

LITTLEWOODS OF LIVERPOOL LIMITED
(Registered No. 234834)

REPORTS AND FINANCIAL STATEMENTS

30 APRIL 1999



LITTLEWOODS OF LIVERPOOL LIMITED**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999**

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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 year ended 30 April 1999.

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.

On 1 May 1999, as part of a scheme of group re-organisation, the company's immediate parent company, Littlewoods Leisure Limited, transferred the entire share capital of the company to a fellow subsidiary company, Littlewoods Promotions Limited. The ultimate holding company remains The Littlewoods Organisation PLC.

RESULTS AND DIVIDENDS

The profit for the period before taxation amounted to £1,014,178.

The directors propose a dividend of £7,529,738.

FIXED ASSETS

No properties were revalued during the year.

The changes in tangible fixed assets are set out in note 6 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 1999.

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 1999 were 10.

LITTLEWOODS OF LIVERPOOL LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The directors who held office during the year were:

| | |
|-------------------|--|
| Mr. P.W. Rew | |
| Mr. J.C. Thwaite | |
| Mr. G. Speakman | |
| Mr. A.R. Hillyer | (Resigned 24 June 1998) |
| Mr. R.I. Duncan | (Appointed 24 June 1998, resigned 25 September 1998) |
| Mr. R. W. Younger | (Appointed 25 September 1998) |

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

YEAR 2000

A Year 2000 Committee has been formed and has put in place procedures to identify and manage the full impact and key risks of the Year 2000 on the company's computer systems. Regular and independent reporting mechanisms are in place to measure progress against defined timescales for each of the major software compliance areas.

Control and monitoring of performance against plan takes place at all levels throughout the business from individual team leaders through to the Executive Management Team and the Audit Committee. The Year 2000 Committee has sought to identify all internal and external compliance requirements, together with the associated risks and can report that all activities are on target to meet compliance requirements. This process provides a high level of assurance but due to the nature of the problem, absolute assurance is not possible.

Substantial investment in new systems in recent years, undertaken for commercial reasons, have, in the knowledge of the impending Year 2000 problem, been developed with Year 2000 compliance inbuilt. Accordingly no significant amount of cost in respect of Year 2000 compliance has been incurred, or is planned to be incurred.

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

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.

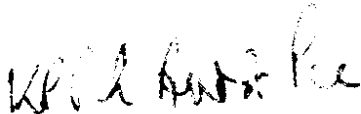
BASIS OF OPINION

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 1999 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.



24 August 1999

KPMG Audit Plc
Chartered Accountants and
Registered Auditor

LIVERPOOL

LITTLEWOODS OF LIVERPOOL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 1999

| | Note | 1999 £000 | 1998 £000 |
|--|------|----------------|--------------|
| TURNOVER including value added tax | | 2,841 | 7,198 |
| Value added tax | | (416) | (1,013) |
| TURNOVER excluding value added tax | | <u>2,425</u> | <u>6,185</u> |
| Cost of sales | | (1,412) | (4,716) |
| GROSS PROFIT | 1 | <u>1,013</u> | <u>1,469</u> |
| Net operating expenses | | 1 | (5) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 1 | <u>1,014</u> | <u>1,464</u> |
| Taxation | 4 | (391) | (195) |
| PROFIT FOR THE FINANCIAL YEAR | | <u>623</u> | <u>1,269</u> |
| Dividends | 5 | (7,530) | (1,240) |
| AMOUNT TRANSFERRED (FROM)/TO RESERVES FOR THE YEAR | 10b | <u>(6,907)</u> | <u>29</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 1998 and 1999.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 30 APRIL 1999

| | 1999 £000 | 1998 £000 |
|--|----------------|--------------|
| REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 1,014 | 1,464 |
| Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount | 92 | - |
| HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | <u>1,106</u> | <u>1,464</u> |
| HISTORICAL COST (LOSS)/PROFIT FOR THE PERIOD RETAINED AFTER TAXATION AND DIVIDENDS | <u>(6,815)</u> | <u>29</u> |

