

LITTLEWOODS OF LIVERPOOL LIMITED

(Registered No. 234834)

REPORTS AND FINANCIAL STATEMENTS

31st DECEMBER, 1995



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LITTLEWOODS OF LIVERPOOL LIMITED**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995**

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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 31st December, 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the hiring out of plant and machinery, renting out of property and providing filling and distribution services for advertising literature.

RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £1,973,629. After providing for taxation, a retained profit of £1,195,608 is to be transferred to reserves.

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 31st December 1995.

One property with a net book value of £1,403,299 was revalued by Knight Frank at 31.12.95 at a value of £1,100,000. Knight Frank are independent Chartered Surveyors and the basis of their valuation is open market value for existing use.

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

EMPLOYEE INVOLVEMENT

The company has no employees.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The company made no charitable or political contributions during the year.

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

The directors who held office during the year were:

Mr. M.J.B. Hogarth

Mr. J.C. Thwaite

Mrs. M. Green

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

LITTLEWOODS OF LIVERPOOL LIMITED**REPORT OF THE DIRECTORS****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

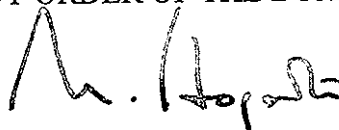
The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that, in preparing the financial statements on pages 6 to 18, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

BY ORDER OF THE BOARD



M.J.B. Hogarth
Secretary

LIVERPOOL - 22 / 3 / 96

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

We have audited the financial statements on pages 6 to 18.

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 31st December, 1995 and of the profit and total recognised gains of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and
Registered Auditors

LIVERPOOL -

3 May 1996

LITTLEWOODS OF LIVERPOOL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 1995

	Notes	1995 £000	1994 £000
TURNOVER including value added tax			
Continuing operations		8,215	7,945
Value added tax		(982)	(970)
		<hr/>	<hr/>
TURNOVER excluding value added tax		7,233	6,975
Cost of sales		(4,191)	(5,415)
Exceptional cost of sales	4	(1,030)	(2,347)
		<hr/>	<hr/>
GROSS PROFIT/(LOSS)		2,012	(787)
Net operating expenses		(38)	(169)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		1,974	(956)
Net Interest		-	4
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	1,974	(952)
Taxation	6	(778)	(706)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR YEAR	11b	<u>1,196</u>	<u>(1,658)</u>

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

LITTLEWOODS OF LIVERPOOL LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31st DECEMBER, 1995

	1995 £000	1994 £000
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,974	(952)
Realisation of property revaluation gains of previous years	-	385
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(7)	707
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1,967</u>	<u>140</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	<u>1,189</u>	<u>(566)</u>

LITTLEWOODS OF LIVERPOOL LIMITED
BALANCE SHEET AS AT 31st DECEMBER, 1995

	Notes	1995 £000	1994 £000
FIXED ASSETS			
Tangible assets	7	15,880	16,137
CURRENT ASSETS			
Debtors			
Amounts falling due within one year	8	2,897	2,824
CREDITORS:			
Amounts falling due within one year	9	3,178	4,210
NET CURRENT LIABILITIES		(281)	(1,386)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,599	14,751
CREDITORS:			
Amounts falling due after more than one year	9	546	546
PROVISIONS FOR LIABILITIES AND CHARGES	10	1,508	1,856
		<u>13,545</u>	<u>12,349</u>
CAPITAL AND RESERVES			
Called up share capital	11a	2,000	2,000
Revaluation reserve	11b	-	12
Profit and loss account	11b	11,545	10,337
EQUITY SHAREHOLDERS FUNDS		<u>13,545</u>	<u>12,349</u>

The financial statements on pages 6 to 18 were approved by the Board of Directors on 22/3/96

J.C. Thwaite)

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) Directors

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M. Green)

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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.

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%
Plant, equipment and other fixtures and fittings	10.0 - 20.0%
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.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995	1994
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		

Depreciation	- owned assets	3,227	4,433
	- assets held under finance leases	3	7
Hire of plant and machinery	- operating leases	-	-
Hire of other assets	- operating leases	433	444
Auditors' remuneration for audit		4	4

Remuneration of the company's auditors for provision of non-audit services to the company was £nil (1994 - £nil)

2. INCOME FROM OPERATING LEASES

	1995	1994
	£000	£000
Rental of land and buildings	1,754	1,434
Other	4,808	4,865
Total income from operating leases	<u>6,562</u>	<u>6,299</u>

3. DIRECTORS AND EMPLOYEES

The company has no employees

The remuneration of the directors for the year was £nil (1994, £nil)

4. EXCEPTIONAL COST OF SALES

	1995	1994
	£000	£000
Insurance proceeds in respect of building destroyed by fire	-	53
Revaluation deficit (see note 7).	(232)	(2,400)
VAT written off on Building Fixtures and Fittings (see note 7.)	(798)	-
	<u>(1,030)</u>	<u>(2,347)</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

5.	INTEREST	1995 £000	1994 £000
	Receivable	<u>-</u>	<u>4</u>
6.	TAXATION	1995 £000	1994 £000
	Corporation tax based on the results for the year		
	Current tax at 33%	1,149	1,131
	Deferred tax at 33%	(400)	(372)
	Group relief	<u>-</u>	<u>22</u>
		749	781
	Adjustments in respect of prior years		
	Corporation tax	(263)	1
	Deferred tax	52	88
	Group relief	<u>240</u>	<u>(164)</u>
		<u>778</u>	<u>706</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

