

PROGRESSIVE FINANCIAL SERVICES LIMITED
(Formerly Teleplan Rentals Limited)

31 DECEMBER 2002

FINANCIAL STATEMENTS



Registered Number: 133540

PROGRESSIVE FINANCIAL SERVICES LIMITED

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**PROGRESSIVE FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2002**

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2002.

1. Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

In preparing these financial statements, the directors confirm that suitable accounting policies have been applied and, except for the adoption of FRS 19 'Deferred tax' for the first time, have been applied consistently. The directors also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002, that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 1985. 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 maintenance and integrity of the Cattles plc website is the responsibility of the Cattles plc directors. The work carried out by the auditors does not involve consideration of these matters.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Principal activity and review of the business

The company's principal activity during the year was the rental of televisions, video recorders and ancillary equipment. On 23 December 2002 the company changed its name from Teleplan Rentals Limited to Progressive Financial Services Limited. On 31 December 2002, the company acquired the trade and assets of fellow subsidiary undertakings Welcome Financial Services Limited, Shopacheck Financial Services Limited and Welcome Retail Services Limited, whose principal activities are the provision of consumer financial services. The directors are satisfied with the result for the year and the company's future prospects.

3. Results and dividends

The loss for the year, after taxation, amounted to £107,764 (2001: profit £150,894). The directors recommend the payment of a final ordinary dividend of £100,000 (2001: £110,000).

**PROGRESSIVE FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2002**

4. Directors and their interests

The directors of the company during the year were:

S P L Mahon
M W G Collins
J J Corr
I S Cummine (appointed 1 January 2003)
J Blake (appointed 30 January 2003)
A Curry (appointed 30 January 2003)
S Curtis (appointed 30 January 2003)
P D Miller (appointed 30 January 2003)
D Monk (appointed 30 January 2003)
P S Wood (appointed 30 January 2003)
P M Kirby (resigned 1 May 2002)

No director has an interest in the share capital of this company.

The interests of the directors, at 31 December 2002, in the issued share capital of the ultimate parent undertaking, Cattles plc, according to the register kept under section 325 of the Companies Act 1985, are shown in the annual report and financial statements of that company.

5. Independent auditors

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership ('LLP') from 1 January 2003, PricewaterhouseCoopers resigned as auditors on 23 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, to fill the casual vacancy created by the resignation.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office. The company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually. PricewaterhouseCoopers LLP shall, therefore, be deemed re-appointed as auditors.

By Order of the Board



P J DOHERTY
Secretary

Registered Office:
Kingston House
Centre 27 Business Park
Woodhead Road
Birstall
Batley
WF17 9TD

6 March 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE FINANCIAL SERVICES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
6 March 2003

PROGRESSIVE FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2002

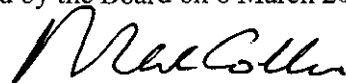
	Notes	2002 £	2001 £
Turnover	2	4,778,927	5,417,024
Cost of sales		(2,910,908)	(2,950,753)
Gross profit		1,868,019	2,466,271
Administrative expenses		(2,145,508)	(2,219,910)
Operating (loss)/profit	2,3	(277,489)	246,361
Income from shares in group undertakings		100,000	-
(Loss)/profit on ordinary activities before taxation		(177,489)	246,361
Tax on (loss)/profit on ordinary activities	7	69,725	(95,467)
(Loss)/profit on ordinary activities after taxation		(107,764)	150,894
Dividends	8	(100,000)	(110,000)
Retained (loss)/profit for the year	17	(207,764)	40,894

The results shown in the profit and loss account above derive wholly from continuing operations. The only recognised gains and losses for the year are those dealt with in the profit and loss account above. There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year as shown above and their historical cost equivalents.

