or arrangement (apart from contracts of service) to which the Company or any other group undertaking was a party during or at the end of the financial period.

BEAKHOUSE LIMITED

DIRECTORS' REPORT

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Pursuant to section 386 of the Companies Act 1985, an elective resolution dispensing with the requirement to appoint auditors annually has been in place throughout the period. Accordingly Deloitte & Touche LLP are deemed to continue as auditors.

To the best of each of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the Company, all information relevant to enabling the auditors to provide their opinion on the financial statements has been provided. Each of the directors has taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of any such information.

By Order of the Board



G D Budd

Secretary

15 September 2006

Registered office:
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

BEAKHOUSE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practice (UK GAAP).

The directors are required by UK company law to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company, in accordance with UK GAAP, as at the end of each financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 1985. The directors are also responsible for the safeguard of the assets of the Company and hence for taking reasonable steps to prevent and detect fraud or any other irregularities.

BEAKHOUSE LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the member of Beakhouse Limited

We have audited the financial statements of Beakhouse Limited for the 52 weeks ended 29 April 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the member those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable UK law and UK accounting standards (UK Generally Accepted Accounting Practice (UK GAAP)). Our responsibility is to audit the financial statements in accordance with relevant UK legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion, the information given in the directors' report is 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 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 or material inconsistencies within the financial statements.

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 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, in accordance with UK GAAP, of the state of the Company's affairs as at 29 April 2006 and of its profit for the period then ended, 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.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

27 September 2006

BEAKHOUSE LIMITED
PROFIT AND LOSS ACCOUNT
For the 52 weeks ended 29 April 2006

	Note	2005/06 £'000	2004/05 £'000
Operating profit		26	-
Gain on disposal of investments	2	33	746
Net interest	3	1	2
Profit on ordinary activities before taxation		60	748
Taxation on profit on ordinary activities	5	(8)	(1)
Profit for the period		52	747

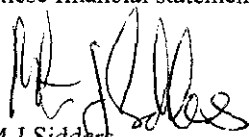
All operating profit is derived from continuing operations in the UK.

There are no recognised gains or losses other than the profit for the current and preceding period.

BEAKHOUSE LIMITED
BALANCE SHEET
As at 29 April 2006

	Note	£'000	2006 £'000	2005 £'000
Current assets				
Debtors	7	138	1,706	
Cash at bank and in hand		-	156	
		<u>138</u>	<u>1,862</u>	
Creditors: amounts falling due within one year	8	<u>(8)</u>	<u>(784)</u>	
			<u>130</u>	<u>1,078</u>
			<u>130</u>	<u>1,078</u>
Capital and reserves				
Called up share capital	9	-	-	-
Profit and loss account	10		<u>130</u>	<u>1,078</u>
Equity shareholder's funds			<u>130</u>	<u>1,078</u>

These financial statements were approved by the directors on 15 September 2006 and signed on their behalf by:


M J Sidders

BEAKHOUSE LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005/06 £'000	2004/05 £'000
Opening equity shareholder's funds	1,078	331
Profit for the period	52	747
Dividend	(1,000)	-
Net additions to equity shareholder's funds	(948)	747
Closing equity shareholder's funds	130	1,078

BEAKHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and UK applicable accounting standards. The principal accounting policies are set out below.

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention. The financial statements are for the 52 weeks ended 29 April 2006. Comparative figures are for the 52 weeks ended 30 April 2005.

1.2 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

2. PROFIT ON SALE OF INVESTMENT

The profit on sale of investment relates to the disposal of the Company's interests in Portugal.

3. NET INTEREST

	2005/06 £'000	2004/05 £'000
Interest receivable and similar income	<u>1</u>	<u>2</u>

4. EMPLOYEES, DIRECTORS AND AUDITORS

The Company had no employees during the period (2004/05 none). The directors received no remuneration for services to the Company during the period (2004/05 £nil). The auditors' remuneration is borne by another group undertaking.

5. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005/06 £'000	2004/05 £'000
Current taxation:		
UK corporation tax at 30%	<u>8</u>	<u>1</u>
A reconciliation of the notional current taxation charge to the actual taxation credit is set out below:		
Profit on ordinary activities at UK statutory rate of 30%	18	224
Non taxable chargeable gains	<u>(10)</u>	<u>(223)</u>
Current taxation on profit on ordinary activities	<u>8</u>	<u>1</u>

6. DIVIDEND

	Per share	2005/06 £'000	Per share	2004/05 £'000
On ordinary shares of £1 each				
Interim	<u>£500,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Amounts paid	<u>£500,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>

BEAKHOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. DEBTORS

	2006 £'000	2005 £'000
Amounts due from group undertakings	<u>138</u>	<u>1,706</u>

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Amounts due to group undertakings	-	733
Corporation tax	8	1
Accruals and deferred income	<u>-</u>	<u>50</u>
	<u>8</u>	<u>784</u>

9. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. PROFIT AND LOSS ACCOUNT

	£'000
At 1 May 2005	1,078
Profit for the period	52
Dividend	<u>(1,000)</u>
At 29 April 2006	<u>130</u>

11. RELATED PARTY DISCLOSURE

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other undertakings which are members of the DSG international plc Group.

12. PARENT COMPANY

The Company's immediate parent and controlling entity is DSG International Retail Limited.

The Company's ultimate parent and controlling entity is DSG international plc (formerly Dixons Group plc), which is incorporated in Great Britain and is registered in England and Wales. DSG international plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.