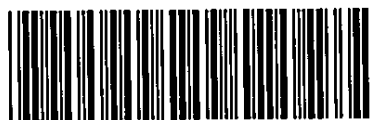


# HOUSE OF FRASER LIMITED

Report and Financial Statements  
For the 52 weeks ended  
26 January 2013

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COMPANIES HOUSE

Registered in Scotland No. SC021928

## **House of Fraser Limited**

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**House of Fraser Limited**  
**Company information**

<b>Registered Address</b>	Granite House 4th Floor 31 Stockwell Street Glasgow G1 4RZ
<b>Company Number</b>	SC021928
<b>Directors</b>	Mr D McCarthy Mr J King Mr M Gifford Mr S Cassar Mr J McMahon Mr S Rose
<b>Company Secretary</b>	Mr P Hearsey
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor London

## **House of Fraser Limited**

### **Directors' report**

The directors present their annual report and the audited financial statements of House of Fraser Limited ("the Company") for the 52 weeks ended 26 January 2013.

#### **Principal activity**

The principal activity of the Company is that of acting as an investment holding company for its UK subsidiary undertakings. The principal trading subsidiaries are House of Fraser (Stores) Limited and James Beattie Limited together with other subsidiary companies; House of Fraser (Storecard) Limited, House of Fraser (PIH) Limited and Jenners Princes Street Edinburgh Limited.

The Company is the parent company of the House of Fraser retail business. House of Fraser's activity is the retailing of premium brands through its department stores in Great Britain and the Republic of Ireland, as well as online at [www.houseoffraser.co.uk](http://www.houseoffraser.co.uk). This activity is operated by House of Fraser (Stores) Limited and James Beattie Limited.

House of Fraser financial services division is operated through House of Fraser (Storecard) Limited. The property division was previously operated through House of Fraser (PIH) Limited, however the property business has been discontinued.

House of Fraser Limited (formerly House of Fraser PLC) was previously the listed holding company for the House of Fraser business. On 8 November 2006 the Company was acquired by Highland Acquisitions Limited, a subsidiary of Highland Group Holdings Limited.

More detailed information on the activity and business development is included in the annual report and financial statements of Highland Group Holdings Limited.

#### **Holding company**

The immediate parent company is Highland Acquisitions Limited. The Company's ultimate and controlling party is Highland Group Holdings Limited, a company registered in England and Wales.

#### **Results and dividends**

The Company did not make a profit or a loss in the 52 weeks ended 26 January 2013 (2011/12: £nil) and accordingly no profit and loss account is presented. No interim dividends were paid during the period (2011/12: £nil) and the directors do not propose to pay a final dividend in respect of the 52 weeks ended 26 January 2013 (2011/12: £nil).

#### **Business review and future developments**

It is anticipated that the Company will continue to act as the parent company of the House of Fraser business activities.

#### **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. Due to the nature of the Company's activities and the assets and liabilities contained within the Company's balance sheet, the only financial risk that the Company is exposed to is liquidity risk. The Company complies with the financial risk management policies of Highland Group Holdings Limited, and these are applied as appropriate to mitigate any financial risks. These are disclosed in further detail in the Highland Group Holdings Limited annual report which does not form part of this report.

#### **Key performance indicators (KPIs)**

Given the straight forward nature of the business, the Company'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.

The performance of the Highland Group Holdings Limited group is managed on a divisional basis and the performance of the retail and financial services divisions, which include the Company, is discussed in the Highland Group Holdings Limited annual report which does not form part of this report.

**House of Fraser Limited**  
**Directors' report (continued)**

**Directors**

The directors who served throughout the period and to the date of signing, except as noted, are:

D McCarthy

J King

M Gifford

S Cassar (appointed 8 March 2012)

J McMahon (appointed 8 March 2012)

S Rose (appointed 8 March 2012)

In accordance with the Articles of Association no director is required to seek re-election at the forthcoming Annual General Meeting.

**Related party**

No director had, during or at the end of the period, any interest in contracts of significance to the Company's business.