PROGRESSIVE FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed Assets			
Intangible assets	9	20,281,984	1,214,149
Tangible assets	10	31,267,483	3,688,228
Investments	11	1,457,470	-
		<u>53,006,937</u>	<u>4,902,377</u>
Current assets			
Customers' accounts receivable:			
Accounts falling due after more than one year		676,627,233	-
Amounts falling due within one year		572,739,469	-
		<u>1,249,366,702</u>	<u>-</u>
Less: deferred revenue		(229,833,521)	-
		<u>1,019,533,181</u>	<u>-</u>
Stocks	12	48,627	48,627
Debtors	13	15,005,654	1,120,543
Cash at bank and in hand		10,015,241	1,066,218
		<u>1,044,602,703</u>	<u>2,235,388</u>
Creditors - amounts falling due within one year	14	(992,969,403)	(6,005,982)
Net current assets/(liabilities)		<u>51,633,300</u>	<u>(3,770,594)</u>
Total assets less current liabilities		<u>104,640,237</u>	<u>1,131,783</u>
Creditors - amounts falling due after more than one year	14	(4,044,712)	(227,066)
Provisions for liabilities and charges	15	-	(101,428)
Net assets		<u><u>100,595,525</u></u>	<u><u>803,289</u></u>
Capital and reserves			
Called up equity share capital	16	100,004,995	4,995
Profit and loss account	17	590,530	798,294
Equity shareholders' funds	18	<u><u>100,595,525</u></u>	<u><u>803,289</u></u>

Approved by the Board on 6 March 2003 and signed on its behalf by:



M W G COLLINS - Director

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which, except for the first time adoption of FRS 19 'Deferred tax' referred to below, have been applied consistently, is set out below.

Accounting convention

The financial statements are prepared under the historical cost convention. Consolidated financial statements have not been prepared in accordance with section 228 of the Companies Act 1985 as the company is a wholly owned subsidiary undertaking of Cattles plc, a company registered in England and Wales, which prepares consolidated financial statements.

Turnover

Turnover, which is exclusive of value added tax, comprises the amounts received or receivable for goods and services supplied to customers.

Instalment credit revenue recognition

An initial amount of the gross revenue is credited to the profit and loss account, mainly to cover the costs associated with the setting up of the transaction. Deferred revenue comprises the remaining amount of gross revenue which is carried forward in customers' accounts receivable. This is calculated to adequately cover future collecting and financing costs and to allow for an appropriate contribution to profits in subsequent accounting periods. In respect of home collected credit, deferred revenue is released to profit on a straight line basis in proportion to the reduction in the collectible amount. Deferred revenue on monthly instalment credit is released on a 'rule of 78' basis over the lesser of the contracted and effective term of the agreement.

Customers' accounts receivable

Customers' accounts receivable consist of amounts outstanding under instalment credit agreements including repayments not yet due at the year end, less appropriate provision for bad and doubtful debts based upon the individual assessment of accounts and formulae related to past experience.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The adoption of FRS 19 'Deferred tax' has not led to any prior year adjustment.

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

1. **Accounting policies (continued)**

Investments in subsidiary undertakings

Investments in subsidiary undertakings are included at cost, unless, in the opinion of the directors, a permanent diminution in value has occurred, in which case the deficiency is provided for and charged in the profit and loss account.

Stocks

Stocks comprise assets held for rental purposes for which no rental agreement has been entered into at the year end and are included at the lower of cost and net realisable value.

Goodwill

Goodwill represents the difference between the fair value of a business or company acquired, as represented by the consideration paid, and the fair value of the net assets acquired. Goodwill arising on the acquisition of subsidiary undertakings and trading assets is capitalised at cost and subsequently amortised on a straight line basis over its estimated useful life up to a maximum of 20 years. This reflects the period over which the directors estimate that the value of the underlying businesses acquired is expected to exceed the value of the underlying assets.

Goodwill arising on acquisitions is reviewed for impairment, in accordance with FRS 10 'Goodwill and intangible assets' and FRS 11 'Impairment of fixed assets and goodwill', at the end of the first full year after acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment assessed is charged to the profit and loss account.

