

Debenhams Direct Limited  
Directors' Report and Financial Statements

Financial year ended 30 August 2008

Registered Number: 3665770

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# Debenhams Direct Limited

## Directors' report

The directors submit their report together with the audited financial statements of the Company for the financial year ended 30 August 2008.

### Principal activity

The principal activity of the Company is the provision of finance 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. No dividends were paid during the financial year and the directors do not recommend the payment of a final dividend (2007: £nil). The retained loss of £519,000 (2007: £430,000) has been transferred from reserves.

### Financial risk management

Due to the nature of the Company's activities, its exposure to financial risks is limited.

### Directors

The following served as directors during the financial year:

J D Lovering  
R W Templeman  
C K Woodhouse

None of the directors has a contract of service with the Company. None of the directors received any remuneration in respect of his services to the Company.

### 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.

### Directors' responsibilities

Company Law requires the directors to prepare financial statements for each financial period 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 except where required to comply with new accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the financial year ended 30 August 2008 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.

# Debenhams Direct Limited

## Directors' report *(continued)*

### **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.

### **Auditors**

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and in the absence of a notice proposing that their appointment be terminated, the auditors will be deemed to be re-appointed for the next financial year.

By order of the board

Registered Office:  
1 Welbeck Street  
London W1G 0AA



**P Eardley**  
Secretary

12 January 2009

# Debenhams Direct Limited

## Independent auditors' report to the members of Debenhams Direct Limited

We have audited the financial statements of Debenhams Direct Limited for the year ended 30 August 2008 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). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

### Basis of audit opinion

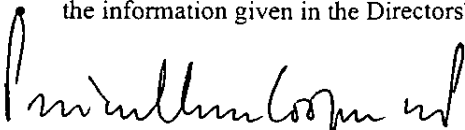
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 30 August 2008 and of its loss 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

12<sup>th</sup> January 2009

# Debenhams Direct Limited

## Profit and Loss Account

For the financial year ended 30 August 2008

	Note	Year ended 30 August 2008 £'000	Year ended 1 September 2007 £'000
Interest payable and similar charges	2	(732)	(614)
Loss on ordinary activities before taxation	3	(732)	(614)
Taxation	4	213	184
<b>Loss for the financial year</b>	<b>8</b>	<b>(519)</b>	<b>(430)</b>

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

There is no material difference between the results shown in the profit and loss account and the results as stated on an unmodified historical cost basis.

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.

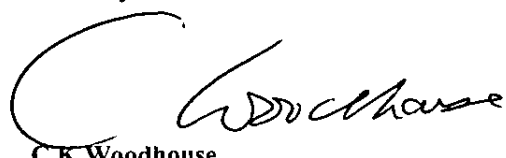
# Debenhams Direct Limited

## Balance Sheet

At 30 August 2008

	Note	30 August 2008 £'000	1 September 2007 £'000
<b>Current assets</b>			
Cash at bank and in hand		-	220
		-	220
<b>Creditors: amounts falling due within one year</b>	5	(9,124)	(8,825)
<b>Net current liabilities</b>		(9,124)	(8,605)
<b>Creditors: amounts falling due after more than one year</b>	6	(1)	(1)
<b>Net liabilities</b>		(9,125)	(8,606)
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account	8	(9,126)	(8,607)
<b>Shareholders' deficit</b>	8	(9,125)	(8,606)

The financial statements on pages 4 to 8 were approved by the board of directors on 12 January 2009 and were signed on its behalf by:

  
**C K Woodhouse**  
 Director

# Debenhams Direct Limited

## Notes to the financial statements

For the financial year ended 30 August 2008

### 1 Accounting policies

#### *Accounting convention*

The financial statements are drawn up on the going concern basis under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards.

#### *Going concern*

The Company is dependent on the continued financial support of a parent undertaking, Debenhams plc which has confirmed its intention of providing support to the Company to enable it to meet its liabilities as they fall due for a period of not less than one year. For this reason the directors believe it is appropriate to adopt the going concern basis in preparing these financial statements.

#### *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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

#### *Financial instruments*

As the Company is a wholly owned subsidiary of Debenhams plc, the Company has taken advantage of the exemption contained in FRS 25 'Financial instruments: Disclosure and presentation' not to provide the full disclosures in respect of financial instruments.

### 2 Interest payable and similar charges

	Year ended 30 August 2008 £'000	Year ended 1 September 2007 £'000
Interest payable on intercompany loan	732	614

### 3 Operating loss

During the financial year there were no employees.

The directors did not receive any emoluments for their services as directors to the Company. The employment contracts of C K Woodhouse, R W Templeman and J D Lovering are held by Debenhams plc. Their emoluments are disclosed in the accounts of Debenhams plc. It has not been possible to allocate their emoluments between group companies.

Auditors' remuneration has been borne by another group undertaking.

# Debenhams Direct Limited

## Notes to the financial statements *(continued)*

For the financial year ended 30 August 2008

### 4 Taxation

	Year ended 30 August 2008 £'000	Year ended 1 September 2007 £'000
<b>Current tax</b>		
UK corporation tax credit	(213)	(184)

The tax assessed for the financial year is equal to (2007: equal to) the standard rate of corporation tax in the UK of 29.2% (2007: 30.0%). The change in the standard rate of corporation tax to 28.0% with effect from April 2008 has been reflected in the weighted average rate above.

	Year ended 30 August 2008 £'000	Year ended 1 September 2007 £'000
Loss on ordinary activities before tax	(732)	(614)
Loss on ordinary activities at standard rate of corporation tax in the UK of 29.2% (2007:30.0%)	(213)	(184)
Current tax credit for the financial year	(213)	(184)

### 5 Creditors: amounts falling due within one year

	30 August 2008 £'000	1 September 2007 £'000
Bank loans and overdrafts	1	-
Amount due to group undertakings	9,123	8,825
	9,124	8,825

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and the average interest rate charged amounted to 7.8% (2007: 7.4%) per annum.

### 6 Creditors: amounts falling after more than one year

	30 August 2008 £'000	1 September 2007 £'000
Preference shares at £1 each	1	1
The preference shares do not entitle the holders to dividends nor attach any voting rights.		
	Number	£
At 1 September 2007 and 30 August 2008:		
<i>Authorised, called up and fully paid</i>		
Preference shares at £1 each	1,000	1,000



# Debenhams Direct Limited

## Notes to the financial statements *(continued)*

For the financial year ended 30 August 2008

### 7 Share capital

	Number	£
<b>At 1 September 2007 and 30 August 2008</b>		
<i>Authorised</i>		
'A' Ordinary shares of 1 pence each	50,001	500
'B' Ordinary shares of 1 pence each	49,999	500
	<b>100,000</b>	<b>1,000</b>
<i>Called up, allotted and fully paid</i>		
'A' Ordinary shares of 1 pence each	50,001	500
'B' Ordinary shares of 1 pence each	49,999	500
	<b>100,000</b>	<b>1,000</b>

The 'A' and 'B' shares carry equal voting rights.

### 8 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	2008 Total £'000
Loss for the financial year	-	(519)	(519)
Net additions to shareholders' deficit	-	(519)	(519)
Opening shareholders' deficit	1	(8,607)	(8,606)
<b>Closing shareholders' deficit</b>	<b>1</b>	<b>(9,126)</b>	<b>(9,125)</b>

### 9 Ultimate parent undertaking and related party disclosures

The immediate parent undertaking is Debenhams Retail plc.

The 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 Statement'. The Company is also exempt under the terms of FRS 8 'Related Parties' 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.