

Debenhams Group Holdings Limited

Directors' Report and Financial Statements

Year ended 28 August 2010

Registered Number: 3430071



Debenhams Group Holdings Limited

Directors' report

The directors submit their report together with the audited financial statements of the Company for the financial year ended 28 August 2010

Principal activities

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

Results for the financial year

The results for the financial year are set out in the profit and loss account on page 4. The profit for the financial year of £117.7 million (2009: £117.3 million) has been transferred to reserves. Interim dividends totalling £120.0 million (32.2 pence per share) were paid during the year (2009: £110.0 million and 29.5 pence per share). The directors do not recommend the payment of a final dividend (2009: nil).

Directors

The following served as directors during the financial year to 28 August 2010 and to the date of signing were

M J T Sharp

N B Palmer

J D Lovering (Resigned 31 March 2010)

R W Templeman

C K Woodhouse

N K Zamblera

Directors' indemnities

In addition to the Indemnity provisions in the Articles of Association, Debenhams plc, the ultimate parent company, has entered into a direct indemnity agreement with each of the directors.

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 prepared 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.

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.

Debenhams Group Holdings Limited

Directors' report *(continued)*

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.

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.

By order of the Board



P Eardley
Company Secretary
15 December 2010

Debenhams Group Holdings Limited

Independent auditors' report to the members of Debenhams Group Holdings Limited

We have audited the financial statements of Debenhams Group Holdings Limited for the year ended 28 August 2010 which comprise the Profit and Loss Account, 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 Directors' Responsibilities Statement set out on page 1, 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 28 August 2010 and of its profit for the year then ended,
- 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.

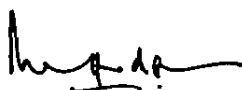
Opinion on other matter prescribed by the Companies Act 2006

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.



M R Hodgson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 December 2010

Debenhams Group Holdings Limited

Profit and loss account

For the financial year ended 28 August 2010

| | Note | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|--|------|---------------------------------------|---------------------------------------|
| Administrative expenses | | (1.2) | (1.5) |
| Operating loss | | (1.2) | (1.5) |
| Income from shares in group undertakings | | 120.0 | 120.0 |
| Net interest payable | 2 | (2.0) | (2.3) |
| Profit on ordinary activities before taxation | 3 | 116.8 | 116.2 |
| Tax on profit on ordinary activities | 5 | 0.9 | 1.1 |
| Profit for the financial year | 12 | 117.7 | 117.3 |

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

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

Debenhams Group Holdings Limited

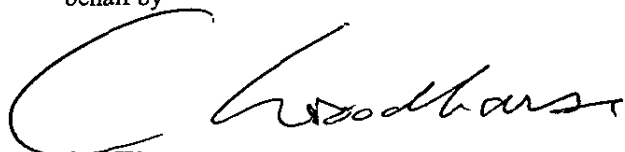
Registered Number. 3430071

Balance sheet

At 28 August 2010

| | Note | 28 August 2010 £m | 29 August 2009 £m |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 7 | 189.2 | 189.2 |
| Current assets | | | |
| Cash at bank and in hand | | 0.1 | 0.1 |
| Debtors | 8 | 52.2 | 317.9 |
| | | 52.3 | 318.0 |
| Creditors: amounts falling due within one year | 9 | (96.4) | (359.8) |
| Net current liabilities | | (44.1) | (41.8) |
| Total assets less current liabilities | | 145.1 | 147.4 |
| Capital and reserves | | | |
| Called up share capital | 10 | 37.2 | 37.2 |
| Share premium account | 11 | 33.6 | 33.6 |
| Capital redemption reserve | 11 | 1.8 | 1.8 |
| Profit and loss account | 11 | 72.5 | 74.8 |
| Total shareholders' funds | 12 | 145.1 | 147.4 |

The financial statements on pages 4 to 10 were approved by the board of directors on 15 December 2010 and were signed on its behalf by


C K Woodhouse
Director

Debenhams Group Holdings Limited

Notes to the financial statements

For the financial year ended 28 August 2010

1 Accounting policies

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. Accounting policies, which have been consistently applied throughout the financial information presented, are set out below.

Accounting for fixed asset investments

Fixed asset investments are held at cost less any provision for diminution in value.

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.

Interest recognition

Interest income and expense is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

2 Net interest payable

| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|---|---------------------------------------|---------------------------------------|
| Interest receivable and similar income | | |
| Bank interest receivable | - | 0.1 |
| Interest receivable from group undertakings | 3.8 | 13.6 |
| | 3.8 | 13.7 |
| Interest payable and similar charges | | |
| Interest payable to group undertakings | (4.9) | (15.8) |
| Bank loans and overdrafts | (0.9) | (0.2) |
| | (5.8) | (16.0) |
| Net interest payable | (2.0) | (2.3) |

3 Profit on ordinary activities before taxation

Auditors' remuneration has been borne by another group undertaking within the current and prior year.

Debenhams Group Holdings Limited

Notes to the financial statements *(continued)*

For the financial year ended 28 August 2010

4 Directors' emoluments

The service contracts of C K Woodhouse, R W Templeman, M J T Sharp and J D Lovering are held by Debenhams plc, the ultimate parent company. As these directors are remunerated by that company for their services to the Group, their emoluments are disclosed in the financial statements of Debenhams plc. As it is not possible to allocate their emoluments between group companies the disclosures below exclude the emoluments for these directors.

