

Company information

Signet Group plc balance sheet	2 February 2008 \$m	3 February 2007⁽¹⁾ \$m (restated) ⁽²⁾	Notes
Fixed assets:			
Investments	1,534.9	1,535.1	(j)
	1,534.9	1,535.1	
Current assets			
Debtors	1,228.7	1,630.4	(c)
Cash at bank and in hand	21.2	109.9	(d)
	1,249.9	1,740.3	
Creditors: amounts falling due within one year	(639.0)	(1,229.7)	(e)
Net current assets	610.9	510.6	
Total assets less current liabilities	2,145.8	2,045.7	
Creditors: amounts falling due after more than one year	(383.2)	(380.0)	(f)
Net assets	1,762.6	1,665.7	
Equity:			
Capital and reserves			
Share capital	15.4	14.0	22
Share premium	140.2	134.7	(g)
Capital redemption reserve	0.4	0.3	(g)
Special reserve	926.8	926.8	(g)
Retained earnings	679.8	589.9	(g)
Shareholders' funds	1,762.6	1,665.7	

(1) Comparative period figures have been restated following a change in presentational currency from UK pounds to US dollars with effect from 5 February 2007. See Note (a)(i) on page 124.

(2) See Note (a) on page 124.

These accounts were approved by the Board of Directors on 9 April 2008, and were signed on its behalf by:

Terry Burman Director

Walker Boyd Director

Company information (continued)

Notes to the Company accounts

(a) Principal accounting policies

The Company accounts of Signet Group plc are prepared in accordance with generally accepted accounting principles in the UK ("UK GAAP"). The following accounting policies are applied consistently in dealing with items which are considered material in relation to the accounts of the Company.

The Company operates a number of share-based payment incentive schemes and has applied the requirements of UITF 41 for the first time in these financial statements. UITF 41 requires that where the Company's shares, or options over the Company's shares, are granted to Group employees, an increase should be recorded in the cost of investment in the subsidiary in which the employees are employed, with a corresponding increase in shareholders' equity. This increase is measured at the fair value of the share or share option at the date of grant, and is recognised on a straight-line basis over the vesting period of the award. The Company adopted the transitional arrangements so that UITF 41 was applied retrospectively to all options granted but not fully vested at 29 January 2005. Any payments received from the Company's subsidiaries in respect of share-based payments result in an adjustment to reduce the cost of investment. The adoption of UITF 41 necessitated a prior year adjustment, which increased shareholders' funds at 3 February 2007 by \$24.5 million. There was no impact on the Company's profit and loss account for the period ended 2 February 2008.

(i) Basis of preparation

The Company accounts have been prepared in accordance with applicable UK law and accounting standards and under the historical cost convention except for derivative financial instruments which are stated at fair value.

In accordance with section 230 of the Companies Act 1985, the Company is exempt from the requirement to present its own profit and loss account.

These Company accounts are presented in US dollars following a change in the Company's presentational currency from UK pounds to US dollars with effect from 5 February 2007. In addition, on 5 February 2007 the Company redenominated its share capital into US dollars and will retain distributable reserves and declare dividends in US dollars. As a result, the functional currency of the Company has changed from UK pounds to US dollars. Financial information for prior periods has been restated from UK pounds to the new presentational currency, US dollars.

(ii) Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The Company has taken the exemptions granted by paragraph 3(c) of FRS 8 'related party disclosures', not to disclose transactions with companies within the Group.

(iii) Shares in subsidiary undertakings

Shares in subsidiary undertakings are stated at cost, less amounts written off for any impairment in value.

(iv) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case the related tax impact is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except as otherwise required by FRS 19 'Deferred tax'. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(v) Employee benefits

The Company participates in a defined benefit pension scheme ("the Group Scheme") in the UK which ceased to admit new employees from April 2004. The Group Scheme, covering two of the executive directors and participating eligible employees in the UK, provides benefits based on members' salaries at retirement. The Group Scheme's assets are held by the trustees and are completely separate from those of the Group.

The Company is unable to identify its share of underlying assets and liabilities of the Group Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for these as if it were a defined contribution scheme. As a result,

the amount charged to the profit and loss account represents the contributions payable to the Group Scheme in respect of the accounting period. For details of the Group Scheme see note 21 on page 104.

Where appropriate, supplementary pensions and life assurance benefits for UK directors and senior executives were, until 5 April 2006, provided through the Signet Group Funded Unapproved Retirement Benefits Scheme ("FURBS") and were charged to the profit and loss account as incurred. The FURBS has now been closed and in substitution a supplement is now paid directly to the members.

The Company has issued shares to employees to satisfy the exercise of employee share options. Full details of shares issued to the ESOT and employees are disclosed in note 27 on page 113.

(vi) Financial instruments

Changes in the fair value of financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. Any ineffective portion of the gain or loss is recognised immediately in the profit and loss account. For cash flow hedges that result in the recognition of a non-financial asset or liability, amounts previously deferred in equity are included in the measurement of the asset or liability. For cash flow hedges that result in the recognition of a financial asset or liability, amounts previously recognised in equity are recognised in the profit and loss account in the same period in which the hedged item affects net profit or loss. The Company applies the hedge accounting provisions of FRS 26 'Financial instruments' as they relate to forward currency and commodity contracts in order to minimise future volatility.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends upon the nature of the item being hedged.

