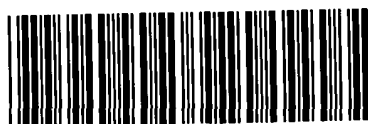


House of Fraser (Finance) Limited

**Annual Report and Financial Statements
For the 52 weeks ended 28 January 2017**

Registered in England No. 04089208

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House of Fraser (Finance) Limited

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House of Fraser (Finance) Limited
Company information

Registered Address	27 Baker Street London W1U 8AH
Company Number	04089208
Directors	Mr P Hearsey Mr C Elliot
Company Secretary	Mr P Hearsey
Auditor	Deloitte LLP Statutory Auditor London

House of Fraser (Finance) Limited

Strategic report

Principal activity

The principal activity of the Company is the provision of financial services to the House of Fraser retail business. House of Fraser's principal activity is the retailing of premium designer brands through its department stores in Great Britain and Ireland and online through www.houseoffraser.co.uk.

Company strategy and future developments

It is anticipated that the Company will continue to provide financial and related intermediary services to the House of Fraser retail business.

Financial review

The results for the financial period are set out in the statement of comprehensive income on page 7. The results for the Company show that the Company made no profit or loss in the period (2015/16: £nil).

Key performance indicators ('KPIs')

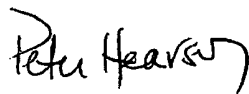
Given the straight forward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The performance of House of Fraser (UK & Ireland) Limited group is managed on a divisional basis and the financial services division as whole, which includes the Company, is discussed in the House of Fraser (UK & Ireland) Limited annual report which does not form part of this report.

Principal risks and uncertainties

The Company has risk management processes to identify, monitor, evaluate and escalate any likely risks as they emerge, enabling the Board to take appropriate action where possible. Due to the nature of the Company's activities and the assets and liabilities contained within the Company's balance sheet, the principal risk that the Company is exposed to is financial liquidity risk. The Company complies with the financial risk management policies of House of Fraser (UK & Ireland) Limited, and these are applied as appropriate to mitigate any financial risks. These are disclosed in further detail in the House of Fraser (UK & Ireland) Limited annual report which does not form part of this report.

Approved by the Board and signed on its behalf by:



Peter Hearsey
Company Secretary
25 October 2017

House of Fraser (Finance) Limited Directors' report

The directors present their annual report and the audited financial statements of House of Fraser (Finance) Limited ("the Company") for the 52 weeks ended 28 January 2017.

Holding company

As at 28 January 2017, the Company's immediate parent undertaking is House of Fraser (Storecard) Limited. The Company's ultimate parent and controlling party is Nanjing Xinjiekou Department Store Co. Limited, a company registered in China.

Results and dividends

The Company's profit after taxation for the period was £nil (2015/16: £nil).

No interim dividends was paid (2015/16: £nil). The Directors do not propose to pay a final dividend (2015/16: £nil).

Directors

The directors, who served throughout the period and to the date of signing the financial statements, unless otherwise noted, were as follows:

Mr C Elliot	
Mr P Hearsey	(appointed 23 April 2017)
Mr N Oddy	(resigned 23 April 2017)

In accordance with the Articles of Association no director is required to seek re-election.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly after making enquiries and taking due care, the directors continue to adopt the going concern basis in preparing the financial statements.

Auditor and disclosure of information to the auditor

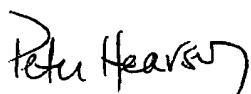
Each person who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP, have indicated their willingness to continue in office as auditor and a resolution confirming their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Peter Hearsey
Company Secretary
25 October 2017

House of Fraser (Finance) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgments 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; 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 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.

Independent auditor's report to the members of House of Fraser (Finance) Limited (Continued)

We have audited the financial statements of House of Fraser (Finance) Limited for the 52 weeks ended 28 January 2017 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 9. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 January 2017 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements..

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of House of Fraser (Finance) Limited (Continued)

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.



Darren Longley FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
27 October 2017

House of Fraser (Finance) Limited
Statement of Comprehensive income
For the 52 weeks ended 28 January 2017

	Notes	52 weeks 28 January 2017 £	52 weeks 30 January 2016 £
Administrative expenses		(3,311,864)	(7,211,893)
Other operating income	3	3,311,864	7,211,893
Operating profit	4	-	-
Total comprehensive income for the period		-	-

All transactions relate to continuing operations and total comprehensive income is attributable to the equity holders.

The notes on pages 10 to 13 form an integral part of these accounts.

House of Fraser (Finance) Limited
Statement of changes in equity
For the 52 weeks ended 28 January 2017

	Share capital £	Accumulated deficit £	Total equity £
At 31 January 2015	3,000,002	8,988,740	11,988,742
Total comprehensive income for the period	-	-	-
At 30 January 2016	3,000,002	8,988,740	11,988,742
Total comprehensive income for the period	-	-	-
At 28 January 2017	3,000,002	8,988,740	11,988,742

The notes on pages 10 to 13 form an integral part of these accounts.

House of Fraser (Finance) Limited
Balance sheet
As at 28 January 2017
Company number: 04089208

	Notes	28 January 2017 £	30 January 2016 £
Trade and other receivables	6	67,066,802	67,341,802
Cash and cash equivalents		166	166
Total current assets		67,066,968	67,341,968
Total assets		67,066,968	67,341,968
<hr/>			
Trade and other payables	7	(55,078,226)	(55,353,226)
Total current liabilities		(55,078,226)	(55,353,226)
Total liabilities		(55,078,226)	(55,353,226)
<hr/>			
Net assets		11,988,742	11,988,742
<hr/>			
Capital and reserves			
Share capital	8	3,000,002	3,000,002
Accumulated profit		8,988,740	8,988,740
Total equity		11,988,742	11,988,742

The financial statements were approved by the board of directors and authorised for issue on 25 October 2017.

They were signed on its behalf by:



C Elliot
Director

The notes on pages 10 to 13 form an integral part of these accounts

House of Fraser (Finance) Limited
Notes to the Financial Statements
For the 52 weeks ended 28 January 2017

1 General information

General information

House of Fraser (Finance) Limited ('the Company'), a subsidiary of House of Fraser (Storecard) Limited, is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 27 Baker Street, London, W1U 8AH. The principal activity of the Company is the provision of financial services to the House of Fraser retail business. House of Fraser's principal activity is the retailing of premium designer brands through its department stores in Great Britain and Ireland and online through www.houseoffraser.co.uk.

The financial statements are presented in Great British Pounds (GBP) because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest pound except where otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable UK law and accounting standards

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- (b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Cash flow statement and related party transactions

The Company is a subsidiary of Nanjing Xinjiekou Department Store Co. Limited and is included within the consolidated financial statements of Nanjing Xinjiekou Department Store Co. Limited and of House of Fraser (UK & Ireland) Limited. Consequently, as permitted by FRS 101, the Company has taken advantage of the disclosure exemption available under that standard in relation to presentation of a cash flow statement.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly after making enquiries and taking due care, the directors continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expense. There are no critical accounting judgments or estimations that have been made by management.

House of Fraser (Finance) Limited
Notes to the Financial Statements
For the 52 weeks ended 28 January 2017

2 Accounting policies (continued)

Significant accounting policies

The principal accounting policies are summarised below.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

House of Fraser (Finance) Limited
Notes to the Financial Statements
For the 52 weeks ended 28 January 2017

2 Accounting policies (continued)

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

3 Other operating income

	52 weeks 28 January 2017	52 weeks 30 January 2016
	£	£
Amounts recognised in relation to financial and other intermediary services	3,311,864	7,211,893
	<u>3,311,864</u>	<u>7,211,893</u>

4 Operating profit

The audit fee of £3,090 (2015/16: £3,000) was borne by a fellow group company. Auditor's remuneration for non-audit fee services was £nil (2015/16: £nil).

5 Directors' emoluments

All Company directors are employed by House of Fraser (Stores) Limited. These directors were also directors of the immediate parent company, House of Fraser Limited, and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the individual companies. Therefore, no amounts were recharged to the Company during the current and prior period. The total emoluments of these directors are included in the aggregate directors' emoluments disclosed in the consolidated financial statements of House of Fraser (UK & Ireland) Limited. During the current and prior period, none of the directors who held office during the period received any emoluments in respect of their services to the Company.

6 Trade and other receivables

	28 January 2017	30 January 2016
	£	£
Amounts owed by group undertakings	66,740,348	67,341,802
Other receivables	326,454	-
	<u>67,066,802</u>	<u>67,341,802</u>

Amounts due from group undertakings are unsecured, interest free and have no fixed date of repayment.

House of Fraser (Finance) Limited
Notes to the Financial Statements (continued)
For the 52 weeks ended 28 January 2017

7 Trade and other payables

	28 January 2017 £	30 January 2016 £
Amounts owed to group undertakings	55,072,611	55,072,611
Accruals and deferred income	5,615	280,615
	55,078,226	55,353,226

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment.

In June 2015, the Company entered into a new agreement with the existing financial services partner to effectively extend its relationship by a further year, ending in August 2016, whereby the Company will receive a total cash payment of £3.3 million in relation to financial intermediary services in monthly instalments. As at 28 January 2017, £nil (2015/16: £0.3 million) was received in advance.

8 Share capital

	28 January 2017 £	30 January 2016 £
<i>Authorised</i>		
3,000,002 (2015/16: 3,000,002) Ordinary shares of £1 each	3,000,002	3,000,002
<i>Allotted, called up and fully paid</i>		
3,000,002 (2015/16: 3,000,002) Ordinary shares of £1 each	3,000,002	3,000,002

9 Parent undertaking and controlling party

The Company's immediate parent undertaking is House of Fraser (Storecard) Limited.

The Company's ultimate parent company and controlling party is Nanjing Xinjiekou Department Store Co. Limited, a company incorporated in China, which is the largest group to consolidate the Company's financial statements. Copies of the Group financial statements of Nanjing Xinjiekou Department Store Co. Limited are available from the Company Secretary, No. 3 Zhongshan Nanlu, Nanjing, Jiangsu Province, China.

House of Fraser (UK & Ireland) Limited, which is an intermediate parent company, incorporated in the United Kingdom and registered in England and Wales, is the smallest group to consolidate the Company's financial statements. Copies of the consolidated financial statements of House of Fraser (UK & Ireland) Limited are available from the Company Secretary, House of Fraser (UK & Ireland) Limited, 27 Baker Street, London W1U 8AH.