

LITTLEWOODS OF LIVERPOOL LIMITED
(Registered No. 234834)

REPORTS AND FINANCIAL STATEMENTS

30 APRIL 1998



LITTLEWOODS OF LIVERPOOL LIMITED
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

	Page
CONTENTS	
Report of the Directors	2 – 3
Statement of Directors' Responsibilities	4
Report of the Auditors	5
Profit and Loss Account	6
Note of Historical Cost Profits and Losses	7
Balance Sheet	8
Statement of Accounting Policies	9 – 10
Notes to the Financial Statements	11 – 16

LITTLEWOODS OF LIVERPOOL LIMITED

REPORT OF THE DIRECTORS

The directors hereby submit their report, together with the financial statements of the company for the year ended 30 April 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the hiring out of plant and machinery and renting out of property.

ACCOUNTING REFERENCE DATE

During 1996, the company changed its accounting reference date from 31 December to 30 April.

RESULTS AND DIVIDENDS

The profit for the period before taxation amounted to £1,464,554.

The directors propose a dividend of £1,240,000.

FIXED ASSETS

In accordance with Group policy, approximately one quarter of the freehold and long leasehold properties of the group with a net book value of £1,960,014 were revalued on the basis of existing use value, as defined in the R.I.C.S. Appraisal and Valuation Manual, by Knight Frank as External Valuers at 30 April 1998 at £2,250,000 and the surplus has been transferred to profit and loss account as it represents the reversal of a previous revaluation deficit charged through the profit and loss account.

The changes in tangible fixed assets are set out in note 7 to the financial statements.

The directors are of the opinion that the market value of all land and buildings does not differ significantly from the balance sheet values at 30 April 1998.

All these assets are held for use in operating leases to other group businesses.

EMPLOYEE INVOLVEMENT

The company has no employees.

CREDITOR PAYMENT POLICY

The company does not follow any code or standard on payment practices, and there is no fixed policy for payment of other goods and services. Payment is made promptly once authorisation of the invoice is obtained.

Creditor payment days outstanding at 30 April 1998 were 17.

LITTLEWOODS OF LIVERPOOL LIMITED**REPORT OF THE DIRECTORS****DIRECTORS**

The directors who held office during the period were:

Mr. J.C. Thwaite

Mr. P.W. Rew

Mrs. M. Green

Mr. A.R. Hillyer

Mr. G. Speakman

(Resigned 30 June 1997)

(Appointed 22 May 1997)

(Appointed 13 November 1997)

There are no interests of directors which are within the disclosure requirements of the Companies Act 1985 in relation to the company, in shares of the company, its holding company or subsidiaries of the holding company.

During the period no remuneration or benefits of any kind were received by any director from the company.

AUDITORS

A resolution to re-appoint the auditors, KPMG Audit Plc as auditor of the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Littlewoods Secretarial Services Limited
Secretary

LIVERPOOL *22nd July 1998*

LITTLEWOODS OF LIVERPOOL LIMITED
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 and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 which 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
LITTLEWOODS OF LIVERPOOL LIMITED**

We have audited the financial statements on pages 6 to 16.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 affairs of the company at 30 April 1998 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

22 July 1998

KPMG Audit Plc
Chartered Accountants and
Registered Auditor

LIVERPOOL

LITTLEWOODS OF LIVERPOOL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 1998

	Note	1998 £000	1997 £000
TURNOVER including value added tax		7,198	12,783
Value added tax		(1,013)	(1,824)
TURNOVER excluding value added tax		<u>6,185</u>	<u>10,959</u>
Cost of sales		(4,716)	(8,914)
GROSS PROFIT	1	<u>1,469</u>	<u>2,045</u>
Net operating expenses		(5)	26
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>1,464</u>	<u>2,071</u>
Taxation	4	(195)	(738)
PROFIT FOR THE FINANCIAL PERIOD		<u>1,269</u>	<u>1,333</u>
Dividends	5	(1,240)	(5,000)
AMOUNT TRANSFERRED TO/(FROM) RESERVES FOR THE PERIOD	10b	<u>29</u>	<u>(3,667)</u>

The company has no other recognised gains and losses other than the profit for the financial period shown above and therefore no separate statement of total recognised gains and losses has been presented.

All operations are classed as continuing in both 1997 and 1998.

LITTLEWOODS OF LIVERPOOL LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 1998

	1998 £000	1997 £000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,464	2,071
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	-	7
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,464</u>	<u>2,078</u>
HISTORICAL COST PROFIT/(LOSS) FOR THE PERIOD RETAINED AFTER TAXATION AND DIVIDENDS	<u>29</u>	<u>(3,660)</u>

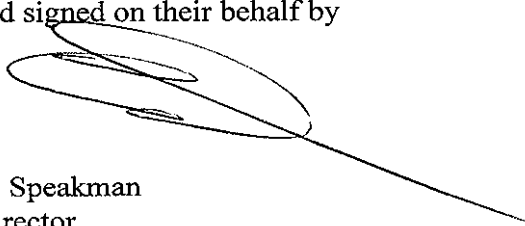
LITTLEWOODS OF LIVERPOOL LIMITED

BALANCE SHEET AS AT 30 APRIL 1998

	Note	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	6	10,343	11,489
CURRENT ASSETS			
Debtors	7	3,088	4,553
Cash at bank		251	983
CREDITORS:			
Amounts falling due within one year	8	3,775	6,984
NET CURRENT LIABILITIES		(436)	(1,448)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,907	10,041
CREDITORS:			
PROVISIONS FOR LIABILITIES AND CHARGES	9	-	163
		9,907	9,878
CAPITAL AND RESERVES			
Called up share capital	10a	2,000	2,000
Profit and loss account	10b	7,907	7,878
EQUITY SHAREHOLDERS FUNDS		9,907	9,878

Debtors and Net Current Liabilities include debtors recoverable after more than one year of £492,000 (1997, £Nil)

The financial statements on pages 6 to 16 were approved by the Board of Directors on 22nd July 1998 and signed on their behalf by



G. Speakman
Director

LITTLEWOODS OF LIVERPOOL LIMITED

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting modified to include the revaluation of certain land and buildings.

During 1996 the financial period end was changed from 31 December to 30 April. Unless otherwise stated, references to 1998 within the notes to the accounts are for the year to April 1998 or the balance at 30 April 1998. The comparative figures are for the sixteen months to 30 April 1997, or the balance at 30 April 1997.

TURNOVER

Turnover represents the value of goods and services sold to external customers. Value added tax has been separately disclosed.

LAND AND BUILDINGS

Freehold and long leasehold land and buildings with infrequent rent reviews are revalued at intervals not exceeding four years by revaluing approximately one quarter of the properties each year and such values are incorporated into the financial statements. The only properties that are not revalued are those specifically adapted for the company's particular activities, short leaseholds, long leaseholds subject to frequent rent reviews and those currently available for disposal.

It is the company's policy to maintain its properties in a state of good repair, and in the case of freehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold properties. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

The directors have reviewed the policy stated above in the respect of non-high street freehold properties and decided to provide for depreciation to write off the cost or valuation of these properties over their anticipated useful economic lives. The directors do not consider that this change has a material impact on profit for the year.

LEASED ASSETS

Assets held under finance leases are capitalised and the resulting future net obligations recorded as creditors. Depreciation on the relevant assets is provided on the straight line basis to write off the assets over the shorter of their useful lives and the lease terms. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

LITTLEWOODS OF LIVERPOOL LIMITED

STATEMENT OF ACCOUNTING POLICIES

DEPRECIATION

Depreciation is provided on the straight line basis to write off the cost or valuation of fixed assets over their anticipated useful lives at the following annual rates:

Freehold land	NIL
Freehold Buildings	Over remaining estimated useful life (12 years)
Leasehold land and buildings	The lesser of the remaining lease term or 100 years
Buildings fixtures and fittings	4.0%
Plant, equipment and other fixtures and fittings	10.0 - 13.3%
Computers	16.7 - 33.3%
Motor vehicles	12.5 - 25.0%

DEFERRED TAXATION

Deferred taxation is provided under the liability method, unless it can reasonably be demonstrated that no liability will arise within the foreseeable future.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Profits and losses on foreign exchange transactions, relating to the supply of merchandise are taken through the profit and loss account in the period in which they arise.

CASH FLOW

The company is a wholly owned subsidiary of The Littlewoods Organisation PLC consequently, the company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) to prepare a separate cash flow statement.

RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by Financial Reporting Standard No.8, details of transactions with entities in the same group have not been disclosed.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	1998 £000	1997 £000
Depreciation - owned assets	4,008	7,741
Hire of other assets - operating leases	391	591
Auditors' remuneration for audit	<u>4</u>	<u>2</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £57,778 (1997 - £nil)

2. INCOME FROM OPERATING LEASES

	1998 £000	1997 £000
Rental of land and buildings	1,345	1,823
Other	4,950	9,070
Total income from operating leases	<u>6,295</u>	<u>10,893</u>

3. DIRECTORS AND EMPLOYEES

The company has no employees

During the period none of the directors received emoluments in respect of their services to the company. Five directors (1997 - four directors) participated in the group defined benefit pension scheme.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

4. TAXATION

	1998 £000	1997 £000
Corporation tax		
Current tax at 31% (1997, 33%)	2	135
Deferred tax at 31% (1997, 33%)	(535)	(1350)
Group relief	859	1966
	<u>326</u>	<u>751</u>
Adjustments in respect of prior years		
Corporation tax	(134)	231
Deferred tax	(120)	5
Group relief	123	(249)
	<u>195</u>	<u>738</u>

5. DIVIDENDS

	1998 £000	1997 £000
Interim Nilp (1997, £2.50p) per share.	-	5,000
Final proposed £0.62p (1997, Nilp) per share.	1,240	-
	<u>1,240</u>	<u>5,000</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

6. TANGIBLE FIXED ASSETS	Total £000	Land and buildings £000	Fixtures, fittings and equipment £000	Assets in course of construction £000
COST OR VALUATION				
At 1 May 1997	26,326	9,912	16,379	35
Additions	3,112	10	871	2,231
Disposals	(578)	-	(578)	-
Reclassification of assets	-	128	1,561	(1,689)
At 30 April 1998	<u>28,860</u>	<u>10,050</u>	<u>18,233</u>	<u>577</u>
DEPRECIATION				
At 1 May 1997	14,837	3,800	11,037	-
Charge for the period	4,008	1,296	2,712	-
Disposals	(328)	-	(328)	-
At 30 April 1998	<u>18,517</u>	<u>5,096</u>	<u>13,421</u>	<u>-</u>
NET BOOK VALUE				
30th April 1998	<u>10,343</u>	<u>4,954</u>	<u>4,812</u>	<u>577</u>
30th April 1997	<u>11,489</u>	<u>6,113</u>	<u>5,341</u>	<u>35</u>

Included within the cost or valuation of land and buildings are depreciable assets of £8,399,816 (1997 : £4,212,160)

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

6. TANGIBLE FIXED ASSETS (Cont'd.)

- i) At 30 April 1998 certain properties having a net book value of £1.96m were revalued by Knight Frank, an independent firm of Chartered Surveyors as external valuers, at £2.25m. This valuation was in accordance with R.I.C.S. Appraisal and Valuation Manual, and on the basis of existing use value.

The cost or valuation at 30 April 1998 is comprised as follows:

	Total £000	Land and buildings £000	Fixtures, fittings and equipment £000	Assets in course of construction £000
At valuation				
by Knight Frank				
at 31 December 1991	-	-	-	-
at 31 December 1994	3,000	3,000	-	-
at 31 December 1995	-	-	-	-
at 30 April 1998	2,250	2,250	-	-
At cost	23,610	4,800	18,233	577
	<u>28,860</u>	<u>10,050</u>	<u>18,233</u>	<u>577</u>

- ii) If land and buildings had not been revalued they would have been included at the following amounts:

	1998 £000	1997 £000
Cost	13,528	14,189
Aggregate depreciation based on cost	(5,125)	(4,627)
	<u>8,403</u>	<u>9,562</u>

- iii) Land and buildings including their related building fixtures and fittings at net book value comprise:

	1998 £000	1997 £000
Freehold	2,796	2,963
Freehold and long leasehold	1,244	3,110
Long leasehold	914	40
	<u>4,954</u>	<u>6,113</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

7. DEBTORS

	1998 £000	1997 £000
Amounts falling due within one year		
Trade debtors	166	34
Amounts owed by group undertakings	2,354	4,342
Prepayments and accrued income	76	177
	<u>2,596</u>	<u>4,533</u>
Amounts falling due after more one year		
Other debtors	492	-
	<u>3,088</u>	<u>4,553</u>

8. CREDITORS

	1998 £000	1997 £000
Amounts falling due within one year		
Trade creditors	216	234
Amounts owed to group undertakings	2,248	5,144
Corporation tax	4	138
Other taxation	492	857
Accruals and deferred income	815	611
	<u>3,775</u>	<u>6,984</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES

	1998 £000	1997 £000
Provision for deferred taxation		
Excess of taxation allowances over depreciation	<u>-</u>	<u>163</u>

There are no potential liabilities to deferred taxation for which provisions have not been made.

The movements on the provisions in the period are as follows:

	Deferred Taxation £000
As at 1 May 1997	163
Transferred to profit and loss account	(655)
As at 30 April 1998 (included in other debtors)	<u>(492)</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

10. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL

	1998 £000	1997 £000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

b) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £000	Profit and loss account £000	1998 Total £000	1997 Total £000
Profit for the period	-	1,269	1,269	1,333
Dividend for the period	-	(1,240)	(1,240)	(5,000)
At 1 May 1997	2,000	7,878	9,878	13,545
At 30 April 1998	<u>2,000</u>	<u>7,907</u>	<u>9,907</u>	<u>9,878</u>

11. CAPITAL COMMITMENTS

	1998 £000	1997 £000
Contracts for capital expenditure not provided for in the financial statements	<u>911</u>	<u>196</u>

12. OTHER FINANCIAL COMMITMENTS

a) At 30 April, the company had annual commitments under non-cancellable operating leases as follows:

	1998 Land and buildings £000	1997 Land and buildings £000
Expiring within one year	7	-
Expiring between two and five years inclusive	-	7
Expiring after five years	<u>210</u>	<u>526</u>
	<u>217</u>	<u>533</u>

b) Foreign exchange contracts totalling £1,832,000 were in place at the period end.

13. ULTIMATE PARENT COMPANY

The Company is a subsidiary of The Littlewoods Organisation PLC, incorporated in Great Britain.

The largest Group in which the results of the Company are consolidated is that headed by The Littlewoods Organisation PLC. No other Group accounts include the results of the Company.