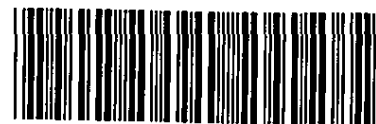


Company No: 1529898

AUSTIN REED CREDIT SERVICES LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2007**

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AUSTIN REED CREDIT SERVICES LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2007

The Directors present the audited financial statements for the year ended 31 January 2007

Business Activities

The company continued to provide credit services and extended credit facilities for retail customers of Austin Reed Limited and fellow subsidiaries. The company's profitability is influenced primarily by the cost of the borrowings undertaken to finance its business.

Results and Dividends

The profit and loss account for the year is set out on page 4. The profit for the year, after taxation, amounted to £132,170 (2006: £84,641).

The Directors do not recommend the payment of a dividend.

Directors

The Directors of the company at 31 January 2007, all of whom have served throughout the year, unless otherwise stated, were:

A Charlton	(appointed 5 June 2006)
G Gibson	(resigned 13 June 2006)
NW Hollingworth	

Auditors and Annual General Meeting

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Pursuant to a resolution passed by the members, the company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the company in General Meeting, and with the obligation to reappoint the auditors annually.

Statement Of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 Acts. 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.

By Order of the Board



Sue Griffiths
Company Secretary

27 September 2007

Independent auditor's report to the members of Austin Reed Credit Services Limited

We have audited the financial statements of Austin Reed Credit Services Limited for the year ended 31 January 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).

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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 31 January 2007 and of its profit 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.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*


27/1/07

AUSTIN REED CREDIT SERVICES LIMITED
PROFIT & LOSS ACCOUNT

For the year ended 31 January 2007

	Notes	2007 £	2006 £
Turnover	1	288,415	414,189
Administration expenses		99,600	299,450
Profit on ordinary activities before taxation	2	<u>188,815</u>	<u>114,739</u>
Taxation	4	56,645	30,098
Profit for the financial year	8	<u><u>132,170</u></u>	<u><u>84,641</u></u>

All results derive from continuing operations

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

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

AUSTIN REED CREDIT SERVICES LIMITED
BALANCE SHEET

at 31 January 2007

	Notes	2007 £	2006 £
CURRENT ASSETS			
DEBTORS			
- Amounts falling due within one year	5	2,397,217	2,062,972
- Amounts falling due after one year	5	296,330	382,891
		<u>2,693,547</u>	<u>2,445,863</u>
CREDITORS			
Amounts falling due within one year	6	1,847,696	1,732,182
Net assets		<u>845,851</u>	<u>713,681</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	845,751	713,581
Shareholder's funds	9	<u>845,851</u>	<u>713,681</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors and authorised for issue on 27 September 2007 and are signed on its behalf by

A Charlton

Director



AUSTIN REED CREDIT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

at 31 January 2007

1 ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the periods under review and are in accordance with applicable United Kingdom law and Accounting Statements

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents interest charged to credit card holders and is recognised as it is charged on an accruals basis. All turnover originates and has its destination in the United Kingdom.

Cashflow Statement

The company is a wholly-owned subsidiary of Austin Reed Group Limited and the cash flows of the company are included in the consolidated group cash flow statement of Austin Reed Group Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
	£	£
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration - Audit fees	4,000	3,000
Interest payable to fellow subsidiary	-	30,156

3 EMPLOYEES

The salary costs of staff employed during the year were borne by a fellow subsidiary company.

Directors' Remuneration

None of the directors received any emoluments or had pension contributions made on their behalf in respect of services to the company in either year.

AUSTIN REED CREDIT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

at 31 January 2007

4 TAXATION

The taxation charge which is based on the profit for the year is made up as follows -

	2007	2006
	£	£
Current year		
UK Corporation tax at 30% (2006 30%)	56,645	34,421
Adjustments in respect of prior years	-	(4,323)
	<u>56,645</u>	<u>30,098</u>

5 DEBTORS

	2007	2006
	£	£
Amounts falling due within one year		
Trade debtors	948,144	1,639,932
Amount due from parent company	1,449,073	423,040
	<u>2,397,217</u>	<u>2,062,972</u>
Amounts falling due after more than one year		
Trade debtors	296,330	382,891
	<u>296,330</u>	<u>382,891</u>

6 CREDITORS

Amounts falling due within one year

	2007	2006
	£	£
Trade creditors	1,847,696	1,697,761
Corporation tax payable	-	34,421
	<u>1,847,696</u>	<u>1,732,182</u>

AUSTIN REED CREDIT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

at 31 January 2007

7 SHARE CAPITAL

	2007	2006
	£	£
Ordinary shares of £1 each		
Authorised, issued, called up and fully paid	<u>100</u>	<u>100</u>

8 PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At start of year	713,581	628,940
Profit for the year	132,170	84,641
At end of year	<u>845,751</u>	<u>713,581</u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2007	2006
	£	£
Opening shareholder's funds	713,681	629,040
Profit for the year	132,170	84,641
Closing shareholder's funds	<u>845,851</u>	<u>713,681</u>

10 CONTINGENT LIABILITY

The company and a fellow subsidiary have guaranteed a loan to its holding company. At 31 January 2007 the balance on the loan was £nil (2006 £nil)

11 ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Austin Reed Group Limited, a company registered in England. Under the terms of Financial Reporting Standard No. 8 Austin Reed Credit Services Limited is exempt from disclosing related party transactions and balances with entities within Austin Reed Group Limited. The largest group is headed by Austin Reed Group Limited. Copies of the consolidated accounts of Austin Reed Group Limited may be obtained from The Secretary, Station Road, Thirsk, North Yorkshire YO7 1QH.

The ultimate controlling party is AR Holdings Limited.