**Going concern**

The balance sheet set out on page 7 shows that the Company has net current liabilities of £304.9 million at 26 January 2013 (2011/12: £304.9 million). Included within the net current liabilities is £370.8 million (2011/12: £363.8 million) due to fellow group companies which has been treated as payable within one year. However, on the basis that there is no current intention of calling for a repayment until the Company has the necessary funds available; the directors have reasonable expectation that the Company has adequate resources to continue in operational existence 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:

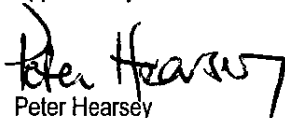
- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the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

**Auditor**

Deloitte LLP expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Peter Hearsey  
Company Secretary  
21 May 2013

## **House of Fraser 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). 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 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; 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of House of Fraser Limited**

We have audited the financial statements of House of Fraser Limited for the 52 weeks ended 26 January 2013 which comprise the Balance Sheet and the related notes 1 to 13. 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).

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. 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 26 January 2013;
- 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 matter prescribed by the Companies Act 2006**

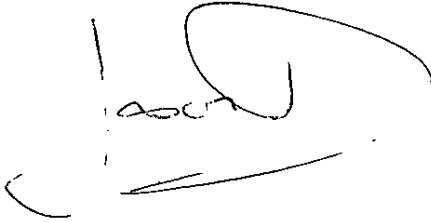
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of House of Fraser 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.



Jason Davies (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

21 May 2013



**House of Fraser Limited**  
**Balance Sheet**  
**As at 26 January 2013**

**Company number: SC021928**

	Notes	26 January 2013 £m	28 January 2012 £m
<b>Fixed assets</b>			
Investments	5	305.9	305.9
<b>Current assets</b>			
Debtors	6	46.0	46.1
Cash at bank and in hand	7	25.5	18.5
		<b>71.5</b>	<b>64.6</b>
<b>Creditors: due within one year</b>	8	<b>(376.4)</b>	<b>(369.5)</b>
<b>Net current liabilities</b>		<b>(304.9)</b>	<b>(304.9)</b>
<b>Net assets</b>		<b>1.0</b>	<b>1.0</b>
<b>Capital and reserves</b>			
Share capital	9	57.6	57.6
Share premium account	10	30.5	30.5
Retained earnings	10	(87.1)	(87.1)
<b>Shareholder's funds</b>	11	<b>1.0</b>	<b>1.0</b>

The financial statements were approved by the board of directors and authorised for issue on 21 May 2013.

They were signed on its behalf by:



M Gifford  
 Director

The notes on pages 8 to 11 form an integral part of these accounts.

**House of Fraser Limited**  
**Notes to the Financial Statements**  
**For the 52 weeks ended 26 January 2013**

**1 Accounting policies**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom law and accounting standards. The Directors' Report describes the going concern basis of preparation of the financial statements.

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses in the current or preceding financial years.

The principal accounting policies adopted by the directors are described below, all of which have been applied consistently in the current and prior period.

***Consolidated financial statements***

The financial statements contain information about House of Fraser Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Highland Group Holdings Limited, a company registered in England and Wales.

***Cash flow statement and related party transactions***

The Company is a wholly-owned subsidiary of Highland Acquisitions Limited and is included within the consolidated financial statements of Highland Group Holdings Limited. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (revised 1996).

The Company is also exempt under paragraph 3(c) of the Financial Reporting Standard 8 (amended) from disclosing related party transactions with entities that are wholly owned by the Highland Group.

***Investments***

Investments in subsidiary companies are accounted for at cost less provision for diminution in value. 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.

***Deferred taxation***

Deferred tax is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

**2 Operating profit**

The audit fee of £3,000 (2011/12: £3,000) was borne by a fellow group company. Auditor's remuneration for non-audit fee services was £nil (2011/12: £nil).

**3 Information regarding directors and employees**

	52 weeks 26 January 2013 Number	52 weeks 28 January 2012 Number
<b>Employees (full time equivalents)</b>		
The average number of employees during the period	1	2

**House of Fraser Limited**  
**Notes to the Financial Statements (continued)**  
**For the 52 weeks ended 26 January 2013**

**3 Information regarding directors and employees (continued)**

	52 weeks 26 January 2013 £m	52 weeks 28 January 2012 £m
<b>Employee costs:</b>		
Wages and salaries	-	0.2
Social security costs	-	-
Pension costs	-	-
	-	0.2

The employee costs are recharged to House of Fraser (Stores) Limited.

D McCarthy and J King are employed by Highland Group Holdings Limited and M Gifford is employed by House of Fraser (Stores) Limited. Neither of these companies makes a recharge to the Company. These directors were also directors of the immediate parent company, Highland Acquisitions 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. The total emoluments of these directors are included in the aggregate directors' emoluments disclosed in the consolidated financial statements of the ultimate parent company Highland Group Holdings Limited. In the prior year none of the directors who held office during the period received any emoluments in respect of their services to the Company.