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, 1995	28,340	10,347	16,624	1,369
Additions	4,253	893	450	2,910
Disposals	(1,888)	(787)	(1,101)	-
Reclassification of assets	-	2,427	345	(2,772)
	<u>30,705</u>	<u>12,880</u>	<u>16,318</u>	<u>1,507</u>
Revaluation	(232)	(232)	-	-
At 31st December, 1995	<u>30,473</u>	<u>12,648</u>	<u>16,318</u>	<u>1,507</u>
DEPRECIATION				
At 1st January, 1995	12,203	2,545	9,658	-
Amounts written off (note 4)	798	798	-	-
Charge for the year	3,230	469	2,761	-
Disposals	(1,638)	(677)	(961)	-
At 31st December, 1995	<u>14,593</u>	<u>3,135</u>	<u>11,458</u>	<u>-</u>
NET BOOK VALUE				
31st December, 1995	<u>15,880</u>	<u>9,513</u>	<u>4,860</u>	<u>1,507</u>
31st December, 1994	<u>16,137</u>	<u>7,802</u>	<u>6,966</u>	<u>1,369</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

7. TANGIBLE FIXED ASSETS (Cont'd.)

- i) At 31st December, 1995, one property having a net book value of £1,403,299 was revalued by Knight Frank an independent firm of Chartered Surveyors, at £1,100,000. This valuation was on the basis of open market value for existing use. An adjustment, amounting to £71,226, has also been made to a revaluation deficit charged in 1994 following the finalisation of construction cost of the building concerned with the contractor.

The cost or valuation at 31st December, 1995 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	25,096	6,473	17,116	1,507
	<u>30,473</u>	<u>11,850</u>	<u>17,116</u>	<u>1,507</u>

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

	1995 £000	1994 £000
Cost	15,328	12,796
Aggregate depreciation based on cost	(2,373)	(2,574)
	<u>12,955</u>	<u>10,222</u>

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

	1995 £000	1994 £000
Freehold	3,030	3,000
Freehold and long leasehold	4,414	2,322
Long leasehold	46	50
Short leasehold	2,023	2,430
	<u>9,513</u>	<u>7,802</u>

- iv) The net book value of fixtures, fittings and equipment includes an amount of £nil (1994 - £2,978) in respect of assets held under finance leases.

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

8. DEBTORS

	1995 £000	1994 £000
Amounts falling due within one year		
Trade debtors	218	134
Amounts owed by subsidiary undertakings	2,560	2,590
Other debtors	-	1
Prepayments and accrued income	119	99
	<u>2,897</u>	<u>2,824</u>

9. CREDITORS

	1995 £000	1994 £000
Amounts falling due within one year		
Obligations under finance leases	-	1
Trade creditors	197	486
Amounts owed to subsidiary undertakings	1,691	2,104
Corporation tax	887	1,131
Other taxation	403	488
	<u>3,178</u>	<u>4,210</u>
Amounts falling due after more than one year		
Accruals and deferred income - grants	546	546
	<u>546</u>	<u>546</u>

Obligations under finance leases

Net obligations under finance leases are payable as follows:

	1995 £000	1994 £000
Within one year	-	1
Between one and two years	-	-
Between two and five years	-	-
	<u>-</u>	<u>1</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £000	1994 £000
Provision for deferred taxation		
Excess of taxation allowances over depreciation	<u>1,508</u>	<u>1,856</u>

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

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

	Deferred taxation £000
As at 1st January, 1995	1,856
Transferred to profit and loss account	348
As at 31st December, 1995	<u>1,508</u>

11. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL

Authorised

	1995 £000	1994 £000
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid

	1995 £000	1994 £000
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

LITTLEWOODS OF LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995

b) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Revaluation reserve	Profit and loss account	1995 Total	1994 Total
	£000	£000	£000	£000	£000
Total recognised gains and losses for the year			1,196	1,196	(1,658)
Transfer		(12)	12	-	-
At 1st January, 1995	2,000	12	10,337	12,349	14,007
At 31st December, 1995	<u>2,000</u>	<u>-</u>	<u>11,545</u>	<u>13,545</u>	<u>12,349</u>

The transfer from the revaluation reserve to the profit and loss account represents that element of a revaluation deficit charged in the year covered by a previous revaluation surplus.

12. CAPITAL COMMITMENTS

	1994 £000
Contracts for capital expenditure not provided for in the financial statements	89
Capital expenditure approved by the directors but not contracted	5,671

13. OTHER FINANCIAL COMMITMENTS

At 31st December, the company had annual commitments under non-cancellable operating leases as follows:

	1995		1994	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	220	-	1	31
Expiring between two and five years inclusive	7	-	227	-
Expiring after five years	285	-	285	-
	<u>512</u>	<u>-</u>	<u>513</u>	<u>31</u>

LITTLEWOODS OF LIVERPOOL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 1995****14. ULTIMATE HOLDING COMPANY**

The immediate holding company is Littlewoods Leisure Limited, which is registered in England & Wales.

The ultimate holding company is The Littlewoods Organisation PLC which is registered in England & Wales.