

**Company Registration No. 4185110**

**DSG CARD HANDLING SERVICES LIMITED**

**Annual Report and Financial Statements**

**52 weeks ended 2 May 2009**



**DSG CARD HANDLING SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2009**

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# **DSG CARD HANDLING SERVICES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is investment. The directors anticipate that this activity and the financial position of the Company will be maintained.

### **BUSINESS REVIEW AND RESULTS**

The results of the Company are shown on page 4. The Company did not trade during the period and it is not anticipated that it will do so in the foreseeable future. The net assets of the Company predominately comprise investments in a fellow group undertaking and intra-group debtors. It is not considered that any significant risk attaches to these assets. It is not contemplated that any further development of the Company will take place in the foreseeable future.

### **DIVIDENDS**

The directors recommend that no dividend be paid (2007/08 £21,000 per ordinary share).

### **DIRECTORS**

The directors of the Company during the period were:

E J C Leigh  
D M E Page  
H S M Singer

**Date of  
appointment**

11 March 2009

Unless otherwise stated, the directors served throughout the period.

### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

Deloitte LLP are willing to continue in office as auditors of the Company and pursuant to section 487(1) of the Companies Act 2006, their term of office is deemed to continue.

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the directors at the date of approval of this report confirms that, to the best of their knowledge and belief, and having made appropriate enquiries of other officers of the Company:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



**M Stevens**

Secretary

6 August 2009

Registered office:  
Maylands Avenue  
Hemel Hempstead  
Hertfordshire  
HP2 7TG

**DSG CARD HANDLING SERVICES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for the preparation of the directors' report and the financial statements and have chosen to prepare such financial statements under UK Generally Accepted Accounting Practices (UK GAAP).

The directors are required by UK company law to prepare such financial statements for each financial period which give a true and fair view of the state of affairs of the Company, in accordance with UK GAAP, as at the end of each financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable UK accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and compliance of the financial statements with the Companies Act 2006. The directors are also responsible for the safeguard of the assets of the Company and hence for taking reasonable steps to prevent and detect fraud or any other irregularities.

# **DSG CARD HANDLING SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **Independent auditors' report to the members of DSG Card Handling Services Limited**

We have audited the financial statements of DSG Card Handling Services Limited for the 52 weeks ended 2 May 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 14. 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) (UK GAAP).

This report is made to the Company's members, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' 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, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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 (APB'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.

### **Opinions**

#### ***Financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 May 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***Other matters prescribed by the Companies Act 2006***

In our opinion the information given in the Directors' Report for the financial period 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 upon in respect of the following:

Under the Companies Act 2006 we are required to report to you if in our opinion:

- adequate accounting records have not been kept by the company; 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.



**Peter O'Donoghue FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

London, United Kingdom

11 August 2009

**DSG CARD HANDLING SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the 52 weeks ended 2 May 2009**

	Note	2008/09 £'000	2007/08 £'000
Operating (loss)/profit	2	(26)	270
Net interest	3	<u>10,355</u>	<u>10,957</u>
<b>Profit on ordinary activities before and after taxation</b>		<u><b>10,329</b></u>	<u><b>11,227</b></u>

All operating (loss)/profit is derived from continuing operations in the UK. There are no recognised gains or losses other than the profit for the current and preceding periods.

**DSG CARD HANDLING SERVICES LIMITED**  
**BALANCE SHEET**  
**As at 2 May 2009**

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Investments	7	170,000	170,000
<b>Current assets</b>			
Debtors	8	57,333	47,166
<b>Creditors: amounts falling due within one year</b>	9	(1,921)	(2,083)
<b>Net current assets</b>		<u>55,412</u>	<u>45,083</u>
<b>Total assets less current liabilities</b>		225,412	215,083
<b>Creditors: amounts falling due after more than one year</b>	10	(71,638)	(71,638)
<b>Net assets</b>		<u>153,774</u>	<u>143,445</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	117,173	106,844
Capital reserve	12	36,600	36,600
<b>Equity shareholder's funds</b>		<u>153,774</u>	<u>143,445</u>

These financial statements were approved by the directors on 6 August 2009 and signed on their behalf by:



D M E Page

**DSG CARD HANDLING SERVICES LIMITED**  
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**  
**For the 52 weeks ended 2 May 2009**

	<b>2008/09</b>	<b>2007/08</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening shareholder's funds</b>	143,445	153,218
Profit for the period	<b>10,329</b>	11,227
Dividend	-	(21,000)
<b>Closing shareholder's funds</b>	<b><u>153,774</u></b>	<b><u>143,445</u></b>



# DSG CARD HANDLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and UK applicable accounting standards. After making due enquiry, on the basis of current financial projections, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The principal accounting policies are set out below.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements include the results of the Company and are for the 52 weeks ended 2 May 2009. Comparative figures are for the 53 weeks ended 3 May 2008.

#### 1.2 Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment in value.

#### 1.3 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

### 2. OPERATING (LOSS)/PROFIT

	2008/09 £'000	2007/08 £'000
Other operating income	-	440
Administrative expenses	(26)	(170)
Operating (loss)/profit	(26)	270

The auditors' remuneration of £2,000 (2007/08 £2,000) is borne by another group undertaking.