Under the transitional arrangements of FRS 10, up to 31 December 1997 goodwill arising on acquisitions was brought in at cost and offset firstly against negative goodwill arising during the year on similar acquisitions, secondly against available reserves and thereafter against retained profits brought forward. Goodwill written off to reserves prior to 1 January 1998 has not been reinstated. On the subsequent disposal of any business to which previously written off goodwill attaches, the related amount is charged or credited in the profit and loss account as appropriate.

Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis by reference to the estimated useful economic life and residual value of the assets concerned, at the following principal rates:

Assets held for rental	20% per annum
Freehold buildings	2% per annum
Long leasehold buildings	2% per annum
Short leasehold expenditure	5% to 20% per annum
Motor vehicles	20% per annum
Fixtures and equipment	10% to 33⅓% per annum

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

1. Accounting policies (continued)

Depreciation is not provided on freehold and long leasehold land.

Fixed assets are reviewed for impairment, in accordance with FRS 11 'Impairment of fixed assets and goodwill'. If events or changes in circumstances indicate that the carrying value may not be recoverable, any impairment in value is charged to the profit and loss account.

Deferral of installation costs

The costs associated with new installations are deferred over a period of 52 weeks or until the rental agreement is terminated, whichever is earlier.

Pension funding

The company is a member of a group which operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. The expected cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service life of employees in the scheme. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries. The transitional disclosure requirements under FRS 17 'Retirement benefits' have been adopted and are disclosed in the group financial statements prepared by Cattles plc. The scheme was closed to new entrants from 1998.

The group also operates a defined contribution scheme introduced in 1998. The pension cost in respect of this scheme is the contributions payable. Payments made to personal pension plans are charged to the profit and loss account as they become payable. The company provides no other post-retirement benefits to its employees or directors.

Leasing

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the agreement and depreciated over the shorter of the period of the agreement and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the agreement in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease on a straight line basis.

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

2. Turnover and operating (loss)/profit

Turnover and operating (loss)/profit are wholly attributable to television and ancillary equipment rental activities within the United Kingdom, the company's principal activities during 2002.

3. Operating (loss)/profit

This is stated after charging:	2002	2001
	£	£
Interest on bank and other borrowings included in cost of sales	176,139	237,229
Depreciation – on owned tangible fixed assets	837,254	844,614
Depreciation – on tangible fixed assets held under finance leases and hire purchase contracts	93,493	28,522
Amortisation of goodwill	66,169	63,659
Loss on disposal of tangible fixed assets	88,439	31,268
Finance lease charges	21,936	10,829
Operating lease rentals - land and buildings	45,264	49,886
- plant and machinery	107,231	30,006
Auditors' remuneration - as auditors	100,000	5,500
	<u>1,110,135</u>	<u>1,144,647</u>

4. Directors' emoluments

The directors received no emoluments in respect of their services for this company (2001: £nil).

5. Staff costs

	2002	2001
	£	£
Wages and salaries	966,193	992,370
Social security costs	81,135	90,566
Cattles pension scheme costs (note 6)	50,375	49,496
Defined contribution pension scheme costs (note 6)	12,432	12,215
	<u>1,110,135</u>	<u>1,144,647</u>

The average monthly number of persons employed by the company during the year was as follows:

	2002	2001
	No	No
Directors, retail and administration staff	<u>75</u>	<u>65</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

6. Pension costs

The company is a member of a group which operates a funded defined benefit pension scheme for employees which is contracted out of the state scheme. The assets of the scheme are held separately in a trustee administered fund. Contributions to the scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. This scheme was closed to new entrants from 1998.

Details of the scheme including the most recent actuarial valuation, assumptions affecting that valuation and current funding levels are disclosed in the group financial statements prepared by Cattles plc. The transitional disclosure requirements under FRS 17 'Retirement benefits' have been adopted and are also disclosed in the group financial statements prepared by Cattles plc.

