

Company Registration No. 4185110

DSG CARD HANDLING SERVICES LIMITED

Annual Report and Financial Statements

52 weeks ended 1 May 2010

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DSG CARD HANDLING SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2010

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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 1 May 2010
Comparative figures are for the 52 weeks ended 2 May 2009

PRINCIPAL ACTIVITY

The principal activity of the Company is non-equity investment in other Group companies

BUSINESS REVIEW AND RESULTS

Objective and strategy

The objective of the Company is to deliver value to its shareholder

Results and financial position

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.

The results of the Company are shown on page 5

DIVIDENDS

During the period the directors declared and paid an interim dividend of £8,000 per ordinary share (2008/09 £nil)

DIRECTORS

The directors of the Company throughout the period were

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

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 P D Stevens

Secretary

21 July 2010

Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

Company Registration No 4185110

DSG CARD HANDLING SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of 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 and under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS issued by the International Accounting Standards Board.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the period. In preparing those financial statements, the directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance.

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 accounting standards have been followed and the financial statements have been prepared on the going concern basis as disclosed in the Directors' Report.

The directors are responsible for maintaining 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 2006. They are also responsible for maintaining sufficient internal controls to safeguard the assets of the Company and to take reasonable steps for the prevention and detection of fraud or any other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006.

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 1 May 2010 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's member, 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 member 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 member, 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 1 May 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRS's as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

IFRSs issued by the IASB

As explained in note 1.1 the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the financial statements comply with IFRSs as issued by the IASB.

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.

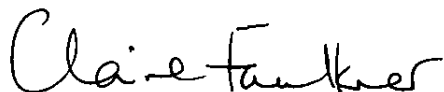
DSG CARD HANDLING SERVICES LIMITED
INDEPENDENT AUDITORS' REPORT continued

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company, or
- the financial statements are not in agreement with the accounting records, or
- certain disclosures of directors' remuneration specified by law are not made



Claire Faulkner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
2 July 2010

DSG CARD HANDLING SERVICES LIMITED
INCOME STATEMENT
For the 52 weeks ended 1 May 2010

	Note	2009/10 £'000	2008/09 £'000
Operating result / (loss)	2	-	(26)
Finance income	3	15,171	15,767
Finance costs	3	(5,413)	(5,412)
Net finance income		9,758	10,355
Profit before tax		9,758	10,329
Income tax credit / (expense)	5	-	-
Profit for the period		9,758	10,329

All operating result / (losses) are derived from continuing operations in the UK

There are no other items of comprehensive income or expense other than the loss for the current and preceding periods

DSG CARD HANDLING SERVICES LIMITED
BALANCE SHEET
As at 1 May 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-current assets				
Investments	7	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>
Current assets				
Trade and other receivables	8	<u>59,076</u>	<u>57,333</u>	<u>47,166</u>
Total assets		<u>229,076</u>	<u>227,333</u>	<u>217,166</u>
Current liabilities				
Trade and other payables	9	<u>(1,906)</u>	<u>(1,921)</u>	<u>(2,083)</u>
Net current assets		<u>57,170</u>	<u>55,412</u>	<u>45,083</u>
Non-current liabilities				
Trade and other payables	9	<u>(71,638)</u>	<u>(71,638)</u>	<u>(71,638)</u>
Total liabilities		<u>(73,544)</u>	<u>(73,559)</u>	<u>(73,721)</u>
Net assets		<u>155,532</u>	<u>153,774</u>	<u>143,445</u>
Capital and reserves				
Called up share capital	11	<u>1</u>	<u>1</u>	<u>1</u>
Retained earnings		<u>118,931</u>	<u>117,173</u>	<u>106,844</u>
Capital reserve		<u>36,600</u>	<u>36,600</u>	<u>36,600</u>
Total equity		<u>155,532</u>	<u>153,774</u>	<u>143,445</u>

These financial statements were approved by the directors on 2/ July 2010 and signed on their behalf by



D M E Page

DSG CARD HANDLING SERVICES LIMITED
CASH FLOW STATEMENT
For the 52 weeks ended 1 May 2010

	Note	2009/10 £'000	2008/09 £'000
Operating activities			
Cash generated from operations	12	12,094	3,497
Net cash flows from operating activities		<u>12,094</u>	<u>3,497</u>
Investing activities			
Interest received		1,334	1,930
Net cash flows from investing activities		<u>1,334</u>	<u>1,930</u>
Financing activities			
Preference share dividends paid		(5,428)	(5,427)
Equity dividend paid		(8,000)	-
Net cash flows from financing activities		<u>(13,428)</u>	<u>(5,427)</u>
Increase / (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning and end of period	12	-	-

STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 1 May 2010

	Share capital £'000	Retained earnings £'000	Capital reserve £'000	Total £'000
At 4 May 2008	1	106,844	36,600	143,445
Profit for the period	-	10,329	-	10,329
At 2 May 2009	1	117,173	36,600	153,774
Profit for the period	-	9,758	-	9,758
Dividend paid	-	(8,000)	-	(8,000)
At 1 May 2010	<u>1</u>	<u>118,931</u>	<u>36,600</u>	<u>155,532</u>

The capital reserve represents a receipt from the Company's immediate parent company

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

DSG Card Handling Limited has historically prepared its financial statements in accordance with UK Generally Accepted Accounting Practices (UK GAAP). As permitted by section 395 of the Companies Act 2006, the Company has elected to present its financial statements in accordance with International Financial Reporting Standards (IFRS). Accordingly the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS issued by the International Accounting Standards Board and those parts of the Companies Act 2006 applicable to those companies reporting under IFRS. The transition date to IFRS for the Company was 3 May 2008 (the Transition Date), being the start of the period of comparative information.

IFRS 1, "First time adoption of International Financial Reporting Standards", permits those companies adopting IFRS for the first time to take advantage of certain exemptions from the full requirements of IFRS and make certain elections in the transition period. The Company has elected to measure its investments in subsidiaries at the amounts stated under UK GAAP as at the transition date to IFRS.

Accounting policies have been consistently applied throughout the current and preceding periods.

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 financial statements include the results of the Company for the 52 weeks ended 1 May 2010. Comparative figures are for the 52 weeks ended 2 May 2009.

The principal accounting policies are set out below.

1.2 Investments and other financial assets

The Company's financial assets comprise those receivables which involve a contractual right to receive cash from external parties. Financial assets comprise all items shown in note 8. Under the classifications stipulated by IAS 39 other receivables are classified as "loans and receivables".

Investments

Investments are stated at cost less any provision for impairment in value.

Other receivables

Other receivables are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments required to align cost to fair value. Bad debts are written off when identified.

1.3 Tax

Current tax

Current taxation is the expected tax payable on the taxable income for the period, using prevailing tax rates and adjusted for any tax payable in respect of previous periods.

1.4 Other financial liabilities

The Company's financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date. Financial liabilities comprise all items shown in note 9. Under the classifications stipulated by IAS 39, and other payables are classified as "financial liabilities measured at amortised cost".

Other payables

Other payables are recorded at cost.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES CONTINUED

1.3 Estimates, judgements and critical accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available. The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements. These relate to valuation of investments and recoverability of other receivables as set out below.

Investment impairment reviews

Investments are required to be valued annually to assess the requirement for potential impairment. Such calculations require judgement relating to the appropriate discount factors and long term growth prevalent in a particular market as well as short and medium term business plans. The directors draw upon experience as well as external resources in making these judgements.

Recoverability of other receivables

Other receivables are recorded at cost less an allowance for estimated irrecoverable amounts and any other adjustments to align cost to fair value. Provision for bad and doubtful debts is made for specific receivables when there is objective evidence that the Company will not be able to collect all the amounts due. In assessing the evidence available the directors may be required to make judgements regarding the expected recoverability of amounts due. The directors draw upon experience in making these judgments.

2. OPERATING RESULT / (LOSS)

The operating loss in the prior period comprises administrative expenses.

The auditors' remuneration of £2,000 (2008/09 £2,000) is borne by another group undertaking.

3. NET FINANCE INCOME

	2009/10 £'000	2008/09 £'000
Loans to group undertakings	1,334	1,930
Dividend receivable on 8 25% cumulative preference shares	4,114	4,114
Dividend receivable on 8 125% cumulative preference B shares	9,723	9,723
Finance income	<u>15,171</u>	<u>15,767</u>
Dividend payable on 7 58% cumulative C preference shares	(3,252)	(3,251)
Dividend payable on 7 58% cumulative D preference shares	(2,161)	(2,161)
Finance costs	<u>(5,413)</u>	<u>(5,412)</u>
Net finance income	<u>9,758</u>	<u>10,355</u>

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2008/09 none). The directors received no remuneration for services to the Company during the period (2008/09 £nil).