### 3. NET INTEREST

	2008/09 £'000	2007/08 £'000
Interest receivable and similar income		
- Interest receivable on loans to group undertakings	1,930	2,346
- Interest receivable from group undertakings	13,837	14,103
Other interest receivable	-	25
	15,767	16,474
Interest payable and similar charges		
- Dividend on 7.58% cumulative C preference shares	(3,251)	(3,314)
- Dividend on 7.58% cumulative D preference shares	(2,161)	(2,203)
	(5,412)	(5,517)
Net interest	10,355	10,957

**DSG CARD HANDLING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. EMPLOYEES AND DIRECTORS**

The Company had no employees during the period (2007/08 none). The directors received no remuneration for services to the Company during the period (2007/08 £nil).

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	2008/09 £'000	2007/08 £'000
Current taxation:		
UK corporation tax at 28% (2007/08 29.84%)	-	-
Taxation on profit on ordinary activities	-	-

A reconciliation of the notional current taxation charge to the actual current taxation (credit) / charge is set out below:

	2008/09 £'000	2007/08 £'000
Profit on ordinary activities at the UK statutory rate of 28% (2007/08 29.84%)	2,892	3,350
Group relief received free of charge	(533)	(657)
Dividends from UK group companies	(3,874)	(4,208)
Non-taxable receipts	-	(131)
Non-deductible dividend payments	1,515	1,646
Current taxation on profit on ordinary activities	-	-

The UK Corporation tax rate for the prior period was 30% for the period up to 31 March 2008 and 28% thereafter.

**6. DIVIDEND**

	Per share	2008/09 £'000	Per share	2007/08 £'000
On ordinary shares of £1 each				
Amounts declared and paid	-	-	£21,000	21,000

**7. FIXED ASSET INVESTMENTS**

	£'000
<b>Cost and net book value</b>	
At 2 May 2009 and 3 May 2008	170,000

Investments relate to shares in DSG Overseas Investments Limited, a fellow group undertaking of the ultimate parent undertaking, comprising 50,000,000 8.25% non voting cumulative redeemable preference shares of £1 each and 120,000,000 8.125% non voting cumulative redeemable B preference shares of £1 each.

**DSG CARD HANDLING SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**8. DEBTORS**

	2009 £'000	2008 £'000
Amounts due from other group undertakings	<u>57,333</u>	<u>47,166</u>

**9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £'000	2008 £'000
Amounts due to other group undertakings	-	147
Accrued preference dividends	<u>1,921</u>	<u>1,936</u>
	<u>1,921</u>	<u>2,083</u>

**10. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2009 £'000	2008 £'000
43,015,112 7.58% cumulative C preference shares of £1 each	43,015	43,015
58,000,000 7.58% cumulative D preference shares of £1 each	<u>28,623</u>	<u>28,623</u>
	<u>71,638</u>	<u>71,638</u>

**11. CALLED UP SHARE CAPITAL**

	2009 £'000	2008 £'000
<b>Authorised:</b>		
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<b>Allotted and fully paid:</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

**12. RESERVES**

	Capital reserve £'000	Profit and loss account £'000
At 4 May 2008	36,600	106,844
Profit for the period	<u>-</u>	<u>10,329</u>
<b>At 2 May 2009</b>	<u>36,600</u>	<u>117,173</u>

## **DSG CARD HANDLING SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **13. RELATED PARTY DISCLOSURE**

The Company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other wholly owned undertakings which are members of the DSG international plc Group (the Group). The Company had no transactions in either the current or prior periods with members of the Group which are not wholly owned.

#### **14. PARENT COMPANY**

The Company's immediate parent and controlling entity is DSG Retail Limited.

The Company's ultimate parent and controlling entity is DSG international plc, which is incorporated in Great Britain and is registered in England and Wales. DSG international plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.

**DSG CARD HANDLING SERVICES LIMITED**  
**ADDITIONAL INFORMATION**

**RECONCILIATION OF PROFIT AND LOSS ACCOUNT RESERVE TO AMOUNTS AVAILABLE FOR DISTRIBUTION**

FRS 25 stipulates that the Company's preference share capital is classified as a financial liability. Accordingly, rather than affecting retained profits, dividends paid to the preference shareholders are treated as repayments of that liability and the interest accrued increases the liability.

The following table shows a reconciliation between the profit and loss account reserve as disclosed in the financial statements and those reserves which are available for distribution to shareholders.

	<b>2 May 2009 £'000</b>
<b>Profit and loss account reserve</b>	<b>117,173</b>
Less adjustments in respect of adoption of FRS 25:	
- Net reduction in liabilities arising from dividends accrued and special dividends paid on 7.225% cumulative redeemable preference shares of £1 each	<b>(37,695)</b>
- Net reduction in liabilities arising from dividends accrued and special dividends paid on 7.499% cumulative redeemable 'B' preference shares of £1 each	<b>(42,092)</b>
Less subsequent special dividends:	
- Special dividend paid on 7.499% cumulative redeemable 'B' preference shares	<b>(34,000)</b>
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	<b>(15,000)</b>
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	<b>(7,000)</b>
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	<b>(8,000)</b>
Add cumulative net interest payable on cumulative redeemable and cumulative preference shares	<b>23,955</b>
Add capital reserves	<b>36,600</b>
<b>Reserves available for distribution</b>	<b><u>33,941</u></b>