The company participates in the Cattles Staff Pension Fund which is a multi-employer scheme. It is not possible to identify the share of the underlying assets and liabilities in the Fund relating to individual participating employers. As such, in accordance with FRS 17, the company will account for its liability to the Fund as if it were a defined contribution scheme. Thus no disclosure of the balance sheet position will be made and the charge to profit and loss under FRS 17 in future years will represent the actual contributions paid by the company.

The charge in this company for pension cost for this scheme for the year was £50,375 (2001: £49,496).

The group also operates a defined contribution group personal pension scheme for new employees and existing employees who are not members of the defined benefit pension scheme. The pension cost in respect of this scheme is the contribution payable, which was £12,432 for the year (2001: £12,215).

7. Tax on (loss)/profit on ordinary activities

	2002	2001
	£	£
Based on the (loss)/profit for the year:		
Current tax:		
UK corporation tax at 30% (2001: 30%)	(41,175)	94,624
Adjustments in respect of previous years	(2,280)	(2,773)
	<u>(43,455)</u>	<u>91,851</u>
Deferred tax:		
Origination and reversal of timing differences	(20,304)	3,440
Adjustments in respect of previous years	(5,966)	176
	<u>(69,725)</u>	<u>95,467</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

7. Tax on (loss)/profit on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2001: 30%). The actual tax charge for the current and the previous year differs to the standard rate for the reasons set out in the following reconciliation.

	2002	2001
	£	£
(Loss)/profit on ordinary activities before tax	(177,489)	246,361
Tax on (loss)/profit on ordinary activities at standard rate	(53,247)	73,908
Factors affecting charge for the year:		
Accounting depreciation in excess of capital allowances	20,304	(3,441)
Expenses not deductible for tax purposes (including goodwill amortisation)	21,768	24,157
Adjustments to tax charge in respect of previous years	(2,280)	(2,773)
Income from shares in group undertakings	(30,000)	-
Current tax (credit)/charge for the year	<u>(43,455)</u>	<u>91,851</u>

8. Dividends

	2002	2001
	£	£
Final proposed	<u>100,000</u>	<u>110,000</u>

9. Intangible fixed assets

	Goodwill
	£
Cost at 1 January 2002	1,318,210
Additions (note 20)	5,170
Arising on acquisitions	22,233,965
Cost at 31 December 2002	<u>23,557,345</u>
Amortisation at 1 January 2002	104,061
Charge for the year	66,169
Arising on acquisitions	3,105,131
Amortisation at 31 December 2002	<u>3,275,361</u>
Net book amount at 31 December 2002	<u>20,281,984</u>
Net book amount at 31 December 2001	<u>1,214,149</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

10. Tangible fixed assets

	Total	Freehold land & buildings	Long leasehold land & buildings	Short leasehold land & buildings	Motor vehicles	Fixtures & equipment	Assets for rental
	£	£	£	£	£	£	£
Cost							
At 1 January 2002	6,414,841	-	-	60,020	461,303	213,078	5,680,440
Arising on acquisitions and other group transfers	58,966,926	6,102,790	187,500	6,573,666	8,424,155	37,676,595	2,220
Additions	1,408,036	-	-	-	-	238	1,407,798
Disposals	(1,473,296)	-	-	(2,700)	(136,044)	(8,735)	(1,325,817)
At 31 December 2002	65,316,507	6,102,790	187,500	6,630,986	8,749,414	37,881,176	5,764,641
Accumulated depreciation							
At 1 January 2002	2,726,613	-	-	18,444	36,918	143,520	2,527,731
Arising on acquisitions and other group transfers	31,269,477	265,384	8,726	3,641,515	2,990,347	24,363,505	-
Charge for the year	930,747	208	-	8,402	93,493	18,422	810,222
Disposals	(877,813)	-	-	(2,700)	(33,328)	(5,766)	(836,019)
At 31 December 2002	34,049,024	265,592	8,726	3,665,661	3,087,430	24,519,681	2,501,934
Net book value							
At 31 December 2002	31,267,483	5,837,198	178,774	2,965,325	5,661,984	13,361,495	3,262,707
At 31 December 2001	3,688,228	-	-	41,576	424,385	69,558	3,152,709

The net book value of motor vehicles includes an amount of £5,378,647 (2001: £424,385) in respect of assets held under finance leases and hire purchase contracts.

