

BL FRASER LIMITED

**Consolidated Financial Statements
For the 52 weeks ended 28 January 2012**

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Registered in England No. 03689769

BL Fraser Limited

Consolidated Financial Statements

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BL Fraser Limited

Company Information

Registered Address 27 Baker Street
London
W1U 8AH

Company Number 03689769

Directors D McCarthy
J King
M Gifford

Company Secretary P Hearsey

BL Fraser Limited

Directors' Report

The directors present their report and the unaudited consolidated financial statements of BL Fraser Limited ('the Company') and its subsidiaries, together called 'the Group', for the 52 weeks ended 28 January 2012

Directors

The directors who served during the period, except as noted, were

D McCarthy
J King
M Gifford

Elective resolutions

The directors' report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime under the Companies Act 2006

The following Elective Resolutions pursuant to section 379A of the Companies Act 2006 are in force

- (i) to dispense with the laying of accounts and reports before the Company in General Meeting in accordance with Section 252, and
- (ii) to dispense with the holding of Annual General Meetings in accordance with section 366A

For the period ended 28 January 2012, the Company was entitled to the exemption under section 480 of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the period ended 28 January 2012, in accordance with section 476 of the Companies Act 2006

Principal activities

The principal activity of BL Fraser Limited was previously property investment. The Group leased property to House of Fraser. House of Fraser's activity is the retailing of premium designer brands through its department stores. The directors started to market the properties towards the end of the 2008/09 and during 2009/10 all of the properties were sold, generating net sale proceeds of £171.3m. The proceeds were used to repay the Group's borrowings in full and the surplus was distributed to the joint venture partners.

The Group was previously a joint venture between British Land (Joint Ventures) Ltd and HOF Property Investment Holdings Ltd. On 18 October 2010, HOF Property Investment Holdings Ltd acquired the entire share capital of the Company.

Business review and future developments

The results for the Group are set out in the consolidated profit and loss account on page 6. This shows operating profit of the Group for the 52 weeks ended 28 January 2012 of £nil (2010/11 less than £0.1 million), and profit before tax of £nil (2010/11 less than £0.1 million).

Principal risks and uncertainties

Following the Group's disposal of its property interests, management do not believe that the Group is exposed to any significant risks or uncertainties.

BL Fraser Limited

Directors' Report (continued)

Key performance indicators

Given the straightforward nature of the business, the Group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Results and dividends

The results for the period are set out in the profit and loss account on page 6. The results for the Group show a pre-tax profit of £nil (2010/11: less than £0.1 million) for the period and turnover of £nil (2010/11: £nil). At 28 January 2012 the Group had cash of less than £0.1 million (2010/11: £0.2 million).

The directors have paid an interim dividend of £nil (2010/11: £18.5 million) to the Group's former joint venture partners. The directors do not propose a final dividend in respect of the 52 weeks ended 28 January 2012 (2010/11: £nil).

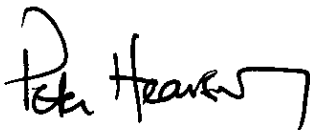
Financial risk management objectives and policies

The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Following the Group's disposal of its property interests in the period, and the assets and liabilities contained within the Group and the Company's balance sheet, the only financial risk that the Group and the Company is exposed to is credit risk by virtue of its cash balance. The Group manages its credit risk by limiting cash transactions to high credit-quality financial institutions.

Going concern

In their review of going concern, the directors have considered the ability of the Group to meet its current financial obligations as and when they fall due. After making enquiries, the directors believe that the Group has adequate resources to continue in operation for the foreseeable future. For this reason and the reasons noted in the business review and future developments, they have adopted the going concern basis in preparing the financial statements.

Approved by order of the Board and signed on its behalf by



Peter Hearsey

Company Secretary

17 October 2012

BL Fraser Limited

Statement of 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 elected to prepare the Group and Company 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 Group and Company and of the profit or loss of the Group and 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,
- 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 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.

BL Fraser Limited

Consolidated Profit and Loss Account

For the 52 weeks ended 28 January 2012

	Notes	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Turnover			
Gross rents	2	-	-
Net rents		-	-
Administrative expenses		-	4
Operating profit		-	4
Net interest receivable/(payable)	3	-	37
Profit on ordinary activities before taxation		-	41
Taxation	4	(2)	328
(Loss)/Profit for the financial period	12	(2)	369

The profit and loss account contains all of the gains and losses in period and therefore no separate statements of total recognised gains and losses has been presented

Profit on ordinary activities after taxation attributable to the parent company was less than £0.1m (2010/11 £3.8 million)

The notes on pages 11 to 16 form an integral part of these accounts

BL Fraser Limited

Consolidated Balance Sheet

As at 28 January 2012

Company number 03689769

	Notes	28 January 2012 £'000	29 January 2011 £'000
Current assets			
Debtors	8	-	2
Cash at bank		40	179
		40	181
Creditors Amounts falling due within one year	9	(2)	(141)
Net current assets		38	40
Total assets less current liabilities		38	40
NET ASSETS		38	40
Capital and reserves			
Called up share capital	10	2	2
Profit and loss reserve	11	36	38
SHAREHOLDERS' FUNDS	12	38	40

For the period ended 28 January 2012, the Company was entitled to the exemption from audit under section 480 of the Companies Act 2006 relating to small companies. No members have required the Company to obtain an audit of its accounts for the period ended 28 January 2012, in accordance with section 476 of the Companies Act 2006.