DSG CARD HANDLING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. TAX

	2009/10	2008/09
	£'000	£'000
Current tax		
UK corporation tax at 28%	-	-
Income tax credit / expense	-	-
	2009/10	2008/09
	£'000	£'000
A reconciliation of the notional to the actual income tax credit / expense is set out below		
Profit before tax	9,758	10,329
Profit on ordinary activities at the UK statutory rate of 28%	2,732	2,892
Group relief received free of charge	(374)	(533)
Dividends receivable from group companies	(3,874)	(3,874)
Non-deductible dividend payments	1,516	1,515
Income tax credit / expense	-	-

6. DIVIDENDS

	Per share	2009/10	Per share	2008/09
		£'000		£'000
On ordinary shares of £1 each				
Amounts declared and paid				
- interim dividend	£8,000	8,000	-	-

7. INVESTMENTS

	£'000
Cost and net book value	
At 1 May 2010, 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

8. TRADE AND OTHER RECEIVABLES

	2010	2009	2008
	£'000	£'000	£'000
Amounts due from subsidiary undertakings	59,076	57,333	47,166

The carrying amount of trade and other receivables approximates fair value There are no past-due or impaired receivable balances (2009 and 2008 £nil)

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER PAYABLES

	2010 Current £'000	2010 Non- current £'000	2009 Current £'000	2009 Non- current £'000	2008 Current £'000	2008 Non- current £'000
Amounts due to other group undertakings	-	-	-	-	147	-
Accrued preference dividends	1,906	-	1,921	-	1,936	-
43,015,112 7 58% cumulative C preference shares of £1 each	-	43,015	-	43,015	-	43,015
58,000,000 7 58% cumulative D preference shares of £1 each	-	28,623	-	28,623	-	28,623
	<u>1,906</u>	<u>71,638</u>	<u>1,921</u>	<u>71,638</u>	<u>2,083</u>	<u>71,638</u>

The carrying amount of trade and other payables approximates their fair value

The 7 58% cumulative C preference shares of £1 each and the 7 58% cumulative D preference shares of £1 each rank ahead of ordinary shares in the event of a return of assets on liquidation

10. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The DSG international plc Group's treasury function provides services to the Company. It monitors and manages the treasury risks to which the Company is exposed to, including liquidity risk and credit risk. Areas where risks are most likely to occur are evaluated regularly. The Company does not enter into derivative contracts.

Capital risk management

The Company maintains its capital structure to ensure that it is able to continue as a going concern.

(b) Fair values of financial assets and liabilities

For receivables and payables classified as financial assets and liabilities in accordance with IAS 32, fair value is estimated to be equivalent to book value. These values are shown in notes 8 and 9 respectively. The categories of financial assets and liabilities and their related accounting policy are set out in notes 11 and 13.

(c) Interest rate profile of financial assets and liabilities by currency

The Company is not exposed to any exchange movement on translated values of foreign currency assets and liabilities.

The Company is exposed to interest rate risk on receivables from other members of the DSG international plc Group as set out in note 13.

(d) Sensitivity analysis

The following analysis, required by IFRS 7, shows the sensitivity of profit before tax to changes in specified market variables on monetary assets and liabilities.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCIAL INSTRUMENTS continued

(d) Sensitivity analysis continued

Changes in interest rates affect the Company's profit before tax, due to the impact of amounts due from subsidiary undertakings which bear interest at floating rate. The analysis is calculated assuming a reasonably possible change in interest rates and that the balance is held constant for the whole year. A 1% increase in interest rates would have a positive effect on profit before tax and equity of £591,000 (2009 positive effect of £573,000). A 1% decrease would have an equal and opposite effect.

(e) Liquidity risk

The Company is not subject to any significant liquidity risk as all of its receivables and payables are with other DSG international plc Group companies.

The Company manages liquidity risk via the DSG international plc Group's treasury operations using sources of financing from other Group entities and investing excess liquidity. The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows against the maturity profiles of financial assets and liabilities.

The table below analyses the Company's contractual undiscounted cash flows payable under financial liabilities into their maturity groupings. The table includes both principal and interest flows.

	Contractual undiscounted cash flows				Carrying value £'000
	Within one year £'000	In more than one year but not more than five years £'000	In more than five years £'000	Total £'000	
2010					
Non-derivative financial liabilities					
Trade and other payables	(1,906)	-	-	(1,906)	(1,906)
7.58% cumulative C preference shares	-	-	(43,015)	(43,015)	(43,015)
7.58% cumulative D preference shares	-	-	(28,623)	(28,623)	(28,623)
	<u>(1,906)</u>	<u>-</u>	<u>(71,638)</u>	<u>(73,544)</u>	<u>(73,544)</u>
2009					
Non-derivative financial liabilities					
Trade and other payables	(1,921)	-	-	(1,921)	(1,921)
7.58% cumulative C preference shares	-	-	(43,015)	(43,015)	(43,015)
7.58% cumulative D preference shares	-	-	(28,623)	(28,623)	(28,623)
	<u>(1,921)</u>	<u>-</u>	<u>(71,638)</u>	<u>(73,559)</u>	<u>(73,559)</u>
2008					
Non-derivative financial liabilities					
Trade and other payables	(2,083)	-	-	(2,083)	(2,083)
7.58% cumulative C preference shares	-	-	(43,015)	(43,015)	(43,015)
7.58% cumulative D preference shares	-	-	(28,623)	(28,623)	(28,623)
	<u>(2,083)</u>	<u>-</u>	<u>(71,638)</u>	<u>(73,721)</u>	<u>(73,721)</u>

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

10. FINANCIAL INSTRUMENTS continued

(f) Credit risk

The Company's exposure to credit risk on trade and other receivables arises from the non-performance of counterparties, the significant portion of which are other DSG international plc Group companies, with a maximum exposure equal to the book value of these assets. Further information on these exposures is detailed in note 13.

11. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000	2008 £'000
Authorised:			
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Allotted and fully paid:			
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>

12. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating result / (loss) to net cash flows from operating activities

	2009/10 £'000	2008/09 £'000
Operating result / (loss)	<u>-</u>	<u>(26)</u>
Movements in working capital		
Decrease in trade and other receivables	12,109	3,670
Decrease in trade and other payables	<u>(15)</u>	<u>(147)</u>
	<u>12,094</u>	<u>3,523</u>
Cash generated from operations	<u>12,094</u>	<u>3,497</u>

(b) Analysis of net funds / (debt)

As at 1 May 2010 the Company had £nil net funds or debt (2009 and 2008 £nil)

13. RELATED PARTIES

	2009/10 £'000	2008/09 £'000
Ultimate parent		
Recharge of costs	-	(26)
Other Group undertakings		
Funds received from	31,137	43,230
Preference dividends receivable	13,853	13,852
Preference dividends paid	(5,428)	(5,427)
Interest receivable	<u>1,334</u>	<u>1,930</u>

Recharge of costs with related parties include management charges for services provided by the ultimate parent.

Amounts due from other group undertakings are repayable within one month (2008/09 within one month) and bear interest between 1.5% and 4.25% (2008/09 1.5% and 6.0%).

Key management personnel disclosures for short-term employee benefits are shown in note 4.

DSG CARD HANDLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. CONTINGENT LIABILITIES

In June 2009 the Company entered into an agreement to provide a guarantee in respect of the ultimate parent company's £400 million revolving credit facility. At 1 May 2010 £95,000,000 was drawn against this facility. The Company remains a guarantor under the terms of the New Facility described in note 17.

15. FINANCIAL INFORMATION UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

The key differences between UK GAAP and IFRS affecting the Company's accounting policies are set out below.

While this is not a comprehensive summary of all differences between UK GAAP and IFRS, other differences would have no effect on the net profit or shareholders funds of the Company.

The Company's profit after tax for the period ended 2 May 2009 and shareholder's funds as at 2 May 2009 and 4 May 2008 are unaffected by the change.

(i) Presentation of financial statements

The primary financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" as revised in 2007. Although similar, such a presentation differs from its UK GAAP equivalent.

Under IAS 1 the statement of changes in equity, which was previously presented as a note under UK GAAP, is now presented as a primary statement.

IAS 1 requires a statement of cash flows to be presented. This was not previously required under UK GAAP.

16. 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.

17. POST BALANCE SHEET EVENT

On 12 May 2010, the ultimate parent company and Company itself, together with certain other DSG international group companies, signed a new revolving credit facility agreement (the New Facility) for £360 million. The Company acts as a guarantor under this facility. The New Facility came into effect on 7 July 2010, on which date it replaced the ultimate parent company's existing £400 million Facility which was duly cancelled. At the earliest, the New Facility will mature on 15 August 2012 and the ability exists to extend the New Facility to 15 August 2013 in the event that the DSG international Group raises additional finance of a minimum of £100 million by November 2011.

DSG CARD HANDLING SERVICES LIMITED

ADDITIONAL INFORMATION

RECONCILIATION OF RETAINED EARNINGS TO AMOUNTS AVAILABLE FOR DISTRIBUTION

IAS 32 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 retained earnings as disclosed in the financial statements and those reserves which are available for distribution to shareholders.

	1 May 2010 £'000
Retained earnings	118,931
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	(37,695)
- Net reduction in liabilities arising from dividends accrued and special dividends paid on 7.499% cumulative redeemable 'B' preference shares of £1 each	(42,092)
Less subsequent special dividends	
- Special dividend paid on 7.499% cumulative redeemable 'B' preference shares	(34,000)
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	(15,000)
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	(7,000)
- Special dividend paid on 7.58% cumulative redeemable 'D' preference shares	(8,000)
Add cumulative net interest payable on cumulative redeemable and cumulative preference shares	29,368
Less cumulative net interest receivable unpaid on cumulative redeemable preference shares	(27,674)
Add capital reserves	36,600
Reserves available for distribution	13,438