**4 Deferred tax asset**

The Company has carried forward taxable losses at the end of the period of £3,253,172 (2011/12: £3,256,524). No deferred tax asset has been recognised in respect of this amount as the Company does not expect to make sufficient future taxable profits. The estimated value of the deferred tax asset not recognised at 23% is £748,230 (2011/12: £814,131 at 25%).

During the period, a change in the UK Corporation tax rate from 26% to 24%, effective from 1 April 2012, was substantively enacted. A further reduction to 23%, effective from 1 April 2013 was substantively enacted in July 2012 and the relevant deferred tax balances have been re-measured accordingly.

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions to the main rate of Corporation tax are both expected to be enacted as part of Finance Act 2013. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £97,596.

**5 Investments**

	£
<b>Cost:</b>	
As at 26 January 2013 and as at 28 January 2012	377.8
<b>Provision for impairment:</b>	
As at 26 January 2013 and as at 28 January 2012	(71.9)
<b>Net book value at 26 January 2013</b>	<b>305.9</b>
Net book value at 28 January 2012	305.9

**House of Fraser Limited**  
**Notes to the Financial Statements (continued)**  
**For the 52 weeks ended 26 January 2013**

**5 Investments (continued)**

The principal subsidiary undertakings of the Company at 26 January 2013 and 28 January 2012 were as follows:

<b>Company</b>	<b>Country of registration</b>	<b>% Ownership of ordinary shares</b>	<b>Principal activities</b>
House of Fraser (Stores) Limited	Scotland	100%	Retailing of premium brands through its department stores and on-line
James Beattie Limited	England	100%	Retailing of premium brands through its department stores and on-line
House of Fraser (Storecard) Limited	England	100%	Holding company – Financial services division
House of Fraser (PIH) Limited	England	100%	Holding company – Investment property division
House of Fraser (Stores Management) Limited	England	100%	Non trading company

**6 Debtors**

	<b>26 January 2013 £m</b>	<b>28 January 2012 £m</b>
Amounts owed by group undertakings	<b>46.0</b>	<b>46.1</b>
	<b>46.0</b>	<b>46.1</b>

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

**7 Cash at bank and in hand**

	<b>26 January 2013 £m</b>	<b>28 January 2012 £m</b>
Unrestricted cash	<b>20.0</b>	<b>13.0</b>
Restricted cash	<b>5.5</b>	<b>5.5</b>
	<b>25.5</b>	<b>18.5</b>

**8 Creditors: amounts falling due within one year**

	<b>26 January 2013 £m</b>	<b>28 January 2012 £m</b>
Amounts owed to group undertakings	<b>370.8</b>	<b>363.8</b>
Other creditors and accruals	<b>5.6</b>	<b>5.7</b>
	<b>376.4</b>	<b>369.5</b>

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

House of Fraser Limited  
Notes to the Financial Statements (continued)  
For the 52 weeks ended 26 January 2013

**9 Share capital**

	26 January 2013 £m	28 January 2012 £m
<i>Authorised:</i>		
1,550,000,000 (2011/12: 1,550,000,000) ordinary shares of 20 pence each	310.0	310.0
<i>Allotted, called up and fully paid:</i>		
288,016,989 (2011/12: 288,016,989) ordinary shares of 20 pence each	57.6	57.6

**10 Reserves**

	Share premium account £m	Profit and loss account £m
As at 26 January 2013 and 28 January 2012	30.5	(87.1)

**11 Reconciliation of movements in shareholder's funds**

	52 weeks 26 January 2013 £m	52 weeks 28 January 2012 £m
Shares issued in the period	-	10.0
Opening shareholder's funds/(deficit)	1.0	(9.0)
<b>Closing shareholder's funds</b>	<b>1.0</b>	<b>1.0</b>

**12 Ultimate parent company and controlling party**

The Company's ultimate and controlling party is Highland Group Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales 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.

**13 Contingent liabilities**

The Company provides guarantees to the trustees of the James Beatties plc Pension Scheme, the House of Fraser Pension Plan, and the Jenners Princes Street Edinburgh Limited Pension & Life Assurance Scheme 1974, in respect of the obligations of James Beatties Limited and House of Fraser (Stores) Limited. These guarantees were still in place at 26 January 2013.