Financial Reporting Standard 29 "Financial Instruments: Disclosures" ("FRS 29") sets out the requirements for the presentation of, and disclosures relating to, financial instruments and replaces the requirements of FRS 25 "Financial Instruments: Disclosure and Presentation". The Company is exempt from the requirements of FRS 29 as the financial statements for the Group include disclosures that comply with IFRS 7, the equivalent International Financial Reporting Standard.

(vii) Cash at bank and in hand

Cash at bank and in hand includes money market deposits and amounts placed with external fund managers with an original maturity of three months or less, and is carried at cost which approximates to fair value. For the purpose of these financial statements, bank overdrafts are included in 'Creditors: amounts falling due within one year'.

(viii) Borrowings

Borrowings comprise interest bearing bank loans, private placement loan notes and bank overdrafts and are recorded at the proceeds received net of any transaction costs incurred. Interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

(ix) Share capital

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

The cost of own shares purchased to satisfy the exercise of employee share options is charged to total equity and the proceeds of their reissue are credited to total equity.

(x) Dividends

Dividends are only provided for in the period in which they are formally approved.

(b) Profit for the financial period

The profit attributable to shareholders dealt with in the accounts of the Company is \$240.5 million (2007: \$207.0 million). The profit is stated after foreign exchange losses of \$0.5 million (2007: \$6.0 million).

Audit and non-audit fees are disclosed in note 3 on page 92. Walker Boyd has a contract of employment with Signet Group plc. Details of directors' remuneration are given in the Directors' remuneration report on pages 67 to 79.

Company information (continued)

(c) Debtors

	2008 \$m	2007 \$m
Debtors recoverable within one year – amounts owed by subsidiary undertakings	1,216.9	1,622.1
Derivative fair values	11.8	8.3
	1,228.7	1,630.4

The directors consider that the carrying value of receivables approximates to their fair value. The carrying value of trade and other receivables is the maximum exposure to credit risk.

(d) Cash at bank and in hand

	2008 \$m	2007 \$m
Bank deposits	21.2	109.9

(e) Creditors: amounts falling due within one year

	2008 \$m	2007 \$m
Bank overdrafts	21.4	15.6
Amounts owed to subsidiary undertakings	589.5	1,193.2
Derivative fair values	1.9	0.8
Corporation tax	10.3	13.0
Accruals and deferred income	15.9	7.1
	639.0	1,229.7

The number of days' purchases outstanding at 2 February 2008 was nil. The directors consider that the carrying value of payables approximate to their fair value. Details of derivative assets and liabilities are given in note 26 on page 112.

(f) Creditors: amounts falling due after more than one year

	2008 \$m	2007 \$m
US Private Placement	380.0	380.0
Deferred taxation	3.2	–
	383.2	380.0

Details of the Private Placement are given in note 18 on page 101.

(g) Share premium and reserves

	Share premium account \$m	Capital redemption reserve \$m	Retained earnings				Profit and loss account \$m
			Special reserve \$m	Purchase of own shares \$m	Hedging reserve \$m	Translation reserve \$m	
At 3 February 2007	134.7	0.3	926.8	(13.3)	5.1	291.5	282.1
Prior year adjustment – UITF 41	–	–	–	–	–	–	24.5
At 3 February 2007 (restated)	134.7	0.3	926.8	(13.3)	5.1	291.5	306.6
Exchange on redenomination of share capital	(1.4)	–	–	–	–	–	–
Profit for the period attributable to equity shareholders	–	–	–	–	–	–	240.5
Effective portion of changes in fair value of cash flow hedges net of recycling	–	–	–	–	3.1	–	–
Translation differences	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	(123.9)
Equity settled transactions	–	–	–	–	–	–	(0.2)
Share options exercised	6.5	–	–	2.5	–	–	(3.1)
Purchase of own shares	–	0.1	–	–	–	–	(29.0)
Shares issued to ESOTs	0.4	–	–	–	–	–	–
At 2 February 2008	140.2	0.4	926.8	(10.8)	8.2	291.5	390.9

Details of each of the reserves are given in note 23 on page 110.

(h) Commitments

The Company does not occupy any property or hold any plant, machinery and vehicles under operating leases.

Capital commitments at 2 February 2008 for which no provision has been made in these accounts were as follows:

	2008 \$m	2007 \$m
Contracted	–	–

Company information (continued)

(i) Contingent liabilities

The Company is not party to any legal proceedings considered to be material to its profit, financial position or cash flow including any bankruptcy, receivership or similar proceedings involving the Company or any of its significant subsidiaries. No director, officer or affiliate of the Company or any associate of any such director, officer or affiliate has been a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

The Company has assigned or sub-let UK property leases in the normal course of business. Should the assignees or sub-tenants fail to fulfil any obligations in respect of these leases, the Company may be liable for those defaults. The number of such claims arising to date has been small and the liability, which is charged to the profit and loss account as it arises, has not been material.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The outstanding indebtedness on such accounts at 2 February 2008 was \$2.5 million (3 February 2007: \$0.1 million).

(j) Investments

	Total (restated) ⁽¹⁾ \$m
At 3 February 2007	1,535.1
Movement	(0.2)
At 2 February 2008	1,534.9

(1) See Note (a) on page 124.

A list of the principal subsidiaries is given in note 28 on page 115.