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

11. Investments

Cost	£
At 1 January 2002	-
Arising on acquisitions (note 20)	1,457,470
At 31 December 2002	<u>1,457,470</u>

At 31 December 2002, the company held an investment in Macadam Finance Limited, a dormant company, which is wholly owned and registered in England & Wales. The investment was transferred at cost on 31 December 2002 from a fellow group undertaking, as part of the acquisition of the trade and assets of Shopacheck Financial Services Limited.

12. Stocks

	2002	2001
	£	£
Assets held for future rental	<u>48,627</u>	<u>48,627</u>

13. Debtors

	2002	2001
	£	£
Trade debtors	3,631,852	140,596
Amounts owed by group undertakings	1,700,114	720,457
Other debtors	416,105	238,826
Prepayments and accrued income	8,336,007	20,664
Dividends receivable	100,000	-
Deferred tax (note 15)	821,576	-
	<u>15,005,654</u>	<u>1,120,543</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

14. Creditors

	2002	2001
	£	£
Amounts falling due within one year:		
Bank borrowings	11,665,182	4,670,200
Obligations under finance leases and hire purchase contracts	2,593,368	209,433
Trade creditors	27,949,981	61,428
Amounts owed to group undertakings	923,409,560	459,348
Corporation tax	11,052,326	94,359
Other taxes and social security	2,446,556	198,775
Accruals and deferred income	13,752,430	202,439
Dividends payable	100,000	110,000
	<u>992,969,403</u>	<u>6,005,982</u>

Amounts falling due after more than one year:

Obligations under finance leases and hire purchase contracts	4,044,712	227,066
	<u>4,044,712</u>	<u>227,066</u>
Amounts owed to group undertakings consist of:		
Loan note partially funding acquisition of trades of Shopacheck Financial Services Limited and Welcome Financial Services Limited	884,325,000	-
Other amounts	39,084,560	459,348
	<u>923,409,560</u>	<u>459,348</u>

During the year, the trades of Shopacheck Financial Services Limited and Welcome Financial Services Limited were acquired by the company. To assist the company in this acquisition, Cattles plc lent the company funds of £884,325,000. This loan note carries interest at 1% above the base rate of The Royal Bank of Scotland plc and is repayable in full on 19 December 2003.

The amount shown as bank borrowings represents the proportion of the total group overdraft and loan facilities of Cattles plc currently utilised by this company.

Amounts falling due after more than one year in respect of obligations under finance leases and hire purchase contracts have maturity dates of less than five years.

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

15. **Provisions for liabilities and charges**

Deferred taxation

Deferred taxation is provided in full and is made up as follows:	2002 £	2001 £
Accelerated capital allowances	538,838	101,428
Short term timing differences	(1,360,414)	-
	<hr/>	<hr/>
	(821,576)	101,428
	<hr/>	<hr/>
Movement in provision:		
As at 1 January 2002	101,428	
Credit to profit and loss account	(26,270)	
Arising on acquisitions	(896,734)	
	<hr/>	
As at 31 December 2002 (note 13)	(821,576)	
	<hr/>	

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

16. Share capital

	Authorised			
	2002	2001	2002	2001
	No	No	£	£
Ordinary shares of £1 each	100,000,000	-	100,000,000	-
Ordinary shares of 1p each	500,000	500,000	5,000	5,000
Irredeemable preference shares of 1p each	100,000,000	-	1,000,000	-
	<u>200,500,000</u>	<u>500,000</u>	<u>101,005,000</u>	<u>5,000</u>
	Allotted, called up and fully paid			
	2002	2001	2002	2001
	No	No	£	£
Ordinary shares of £1 each	100,000,000	-	100,000,000	-
Ordinary shares of 1p each	499,500	499,500	4,995	4,995
Irredeemable preference shares of 1p each	-	-	-	-
	<u>100,499,500</u>	<u>499,500</u>	<u>100,004,995</u>	<u>4,995</u>

The irredeemable preference shares have the following rights:

- (i) to receive first out of profits a cumulative preferential dividend equal to 12 month sterling LIBOR plus 4.68% multiplied by £1.00, paid annually in arrears;
- (ii) in a winding up, to receive repayment of capital, any unpaid dividends and a further £0.99 per irredeemable preference share in preference to all other classes of share;
- (iii) no right to attend and vote at general meetings of the company.