The financial statements were approved and authorised by the Board of Directors on 17 October 2012 and signed on its behalf by



M Gifford
Director

The notes on pages 11 to 16 form an integral part of these accounts

BL Fraser Limited**Company Balance Sheet****As at 28 January 2012**

Company number 03689769

	Notes	28 January 2012 £'000	29 January 2011 £'000
Fixed assets			
Investments	7	1,539	18,431
Current assets			
Debtors - due within one year	8	-	3
Cash at bank		40	179
		40	182
Creditors Amounts falling due within one year	9	(1,542)	(18,574)
Net current liabilities		(1,502)	(18,392)
Total assets less current liabilities		37	39
NET ASSETS		37	39
Capital and reserves			
Called up share capital	10	2	2
Profit and loss reserve	11	35	37
SHAREHOLDERS' FUNDS	12	37	39

For the period ended 28 January 2012, the Company was entitled to the exemption from audit under section 480 of the Companies Act 2006 relating to small companies. No members have required the Company to obtain an audit of its accounts for the period ended 28 January 2012, in accordance with section 476 of the Companies Act 2006.

The financial statements were approved and authorised by the Board of Directors on 17 October 2012 and signed on its behalf by



M Gifford
Director

The notes on pages 11 to 16 form an integral part of these accounts

BL Fraser Limited**Consolidated Cash Flow Statement**

For the 52 weeks ended 28 January 2012

	Note	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Net cash (outflow)/inflow from operating activities	13	(139)	140
Returns on investments and servicing of finance			
Interest received		-	37
Dividends paid		-	(18,463)
Net cash outflow from returns on investments and servicing of finance		(139)	(18,285)
Taxation		-	104
Net cash outflow before financing		(139)	(18,182)
Financing			
Redemption of 'C' shares		-	(250)
Decrease in net cash in the period	14	(139)	(18,432)

The notes on pages 11 to 16 form an integral part of these accounts

BL Fraser Limited

Note of Historical Cost Profits and Losses

For the 52 weeks ended 28 January 2012

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Reported profit on ordinary activities before taxation	-	41
Historical cost profit on ordinary activities before taxation	-	41
Retained historical cost loss for the period after taxation and dividends	(2)	(18,094)

The notes on pages 11 to 16 form an integral part of these accounts

BL Fraser Limited

Notes to the Consolidated Financial Statements

For the 52 weeks ended 28 January 2012

1. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, in accordance with applicable United Kingdom laws and accounting standards, and on a going concern basis, as described in the Directors' Report. The financial statements have been prepared using the same accounting policies as set out in the 2010/11 accounts.

Basis of consolidation

The consolidated accounts include the financial statements of the Company and its subsidiaries using the acquisition method. Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

In accordance with section 480(4) of the Companies Act 2006, a separate profit and loss account for the Company is not presented.

Related Party Transactions

The Company is exempt under paragraph 3(c) of the Financial Reporting Standard no 8 from disclosing related party transactions with entities that are part of, or investees of the Highland Group Holdings Limited group.

Investments

The investments in subsidiary companies are accounted for at cost less diminution in value where appropriate. Investments are initially measured at cost, including transaction costs. An impairment loss is recognised in the profit and loss account when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

On disposal of an investment property the element of tax relating to the profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax assets and liabilities recognised have not been discounted.

BL Fraser Limited

Notes to the Consolidated Financial Statements (continued)

For the 52 weeks ended 28 January 2012

2. Turnover

Turnover is wholly attributable to rental income from investment property and arises solely within the United Kingdom

3 Interest receivable	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Interest receivable on bank balances	-	37
Net interest receivable	-	37

4. Taxation	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
UK Corporation tax charge at 20% (2010/11 21%)	-	9
Adjustments in respect of prior periods	2	(337)
Total current tax charge/(credit)	2	(328)
Taxation reconciliation	£'000	£'000
Profit on ordinary activities before tax	-	41
Profit on ordinary activities at standard rate of corporation tax in the UK of 20% (2010/11 21%)	-	9
Effects of		
Adjustments in respect of prior periods	2	(337)
Group current tax charge/(credit)	2	(328)

5. Directors' emoluments and employees

There were no directors' emoluments during the period (2010/11 £nil) in respect of the Group. There were no other employees during the period (2010/11 none).

6 Dividends	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Equity shares		
Interim dividend paid	-	18,463

BL Fraser Limited

Notes to the Consolidated Financial Statements (continued)

For the 52 weeks ended 28 January 2012

7. Investments in subsidiaries – Company

	Shares in Subsidiary Undertakings £'000
Cost	
At 30 January 2011	20,950
Disposal	(19,411)
As at 28 January 2012	1,539
Provision	
At 30 January 2011	(2,519)
Disposal	2,519
As at 28 January 2012	-
Net book value	
At 28 January 2012	1,539
At 30 January 2011	18,431

During the period the Company dissolved various dormant companies with a net book value of £16.9 million including BLF (Guildford) 2 Ltd, BLF (Cardiff) 3 Ltd, BLF (Carlisle) 4 Ltd, BLF (Chichester) 5 Ltd, BLF (Darlington) 6 Ltd, BLF (Doncaster) 7 Ltd, BLF (Leamington Spa) 10 Ltd, BLF (Leeds) 11 Ltd, BLF (Lincoln) 12 Ltd, BLF (Middlesbrough) 13 Ltd, BLF (Plymouth) 14 Ltd, BLF (Perth) 15 Ltd and BLF (Bristol) 16 Ltd resulting in an exceptional loss on disposal of £16.9 million. Prior to their dissolution, these companies paid a dividend to BL Fraser Limited totalling £16.9 million, resulting in an exceptional profit in the period of £16.9 million.

The remaining principal subsidiaries, all of which are incorporated in the United Kingdom, are shown below:

BLF (Camberley) 1 Ltd
BLF (Grimsby) 8 Ltd
BLF (Hull) 9 Ltd

The historical cost of the investment in subsidiaries is £1,539,495 (2010/11: £20,950,000). A total provision of £nil (2010/11: £2,519,000) has been made against the carrying value of a number of these investments.

The principal business activity of these subsidiaries was previously property trading and investment.

All subsidiaries are wholly owned.

8 Debtors

Group	28 January 2012 £'000	29 January 2011 £'000
Corporation tax	-	2
	-	2

All amounts are due within one year.

Company	28 January 2012 £'000	29 January 2011 £'000
Due within one year		
Corporation tax	-	3
	-	3

BL Fraser Limited

Notes to the Consolidated Financial Statements (continued)

For the 52 weeks ended 28 January 2012

9. Creditors: Amounts falling due within one year

Group	28 January 2012 £'000	29 January 2011 £'000
Corporation tax	2	-
Taxation and social security	-	141
	2	141

Company	28 January 2012 £'000	29 January 2011 £'000
Amounts due to group companies	1,540	18,433
Corporation tax	2	-
Taxation and social security	-	141
	1,542	18,574

The Company is jointly and severally liable with its subsidiaries for all monies falling due under the group VAT registration

10. Called up share capital

Authorised	28 January 2012 £'000	29 January 2011 £'000
1,000 ordinary 'A' shares of £1 each	1	1
1,000 ordinary 'B' shares of £1 each	1	1
	2	2

Allotted, called up and fully paid	28 January 2012 £'000	29 January 2011 £'000
1,000 ordinary 'A' shares of £1 each	1	1
1,000 ordinary 'B' shares of £1 each	1	1
	2	2

As at 28 January 2012 and 29 January 2011, both the 'A' ordinary shares of £1 each and the 'B' ordinary shares of £1 each are held by HOF Property Investment Holdings Ltd, a wholly owned subsidiary of House of Fraser (PIH) Ltd

11. Reserves

Group	Profit and loss reserve £'000
As at 30 January 2011	38
Loss for the financial period	(2)
As at 28 January 2012	36

Company	Profit and loss reserve £'000
As at 30 January 2011	37
Loss for the financial period	(2)
As at 28 January 2012	35

BL Fraser Limited

Notes to the Consolidated Financial Statements (continued)

For the 52 weeks ended 28 January 2012

12. Reconciliation of movements in shareholders' funds

Group		Total £'000
Shareholders' funds as at 30 January 2011		40
Loss for the financial period		(2)
Shareholders' funds as at 28 January 2012		38

Company		Total £'000
Shareholders' funds as at 30 January 2011		39
Loss for the financial period		(2)
Shareholders' funds as at 28 January 2012		37

13. Group cash flow from operating activities

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
Operating profit	-	4
Decrease in debtors	2	63
(Decrease)/increase in creditors	(141)	73
Net cash (outflow)/inflow from operating activities	(139)	140

14. Reconciliation of Group net funds

	28 January 2012 £'000	29 January 2011 £'000
Opening net funds	179	18,611
(Decrease) in net cash in the period	(139)	(18,432)
Closing net funds	40	179

15. Analysis of Group net funds

	At 29 January 2011 £'000	Cash flow £'000	Non-cash items £'000	At 28 January 2012 £'000
Cash and cash equivalents	179	(139)	-	40
	179	(139)	-	40

BL Fraser Limited

Notes to the Consolidated Financial Statements (continued)

For the 52 weeks ended 28 January 2012

16 Parent undertaking and ultimate controlling party

As at 28 January 2012, the Company's immediate parent undertaking is HOF Property Investment Holdings Limited

The Company's ultimate parent company and controlling party is Highland Group Holdings Limited, a company registered in the UK which is the smallest and largest group to consolidate the Company's financial statements. Copies of the group financial statements of Highland Group Holdings Limited are available from the Company Secretary, Highland Group Holdings Limited, 27 Baker Street, London W1U 8AH