

SHOPACHECK FINANCIAL SERVICES LIMITED

31 DECEMBER 2002

FINANCIAL STATEMENTS



Registered Number: 274611

SHOPACHECK FINANCIAL SERVICES LIMITED

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SHOPACHECK 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 was the provision of consumer financial services. The company ceased trading on 31 December 2002, when its business activities were transferred to the fellow subsidiary undertaking, Progressive Financial Services Limited. The directors are satisfied with the result for the year and the completion of the integration of the management and operations of the Cattles group monthly and weekly consumer credit businesses. There are no intentions, at present, of the company trading again in the foreseeable future.

3. Results and dividends

The profit for the year, after taxation, amounted to £4,222,964 (2001: £17,266,469). The directors recommend the payment of a final ordinary dividend of £18,688,307 (2001: £6,400,000) making a total ordinary dividend for the year of £69,938,307 (2001: £9,000,000). In addition, a preference dividend of £1,021 (2001: £2,043) is proposed.

**SHOPACHECK FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
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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
I S Halder
P Oliver
A Roberts (resigned 29 January 2003)
P M Kirby (resigned 1 May 2002)
M G Goulding (resigned 31 March 2002)
R J Horrex (resigned 25 July 2002)

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

The interests of the directors 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 so far as Messrs S P L Mahon, M W G Collins, J J Corr and I S Cummine are concerned.

The remaining directors have interests in the share capital of Cattles plc as follows:

Ordinary shares of 10p each:	2002	2001
Beneficial interests		
I S Halder	4,621	1,100
P Oliver	33	69
Employee Share Scheme Trusts		
I S Halder	3,440	3,766
P Oliver	2,936	3,125

**SHOPACHECK FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
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4. Directors and their interests (continued)

Share options to Executive Directors

Option scheme	01.01.02	Granted during the year	Exercised during the year	31.12.02	Exercise price	Date from which exercisable	Expiry date
I S Halder							
ESOS'94	12,400	-	12,400	-	241.35p	12.10.01	12.10.08
ESOS'96	7,600	-	7,600	-	241.75p	13.10.01	13.10.08
SS	4,584	-	4,584	-	150.50p	01.12.02	01.06.03
SS	4,270	-	-	4,270	200.90p	01.12.06	01.06.07
P Oliver							
ESOS'94	6,000	-	-	6,000	220.10p	10.04.03	10.04.10
ESOS'96	10,000	-	-	10,000	361.35p	01.04.02	01.04.09
SS	1,833	-	1,833	-	150.50p	01.12.02	01.06.03
SS	5,704	-	-	5,704	200.90p	01.12.06	01.06.07
A Roberts							
ESOS'94	13,500	-	-	13,500	220.10p	10.04.03	10.04.10
ESOS'96	2,500	-	-	2,500	226.60p	11.04.03	11.04.10

Full details of each of the above schemes are shown in the annual report and financial statements of Cattles plc.

5. Employment policy

The company gives sympathetic consideration to applications for employment from disabled persons wherever practicable. Successful applicants and employees who become disabled are given appropriate assistance and training and have the same career and promotion prospects as other employees.

SHOPACHECK FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
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6. Employee involvement

The directors believe in encouraging the interest and involvement of employees by making them more aware of performance at both local and group level. Many employees are able to earn bonus payments based on the profitability of their individual branch or division.

In addition, due to active in-house training programmes and formal mechanisms for regularly briefing staff such as the Cattles plc Consumer Division's magazine 'Connect' and annual conferences, groups of employees are able to meet on a regular basis to discuss future developments, exchange ideas and provide feedback to management.

7. Supplier payment policy and practice


It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers when a binding purchase contract is entered into, provided that all trading terms and conditions have been complied with. At the year end, the company had an average of 29 days (2001: 40 days) purchases outstanding in trade creditors.

8. 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 SHOPACHECK 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 profit 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

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

	Notes	2002 £	2001 £
Turnover	2	153,912,384	152,456,454
Cost of sales		(95,436,571)	(86,711,035)
Gross profit		58,475,813	65,745,419
Administrative expenses		(49,920,878)	(40,910,351)
Operating profit	2,3	8,554,935	24,835,068
Net loss on disposal/transfer of fixed asset investments	11	(1,495,005)	-
Income from shares in group undertakings		-	190,000
Profit on ordinary activities before taxation		7,059,930	25,025,068
Tax on profit on ordinary activities	7	(2,836,966)	(7,758,599)
Profit on ordinary activities after taxation		4,222,964	17,266,469
Dividends	8	(69,939,328)	(9,002,043)
Retained (loss)/profit for the year	16	(65,716,364)	8,264,426

The results shown in the profit and loss account above derive wholly from discontinued 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 profit on ordinary activities before taxation and the retained loss for the year as shown above and their historical cost equivalents.