17. Profit and loss account

	£
At 1 January 2002	798,294
Retained loss for the year	(207,764)
At 31 December 2002	<u>590,530</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2002

18. Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
(Loss)/profit after taxation for the year	(107,764)	150,894
Dividends	(100,000)	(110,000)
New share capital issued	100,000,000	-
	<hr/>	<hr/>
Movement in equity shareholders' funds	99,792,236	40,894
Equity shareholders' funds at 1 January 2002	803,289	762,395
	<hr/>	<hr/>
Equity shareholders' funds at 31 December 2002	<u>100,595,525</u>	<u>803,289</u>

19. Operating lease obligations

At 31 December 2002 the company had the following annual commitments in respect of non-cancellable operating leases which expire:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	267,183	38,869	8,000	-
In two to five years	806,352	1,525,796	13,392	14,723
After five years	1,628,860	-	26,400	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,702,395</u>	<u>1,564,665</u>	<u>47,792</u>	<u>14,723</u>

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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20. Acquisitions and goodwill

During the year the company made the following acquisitions:

	Shopacheck Financial Services Limited £	Welcome Financial Services Limited £	Welcome Retail Services Limited £	Others £	Total £
Goodwill	15,337,291	3,791,543	-	-	19,128,834
Tangible fixed assets	14,171,972	11,355,534	327,991	2,220	25,857,717
Investments in subsidiary undertakings	1,457,470	-	-	-	1,457,470
Customers' accounts receivable	185,021,079	827,707,914	6,804,188	-	1,019,533,181
Current assets	9,126,333	11,754,698	562,592	-	21,443,623
Current liabilities	(37,230,716)	(30,781,389)	(377,505)	-	(68,389,610)
Deferred tax	1,024,175	(127,441)	-	-	896,734
Book and fair value of assets acquired	188,907,604	823,700,859	7,317,266	2,220	1,019,927,949
Satisfied by:					
Cash	189,503,000	794,822,000	-	7,390	984,332,390
Inter-company borrowings	(595,396)	28,878,859	7,317,266	-	35,600,729
Goodwill (note 9)	-	-	-	5,170	5,170

On 31 December 2002, the company acquired the trade and assets of its fellow subsidiary undertakings, Shopacheck Financial Services Limited, Welcome Financial Services Limited and Welcome Retail Services Limited. In all cases, book values equated to fair values. The profits/(losses) after tax in the year to 31 December 2002, prior to acquisition, were as follows:

Shopacheck Financial Services Limited £4,222,964
Welcome Financial Services Limited £40,376,268
Welcome Retail Services Limited (£1,034,065)

21. Contingent liabilities

The company, together with other companies in the group, has entered into an unsecured unlimited multilateral bank guarantee.

PROGRESSIVE FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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22. Cash flow statement

As the company is a wholly owned subsidiary undertaking of Cattles plc, a company registered in England and Wales, a cash flow statement has not been prepared. The parent company prepares consolidated financial statements which include a consolidated cash flow statement dealing with the cash flows of the group.

23. Related party transactions

The company has taken advantage of the exemption available under FRS 8 'Related party transactions' from disclosing transactions between the company and other undertakings that are part of the Cattles plc group on the grounds that all the voting rights of the company are controlled by Cattles plc.

24. Ultimate parent undertaking

The ultimate parent undertaking and controlling party of this company is Cattles plc, registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Cattles plc. The consolidated financial statements of this group are available to the public and may be obtained from the Registered Office, Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD.