

LITTLEWOODS OF LIVERPOOL LIMITED
(Registered No. 234834)

REPORTS AND FINANCIAL STATEMENTS

30th APRIL, 1997



LITTLEWOODS OF LIVERPOOL LIMITED**REPORTS AND FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997****Page****CONTENTS**

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LITTLEWOODS OF LIVERPOOL LIMITED

REPORT OF THE DIRECTORS

The directors hereby submit their report, together with the financial statements of the company for the 16 months ended 30th April, 1997.

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 31st December to 30th April.

RESULTS AND DIVIDENDS

The profit for the period before taxation amounted to £2,071,086.

The directors do not recommend a final dividend. An interim dividend of £2.50 per share was paid on 10th February, 1997, representing a total distribution for 1997 of £5,000,000.

FIXED ASSETS

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 30th April 1997.

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 30th April 1997 were 19.

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

The directors who held office during the period were:

Mr. M.J.B. Hogarth	(resigned 7th February, 1996)
Mr. P. W. Rew	(appointed 7th February, 1996)
Mr. J.C. Thwaite	
Mrs. M. Green	

Subsequent to the year end Mr. A. R. Hillyer was appointed as a director on 22nd May 1997.

The director retiring by rotation is Mr. J. C. Thwaite who, being eligible, offers himself for re-election.


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

During the period Coopers & Lybrand resigned as auditors, and were replaced by KPMG Audit Plc. A resolution to re-appoint the auditors, KPMG Audit Plc, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Littlewoods Secretarial Services Limited
Secretary

LIVERPOOL - 3rd July, 1997

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.

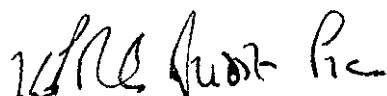
BASIS OF OPINION

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 30th April, 1997 and of the profit and total recognised gains of the company for the 16 month period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants and
Registered Auditor

LIVERPOOL - 3rd July, 1997

LITTLEWOODS OF LIVERPOOL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 16 MONTHS ENDED 30th APRIL, 1997

	Notes	1997 £000	1995 £000
TURNOVER including value added tax		12,783	8,215
Value added tax		(1,824)	(982)
TURNOVER excluding value added tax		<u>10,959</u>	<u>7,233</u>
Cost of sales		(8,914)	(4,191)
Exceptional cost of sales	4	-	(1,030)
GROSS PROFIT/(LOSS)		<u>2,045</u>	<u>2,012</u>
Net operating expenses		26	(38)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>2,071</u>	<u>1,974</u>
Taxation	5	(738)	(778)
PROFIT FOR THE FINANCIAL PERIOD		<u>1,333</u>	<u>1,196</u>
Dividends	6	(5,000)	-
AMOUNT TRANSFERRED (FROM)/TO RESERVES FOR THE PERIOD	11b	<u>(3,667)</u>	<u>1,196</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 1995 and 1997.

LITTLEWOODS OF LIVERPOOL LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE 16 MONTHS ENDED 30th APRIL, 1997

	1997 £000	1995 £000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,071	1,974
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	7	(7)
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2,078</u>	<u>1,967</u>
HISTORICAL COST (LOSS)/PROFIT FOR THE PERIOD RETAINED AFTER TAXATION AND DIVIDENDS	<u>(3,660)</u>	<u>1,189</u>

LITTLEWOODS OF LIVERPOOL LIMITED

BALANCE SHEET AS AT 30th APRIL, 1997

	Notes	1997 £000	1995 £000
FIXED ASSETS			
Tangible assets	7	11,489	15,880
CURRENT ASSETS			
Debtors	8	4,553	2,897
Cash at bank		983	-
CREDITORS:			
Amounts falling due within one year	9	6,984	3,178
NET CURRENT LIABILITIES		(1,448)	(281)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,041	15,599
CREDITORS:			
Amounts falling due after more than one year	9	-	546
PROVISIONS FOR LIABILITIES AND CHARGES	10	163	1,508
		9,878	13,545
CAPITAL AND RESERVES			
Called up share capital	11a	2,000	2,000
Profit and loss account	11b	7,878	11,545
EQUITY SHAREHOLDERS FUNDS		9,878	13,545

The financial statements on pages 6 to 16 were approved by the Board of Directors on 3rd July, 1997 and signed on their behalf by


J.C. Thwaite
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.

The financial period end has been changed to 30th April. Accordingly, the audited accounts have been prepared for the sixteen months from 1st January, 1996 to 30th April, 1997. Unless otherwise stated, references to 1997 within the notes to the accounts are for the sixteen months to April 1997, or the balance at 30th April, 1997. The comparative figures are for the year to 31st December, 1995, or the balance at 31st December, 1995.

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.

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 and buildings	NIL
Leasehold land and buildings	The lesser of the remaining lease term or 100 years
Buildings fixtures and fittings	4.0 - 33.3%
Plant, equipment and other fixtures and fittings	10.0 - 33.3%
Computers	16.7 - 33.3%
Motor vehicles	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

Monetary assets and liabilities in foreign currencies are translated into sterling 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 when realised.

CASH FLOW

The company is a wholly owned subsidiary of The Littlewoods Organisation PLC and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt from the requirement of FRS1 to prepare a separate cash flow statement.

RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by FRS8, details of transactions with entities in the same group have not been disclosed.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1997 £000	1995 £000
Depreciation		
- owned assets	7,741	3,227
- assets held under finance leases	-	3
Hire of plant and machinery	-	-
- operating leases		
Hire of other assets	591	433
- operating leases		
Auditors' remuneration for audit	<u>2</u>	<u>4</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £nil (1995 - £nil)

2. INCOME FROM OPERATING LEASES

	1997 £000	1995 £000
Rental of land and buildings	1,823	1,754
Other	9,070	4,808
Total income from operating leases	<u>10,893</u>	<u>6,562</u>

3. DIRECTORS AND EMPLOYEES

The company has no employees

The remuneration of the directors for the period was £nil (1995, £nil)

4. EXCEPTIONAL COST OF SALES

	1997 £000	1995 £000
Revaluation deficit	-	(232)
VAT written off on Building Fixtures and Fittings	-	(798)
	<u>-</u>	<u>(1,030)</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

5. TAXATION

	1997 £000	1995 £000
Corporation tax		
Current tax at 33%	135	1,149
Deferred tax at 33%	(1350)	(400)
Group relief	1966	-
	<u>751</u>	<u>749</u>
Adjustments in respect of prior years		
Corporation tax	231	(263)
Deferred tax	5	52
Group relief	(249)	240
	<u>738</u>	<u>778</u>

6. DIVIDENDS

	1997 £000	1995 £000
Interim paid on 10th February, 1997 £2.50p (1995, NILp).	5,000	-
Final proposed NILp (1995, NILp)	-	-
	<u>5,000</u>	<u>-</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

7. TANGIBLE FIXED ASSETS				
	Total £000	Land and buildings £000	Fixtures, fittings and equipment £000	Assets in course of construction £000
COST OR VALUATION				
At 1st January, 1996	30,473	12,648	16,318	1,507
Additions	3,480	167	734	2,579
Disposals	(6,829)	(2,279)	(4,550)	-
Reclassification of assets	-	175	3,876	(4,051)
At 30th April, 1997	<u>27,124</u>	<u>10,711</u>	<u>16,378</u>	<u>35</u>
DEPRECIATION				
At 1st January, 1996	14,593	3,135	11,458	-
Charge for the period	7,741	3,732	4,009	-
Disposals	(6,699)	(2,269)	(4,430)	-
At 30th April, 1997	<u>15,635</u>	<u>4,598</u>	<u>11,037</u>	<u>-</u>
NET BOOK VALUE				
30th April, 1997	<u>11,489</u>	<u>6,113</u>	<u>5,341</u>	<u>35</u>
31st December, 1995	<u>15,880</u>	<u>9,513</u>	<u>4,860</u>	<u>1,507</u>

Included within the cost or valuation of land and buildings are depreciable assets of £4,212,160 (1995 : £7,612,457)

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

7. TANGIBLE FIXED ASSETS (Cont'd.)

i) The cost or valuation at 30th April, 1997 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 31st December, 1991	1,277	1,277	-	-
at 31st December, 1994	3,000	3,000	-	-
at 31st December, 1995	1,100	1,100	-	-
At cost	21,747	5,334	16,378	35
	<u>27,124</u>	<u>10,711</u>	<u>16,378</u>	<u>35</u>

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

	1997 £000	1995 £000
Cost		
Aggregate depreciation based on cost	14,189	15,328
	<u>(4,627)</u>	<u>(2,373)</u>
	<u>9,562</u>	<u>12,955</u>

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

	1997 £000	1995 £000
Freehold		
Freehold and long leasehold	2,963	3,030
Long leasehold	3,110	4,414
Short leasehold	40	46
	-	2,023
	<u>6,113</u>	<u>9,513</u>

iv) The net book value of fixtures, fittings and equipment includes an amount of £nil (1995 - £nil) in respect of assets held under finance leases.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

8. DEBTORS

	1997 £000	1995 £000
Amounts falling due within one year		
Trade debtors	34	218
Amounts owed by group undertakings	4,342	2,560
Prepayments and accrued income	177	119
	<u>4,553</u>	<u>2,897</u>

9. CREDITORS

	1997 £000	1995 £000
Amounts falling due within one year		
Trade creditors	234	197
Amounts owed to group undertakings	5,144	1,691
Corporation tax	138	887
Other taxation	857	403
Accruals and deferred income	611	-
	<u>6,984</u>	<u>3,178</u>
Amounts falling due after more than one year		
Accruals and deferred income - grants	-	546

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1997 £000	1995 £000
Provision for deferred taxation		
Excess of taxation allowances over depreciation	163	1,508

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 1st January, 1996	
Transferred to profit and loss account	1,508
As at 30th April, 1997	<u>(1,345)</u>
	<u>163</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 30th APRIL, 1997

11. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL

Authorised	1997 £000	1995 £000
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	1997 Total £000	1995 Total £000
Profit for the period	-	1,333	1,333	1,196
Dividend for the period	-	(5,000)	(5,000)	-
At 1st January, 1996	2,000	11,545	13,545	12,349
At 30th April, 1997	<u>2,000</u>	<u>7,878</u>	<u>9,878</u>	<u>13,545</u>

12. CAPITAL COMMITMENTS

	1997 £000	1995 £000
Contracts for capital expenditure not provided for in the financial statements	<u>196</u>	<u>2,059</u>

13. OTHER FINANCIAL COMMITMENTS

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

	1997 £000	1995 £000
Expiring within one year	-	220
Expiring between two and five years inclusive	7	7
Expiring after five years	<u>526</u>	<u>285</u>
	<u>533</u>	<u>512</u>

14. ULTIMATE HOLDING COMPANY

The immediate holding company is Littlewoods Leisure Limited. The ultimate holding company is The Littlewoods Organisation PLC.