The directors, N B Palmer and N K Zamblera, are remunerated for their services by Debenhams Retail plc. The emoluments disclosed below represent the recharge of emoluments from Debenhams Retail plc.

| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|--|---------------------------------------|---------------------------------------|
| Aggregate emoluments | 1.1 | 0.9 |
| Company contributions paid to money purchase pension schemes | 0.1 | 0.1 |
| | 1.2 | 1.0 |
| | | |
| | Year ended 28 August 2010 No | Year ended 29 August 2009 No |
| Members of money purchase pension schemes | 2 | 2 |
| | | |
| The amounts in respect of the highest paid director are as follows | | |
| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
| Aggregate emoluments | 0.7 | 0.6 |
| | | |
| Defined benefit pension scheme | | |
| Accrued pension at the end of the year | 0.1 | 0.1 |

Debenhams Group Holdings Limited

Notes to the financial statements *(continued)*

For the financial year ended 28 August 2010

5 Tax on profit on ordinary activities

| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|--|---------------------------------------|---------------------------------------|
| Current tax | | |
| UK corporation tax on profits for the year | (0.9) | (1.1) |

The tax assessed for the period is lower than (2009 lower than) the standard rate of corporation tax in the UK of 28% (2009 28%)

| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|---|---------------------------------------|---------------------------------------|
| Profit on ordinary activities before taxation | 116.8 | 116.2 |
| Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 28%) | 32.7 | 32.5 |
| Non taxable receipts | (33.6) | (33.6) |
| Current tax credit for the year | (0.9) | (1.1) |

6 Dividends

| | Year ended 28 August 2010 £m | Year ended 29 August 2009 £m |
|--|---------------------------------------|---------------------------------------|
| Interim ordinary dividend paid 32.2p (2009 29.5p) per 100p share | 120.0 | 110.0 |
| Ordinary dividends paid | 120.0 | 110.0 |

Debenhams Group Holdings Limited

Notes to the financial statements *(continued)*

For the financial year ended 28 August 2010

7 Fixed asset investments

| | 28 August 2010 £m | 29 August 2009 £m |
|--|-------------------------|-------------------------|
| Shares in group undertakings – cost and net book value | 189.2 | 189.2 |

The principal subsidiary undertakings of the Company at 28 August 2010 were as follows

| Company | Country of operation | Country of registration | Activity |
|---|-------------------------|----------------------------|----------------------------|
| Debenhams Retail plc † | UK | England | Department Store Retailing |
| Debenhams Retail (Ireland) Limited | Ireland | Ireland | Department Store Retailing |
| Debenhams Properties Limited † | UK | England | Property Investment |
| Aktieselskabet Th Wessel & Vett, Magasin Du Nord | Denmark | Denmark | Department Store Retailing |

All companies are wholly owned

† Denotes investments held by Debenhams Group Holdings Limited. All other investments are held directly by subsidiary undertakings

8 Debtors

| | 28 August 2010 £m | 29 August 2009 £m |
|------------------------------------|-------------------------|-------------------------|
| Amounts owed by group undertakings | 52.2 | 317.9 |

Amounts owed by group undertakings are unsecured, have no fixed date of redemption and the average interest rate charged amounted to 2.7% (2009 4.6%) per annum

9 Creditors: amounts falling due within one year

| | 28 August 2010 £m | 29 August 2009 £m |
|------------------------------------|-------------------------|-------------------------|
| Amounts owed to group undertakings | 93.3 | 356.6 |
| Other creditors | 3.1 | 3.1 |
| Accruals | - | 0.1 |
| | 96.4 | 359.8 |

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and the average interest rate charged amounted to 2.7% (2009 4.6%) per annum

10 Called up share capital

At 29 August 2009 and 28 August 2010

| | Number | £m |
|----------------------------------|-------------|------|
| Authorised | | |
| Ordinary shares of 10 pence each | 750,000,000 | 75.0 |
| Allotted and fully paid | | |
| Ordinary shares of 10 pence each | 372,121,110 | 37.2 |

Debenhams Group Holdings Limited

Notes to the financial statements *(continued)*

For the financial year ended 28 August 2010

11 Reserves

| | Share premium £m | Capital redemption reserve £m | Profit and loss account £m | 2010 Total £m |
|-------------------------------|------------------------|--|----------------------------------|---------------------|
| At 29 August 2009 | 33.6 | 1.8 | 74.8 | 110.2 |
| Profit for the financial year | - | - | 117.7 | 117.7 |
| Dividends (note 6) | - | - | (120.0) | (120.0) |
| At 28 August 2010 | 33.6 | 1.8 | 72.5 | 107.9 |

12 Reconciliation of movements in shareholders' funds

| | 28 August 2010 £m | 29 August 2009 £m |
|--|-------------------------|-------------------------|
| Profit for the financial year | 117.7 | 117.3 |
| Dividends (note 6) | (120.0) | (110.0) |
| Net (reduction)/addition to shareholders' funds | (2.3) | 7.3 |
| Employee share ownership plans (Net of tax) | - | 0.1 |
| Opening shareholders' funds | 147.4 | 140.0 |
| Closing shareholders' funds | 145.1 | 147.4 |

13 Ultimate parent undertaking and related party disclosures

The immediate and ultimate parent undertaking and controlling party 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 FRS 1 (Revised 1996) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' 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.