SHOPACHECK FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	9	-	16,037,135
Tangible assets	10	-	16,438,344
Investments	11	-	4,030,860
		<hr/>	<hr/>
		-	36,506,339
Current assets			
Customers' accounts receivable:			
Amounts falling due after more than one year		-	13,749,650
Amounts falling due within one year		-	207,114,077
		<hr/>	<hr/>
		-	220,863,727
Less: deferred revenue		-	(46,469,858)
		<hr/>	<hr/>
		-	174,393,869
Debtors	12	18,819,807	69,073,315
Cash at bank and in hand		-	6,112,826
		<hr/>	<hr/>
		18,819,807	249,580,010
Creditors - amounts falling due within one year	13	(18,688,307)	(37,882,531)
		<hr/>	<hr/>
Net current assets		131,500	211,697,479
		<hr/>	<hr/>
Total assets less current liabilities		131,500	248,203,818
Creditors - amounts falling due after more than one year	13	-	(181,798,012)
Provisions for liabilities and charges	14	-	(557,942)
		<hr/>	<hr/>
Net assets		131,500	65,847,864
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	131,500	131,500
Revaluation reserve	16	-	13,336
Profit and loss account	16	-	65,703,028
		<hr/>	<hr/>
Shareholders' funds	17	131,500	65,847,864
		<hr/>	<hr/>
Attributable to equity shareholders		111,500	65,827,864
Attributable to non-equity shareholders		20,000	20,000

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

J J CORR - Director

SHOPACHECK 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 as modified by the revaluation of freehold properties.

Turnover

Turnover, which is exclusive of value added tax, comprises:

Instalment credit agreements:	Revenue earned.
Goods and services:	Gross amounts of goods or services supplied.

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.

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.

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.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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1. Accounting policies (continued)

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:

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

Depreciation is not provided on freehold and long leasehold land.

As permitted under the transitional arrangements of FRS 15 'Tangible fixed assets', the company has chosen to retain the book values of land and buildings which were previously revalued, and not to revalue the assets in the future.

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 revaluation reserve or the profit and loss account, as appropriate.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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1. Accounting policies (continued)

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. 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.

Shared costs

In arriving at the reported profit for the year, a number of inter-company charges and allocations have been made between companies in the Cattles Consumer Credit Division. These charges and allocations are intended to best reflect, within each statutory entity, the utilisation of certain shared properties and services and group funding facilities.

Such shared costs became increasingly prevalent during the year as the group continued to make progress with the integration of its Consumer Credit Division. This process culminated in the transfer of the company's business assets to Progressive Financial Services Limited on 31 December 2002.

2. Turnover and operating profit

Turnover and operating profit are wholly attributable to the provision of consumer credit services and related retailing activities within the United Kingdom, the company's principal activities.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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3. Operating profit

This is stated after charging/(crediting):

	2002 £	2001 £
Interest on bank and other borrowings included in cost of sales	9,298,296	6,813,538
Depreciation – on owned tangible fixed assets	2,390,763	3,246,302
Depreciation – on tangible fixed assets held under finance leases and hire purchase contracts	1,479,620	409,551
Amortisation of goodwill	894,012	820,223
Profit on disposal of tangible fixed assets	(59,634)	(136,506)
Finance lease charges	366,717	141,812
Operating lease rentals - land and buildings	1,847,162	1,708,058
- plant and machinery	1,014,472	102,881
Auditors' remuneration - as auditors	27,500	81,500
	<u> </u>	<u> </u>

4. Directors' emoluments

	2002 £	2001 £
Aggregate emoluments	311,391	321,647
Contributions to defined contribution pension schemes	2,275	2,897
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits are accruing under pension schemes is:

	2002 No	2001 No
Under defined benefit schemes	3	6
Under defined contribution schemes	4	4
	<u> </u>	<u> </u>

The aggregate emoluments of the highest paid director were £115,536 (2001: £82,029). As at 31 December 2002 the highest paid director had an accrued pension of £14,583p.a. (2001: £12,034 p.a.) in the group defined benefit pension scheme.

Three directors exercised share options in the shares of Cattles plc during the year. Three directors received shares under the Cattles plc Restricted Share Scheme.

Those directors of the company who are also directors of the ultimate parent undertaking receive no emoluments in respect of their services for Shopacheck Financial Services Limited. In addition, R J Horrex received no emoluments in respect of his services for Shopacheck Financial Services Limited.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
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5. Staff costs

	2002	2001
	£	£
Wages and salaries	24,947,850	22,592,753
Social security costs	2,310,543	2,405,298
Cattles pension scheme costs (note 6)	993,081	774,073
Defined contribution pension scheme costs (note 6)	186,783	252,560
	<u>28,438,257</u>	<u>26,024,684</u>

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

	2002	2001
	No	No
Directors, administration and supervisory	126	114
Agents and branch office staff	1,717	1,637
	<u>1,843</u>	<u>1,751</u>

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 £993,081 (2001: £774,073).

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 and amounted to £186,783 (2001: £252,560) during the year.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
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7. Tax on profit on ordinary activities

	2002 £	2001 £
Based on the profit for the year:		
Current tax:		
UK corporation tax at 30% (2001: 30%)	4,319,587	7,689,675
Adjustments in respect of previous years	99,496	(47,203)
	<u>4,419,083</u>	<u>7,642,472</u>
Deferred tax:		
Origination and reversal of timing differences	(1,498,674)	120,560
Adjustments in respect of previous years	(83,443)	(4,433)
	<u>2,836,966</u>	<u>7,758,599</u>

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 £
Profit on ordinary activities before tax	7,059,930	25,025,068
Tax on profit on ordinary activities at standard rate	2,117,979	7,507,520
Factors affecting charge for the year:		
Accounting depreciation in excess of capital allowances	178,552	(119,837)
Expenses not deductible for tax purposes (including goodwill amortisation)	723,000	359,714
Movement on short term timing differences	1,300,056	(722)
Income from shares in group undertakings	-	(57,000)
Adjustments to tax charge in respect of previous years	99,496	(47,203)
Current tax charge for the year	<u>4,419,083</u>	<u>7,642,472</u>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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8. Dividends

	2002	2001
	£	£
Interim paid – on equity shares	51,250,000	2,600,000
Final proposed – on equity shares	18,688,307	6,400,000
	<u>69,938,307</u>	<u>9,000,000</u>
Preference dividend – on non-equity shares	1,021	2,043
	<u>69,939,328</u>	<u>9,002,043</u>
	<u><u>69,939,328</u></u>	<u><u>9,002,043</u></u>

9. Intangible fixed assets

	Goodwill
	£
Cost at 1 January 2002	17,724,249
Arising on acquisitions (note 19)	106,053
On disposal of business	(17,830,302)
	<u>-</u>
Cost at 31 December 2002	<u><u>-</u></u>
Amortisation at 1 January 2002	1,687,114
Charge for the year	894,012
On disposal of business	(2,581,126)
	<u>-</u>
Amortisation at 31 December 2002	<u><u>-</u></u>
Net book amount at 31 December 2002	<u><u>-</u></u>
Net book amount at 31 December 2001	<u><u>16,037,135</u></u>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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10. Tangible fixed assets

	Freehold land and buildings £	Long leasehold land and buildings £	Short leasehold land and buildings £	Motor vehicles £	Fixtures and equipment £	Total £
Cost or valuation						
At 1 January 2002	3,578,859	139,500	3,484,746	5,568,624	14,749,212	27,520,941
Group transfers, including on disposal of business	(3,534,064)	(125,000)	(3,823,553)	(4,772,801)	(15,776,496)	(28,031,914)
Additions	17,620	-	350,222	-	1,033,667	1,401,509
Disposals	(62,415)	(14,500)	(11,415)	(795,823)	(6,383)	(890,536)
At 31 December 2002	-	-	-	-	-	-
Accumulated depreciation						
At 1 January 2002	100,390	4,026	1,717,116	518,910	8,742,155	11,082,597
Group transfers, including on disposal of business	(153,004)	(6,101)	(2,099,711)	(1,723,827)	(10,658,041)	(14,640,684)
Charge for the year	54,971	2,631	394,010	1,498,408	1,920,363	3,870,383
Disposals	(2,357)	(556)	(11,415)	(293,491)	(4,477)	(312,296)
At 31 December 2002	-	-	-	-	-	-
Net book value						
At 31 December 2002	-	-	-	-	-	-
At 31 December 2001	3,478,469	135,474	1,767,630	5,049,714	6,007,057	16,438,344

The net book value of motor vehicles includes an amount of £nil (2001: £4,900,785) in respect of assets held under finance leases and hire purchase contracts.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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10. Tangible fixed assets (continued)

The historical cost and related depreciation of revalued assets is as follows:

	Freehold land and buildings	
	2002	2001
	£	£
Historical cost	-	928,667
Accumulated depreciation based on historical cost	-	(26,141)
Historical cost net book amount	<u>-</u>	<u>902,526</u>

Freehold land and buildings includes valuations of £nil (2001: £780,250).

Freehold properties were valued independently on 31 December 1995 on the basis of 'existing use value', except those premises surplus to requirements which were valued on the basis of 'open market value', in accordance with the Appraisal & