

**Dunelm Card Services Limited**

**Directors' report and financial  
statements**

**Registered number 5357374**

**1 July 2006**



## Company information

Directors	WL Adderley DA Stead
Secretary	SE Ferris
Company number	5357374
Registered office	Fosse Way Syston Leicestershire LE7 1NF
Auditors	KPMG LLP 1 Waterloo Way Leicester LE1 6LP
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2WN

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## Directors' report

The directors present their annual report and the audited financial statements for the period ended 1 July 2006.

### Principal activities and business review

The company was incorporated on 8 February 2005 and extended its accounting period to 1 July 2006 on 10 February 2005 and hence is preparing accounts for the 17 month period ended 1 July 2006. The company was set up to provide card handling services to a group company. However, no such services were ever provided. The company carried on a business for the period from 1 March 2005 to 30 September 2005 when all activity ceased. The results for the period and the position at 1 July 2006 are shown in the profit and loss account on page 4 and balance sheet on page 5 respectively.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. Profit retained for the year amounted to £87,000.

### Directors and directors' interests

The directors who served during the financial period were as follows:

WL Adderley (appointed 10 February 2005)  
DA Stead (appointed 10 February 2005)

None of the directors held any interest in the shares of the company at any time during the financial period. The interests of WL Adderley and DA Stead in the shares of the holding company, Dunelm Group Limited, are disclosed in the accounts of that company.

According to the register of directors' interests no rights to subscribe for shares in, or debentures of, the Company were granted to any of the directors or their immediate families or exercised by them during the financial period.

### Political and charitable contributions

The company made no political or charitable contributions during the financial period.

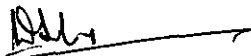
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that as far as they are aware, there is no relevant information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The directors appointed KPMG LLP as auditors on incorporation. This appointment is subject to ratification by the shareholders at the forthcoming Annual General Meeting.

On behalf of the board 19th September 2006



D A Stead  
Director

Fosse Way  
Syston  
Leicestershire  
LE7 1NF

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
1 Waterloo Way  
Leicester  
LE1 6LP  
United Kingdom

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

We have audited the financial statements of Dunelm Card Services Limited for the period ended 1 July 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 July 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

*Chartered Accountants  
Registered Auditor*

*19 September 2006*

**Profit and loss account**  
*for the period ended 1 July 2006*

	<i>Note</i>	<b>2006 £000</b>
Interest receivable and similar incomes	2	133
Interest payable and similar charges	3	(9)
		<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>124</b>
Tax on profit on ordinary activities	4	(37)
		<hr/>
<b>Profit on ordinary activities after taxation and for the financial period</b>		<b>87</b>
		<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Movements on reserves are set out in note 8 to the financial statements.

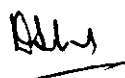
There are no recognised gains or losses other than those included above.

There is no difference between the profit on ordinary activities and the profit for the financial period and their historical equivalents.

**Balance sheet**  
*at 1 July 2006*

	<i>Note</i>	<b>2006 £000</b>
<b>Current assets</b>		
Debtors	5	125
<b>Creditors: amounts falling due within one year</b>	6	(38)
<b>Net current assets</b>		<u>87</u>
<b>Total assets less current assets</b>		<u>87</u>
<b>Net assets</b>		<u><u>87</u></u>
<b>Capital and reserves</b>		
Called up share capital	7	-
Profit and loss account	8	87
<b>Shareholders' funds</b>		<u><u>87</u></u>

These financial statements were approved by the board of directors on  
 and were signed on its behalf by:



**D A Stead**  
*Director*

19th September 2006  
~~(date)~~



**Reconciliation of movements in shareholders' funds**  
*for the period ended 1 July 2006*

	2006 £000
<b>Result for the financial period and net increase in shareholders funds</b>	<b>87</b>
Opening shareholders' funds	-
<b>Closing shareholders' funds</b>	<b>87</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

FRS 21 and FRS 25 have had no material effect on the financial statements.

In addition, FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985.

### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

As the company is a wholly owned subsidiary of Dunelm Group Limited and 100% of the company's voting rights are controlled within the group headed by Dunelm Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

### 2 Interest receivable

	2006 £000
Bank interest receivable	39
Group undertakings	94
	<hr/>
	133
	<hr/>

### 3 Interest payable

	2006 £000
Group undertakings	9
	<hr/>
	9
	<hr/>

## Notes (Continued)

### 4 Taxation

Analysis of charge in the financial period

	2006 £000
<i>UK corporation tax</i>	
Current tax on income for the financial period	37
	<hr/>
Total current tax	37
	<hr/>

#### *Factors affecting the tax charge for the current period*

The current tax amount has been calculated at the standard rate of corporation tax in the UK, 30%.

	2006 £000
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	124
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Current tax at 30% and total current tax charge	37
	<hr/>

There is no deferred tax.

### 5 Debtors

	2006 £000
Amounts owed by group undertakings	125
	<hr/>

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

	2006 £000
Corporation tax	37
Other creditors	1
	<hr/>
	38
	<hr/>

## Notes (Continued)

### 7 Called up share capital

	2006 £
<i>Authorised</i>	
1,000 Ordinary shares of £1 each	1,000
	<hr/>
<i>Allotted, called up and fully paid</i>	
1 Ordinary share of £1 each	1
	<hr/>

During the year one ordinary share was allotted for consideration equal to its nominal value of £1.

### 8 Reserves

	2006 £'000
At beginning of financial period	-
Retained profit for the financial period	87
	<hr/>
At end of financial period	87
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### 9 Ultimate holding company

The company's ultimate holding company is Dunelm Group Limited, which is incorporated in the United Kingdom. Copies of that company's accounts can be obtained from the registered office which is at Fosse Way, Syston, Leicestershire.

### 10 Ultimate controlling company

The directors consider that Mr W Adderley is the ultimate controlling party of the company by virtue of his shareholding (including that of his spouse) in Dunelm Group Limited.