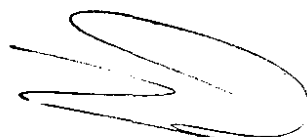
LITTLEWOODS OF LIVERPOOL LIMITED

BALANCE SHEET AS AT 30 APRIL 1999

| | Note | 1999 £000 | 1998 £000 |
|--|------|--------------|--------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 6,486 | 10,343 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 2,286 | 3,088 |
| Cash at bank and in hand | | 2,202 | 251 |
| | | 4,488 | 3,339 |
| CREDITORS: | | | |
| Amounts falling due within one year | 8 | 7,974 | 3,775 |
| NET CURRENT LIABILITIES | | (3,486) | (436) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,000 | 9,907 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 9 | - | - |
| | | 3,000 | 9,907 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10a | 2,000 | 2,000 |
| Profit and loss account | 10b | 1,000 | 7,907 |
| EQUITY SHAREHOLDERS FUNDS | | 3,000 | 9,907 |

Debtors and Net Current Liabilities include debtors recoverable after more than one year of £383,000 (1998, £492,000)

The financial statements on pages 6 to 16 were approved by the Board of Directors on 18.8.1999 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.

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 1999

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | | |
|---|--------------|--------------|
| Profit on ordinary activities before taxation is stated after charging: | 1999 £000 | 1998 £000 |
| Depreciation - owned assets | 1,864 | 4,008 |
| Hire of other assets - operating leases | 257 | 391 |
| 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 (1998 - £57,778)

2. INCOME FROM OPERATING LEASES

| | | |
|------------------------------------|--------------|--------------|
| | 1999 £000 | 1998 £000 |
| Rental of land and buildings | 230 | 1,345 |
| Other | <u>2,386</u> | <u>4,950</u> |
| Total income from operating leases | <u>2,616</u> | <u>6,295</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 (1998 – five directors) participated in the group defined benefit pension scheme.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

4. TAXATION

| | 1999 £000 | 1998 £000 |
|---------------------------------------|--------------|--------------|
| Corporation tax | | |
| Current tax at 30.91% (1998, 31%) | 1 | 2 |
| Deferred tax at 30.91% (1998, 31%) | 75 | (535) |
| Group relief at 30.91% (1998, 31%) | <u>255</u> | <u>859</u> |
| | 331 | 326 |
| Adjustments in respect of prior years | | |
| Corporation tax | (2) | (134) |
| Deferred tax | 34 | (120) |
| Group relief | <u>28</u> | <u>123</u> |
| | <u>391</u> | <u>195</u> |

5. DIVIDENDS

| | 1999 £000 | 1998 £000 |
|---|--------------|--------------|
| Final proposed £3.7648p (1998, £0.62p) per share. | <u>7,530</u> | <u>1,240</u> |
| | <u>7,530</u> | <u>1,240</u> |

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

| 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 1998 | 28,860 | 10,050 | 18,233 | 577 |
| | Additions | 1,929 | 7 | 780 | 1,142 |
| | Disposals | (8,133) | (4,607) | (3,526) | |
| | Reclassification of assets | - | - | 1,455 | (1,455) |
| | At 30 April 1999 | <u>22,656</u> | <u>5,450</u> | <u>16,942</u> | <u>264</u> |
| | DEPRECIATION | | | | |
| | At 1 May 1998 | 18,517 | 5,096 | 13,421 | - |
| | Charge for the period | 1,864 | 54 | 1,810 | - |
| | Disposals | (4,211) | (897) | (3,314) | - |
| | At 30 April 1999 | <u>16,170</u> | <u>4,253</u> | <u>11,917</u> | <u>-</u> |
| | NET BOOK VALUE | | | | |
| | 30th April 1999 | <u>6,486</u> | <u>1,197</u> | <u>5,025</u> | <u>264</u> |
| | 30th April 1998 | <u>10,343</u> | <u>4,954</u> | <u>4,812</u> | <u>577</u> |

Included within the cost or valuation of land and buildings are depreciable assets of £5,449,576 (1998 : £8,399,816)

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

6. TANGIBLE FIXED ASSETS (Cont'd.)

i) The cost or valuation at 30 April 1999 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 30 April 1998 | 1,300 | 1,300 | - | - |
| At cost | 21,356 | 4,150 | 16,942 | 264 |
| | <u>22,656</u> | <u>5,450</u> | <u>16,942</u> | <u>264</u> |

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

| | 1999 £000 | 1998 £000 |
|--------------------------------------|--------------|--------------|
| Cost | 6,880 | 13,528 |
| Aggregate depreciation based on cost | (4,614) | (5,125) |
| | <u>2,266</u> | <u>8,403</u> |

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

| | 1999 £000 | 1998 £000 |
|-----------------------------|--------------|--------------|
| Freehold | - | 2,796 |
| Freehold and long leasehold | 1,197 | 1,244 |
| Long leasehold | - | 914 |
| | <u>1,197</u> | <u>4,954</u> |

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

7. DEBTORS

| | 1999 £000 | 1998 £000 |
|---|--------------|--------------|
| Amounts falling due within one year | | |
| Trade debtors | 16 | 166 |
| Amounts owed by group undertakings | 1,637 | 2,354 |
| Prepayments and accrued income | 250 | 76 |
| | <u>1,903</u> | <u>2,596</u> |
| Amounts falling due after more one year | | |
| Other debtors | 383 | 492 |
| | <u>2,286</u> | <u>3,088</u> |

8. CREDITORS

| | 1999 £000 | 1998 £000 |
|-------------------------------------|--------------|--------------|
| Amounts falling due within one year | | |
| Trade creditors | 61 | 216 |
| Amounts owed to group undertakings | 7,835 | 2,248 |
| Corporation tax | 2 | 4 |
| Other taxation | 76 | 492 |
| Accruals and deferred income | - | 815 |
| | <u>7,974</u> | <u>3,775</u> |

9. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1999 £000 | 1998 £000 |
|---|--------------|--------------|
| Provision for deferred taxation | | |
| Excess of taxation allowances over depreciation | <u>-</u> | <u>-</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 1998 | (492) |
| Transferred to profit and loss account | 109 |
| As at 30 April 1999 (included in other debtors) | <u>(383)</u> |

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1999

10. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL

| | 1999 £000 | 1998 £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 | 1999 Total £000 | 1998 Total £000 |
|-------------------------|--------------------------|------------------------------------|-----------------------|-----------------------|
| Profit for the period | - | 623 | 623 | 1,269 |
| Dividend for the period | - | (7,530) | (7,530) | (1,240) |
| At 1 May 1998 | 2,000 | 7,907 | 9,907 | 9,878 |
| At 30 April 1999 | <u>2,000</u> | <u>1,000</u> | <u>3,000</u> | <u>9,907</u> |

11. CAPITAL COMMITMENTS

| | 1999 £000 | 1998 £000 |
|--|--------------|--------------|
| Contracts for capital expenditure not provided for in the financial statements | <u>1,249</u> | <u>911</u> |

12. OTHER FINANCIAL COMMITMENTS

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

| | 1999 Land and buildings £000 | 1998 Land and buildings £000 |
|---|---------------------------------------|---------------------------------------|
| Expiring within one year | - | 7 |
| Expiring between two and five years inclusive | - | - |
| Expiring after five years | - | 210 |
| | <u>-</u> | <u>217</u> |

b) Foreign exchange contracts totalling £915,574 were in place at 30 April 1999.

13. ULTIMATE PARENT COMPANY

The Company is a subsidiary of Littlewoods Leisure Limited, 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.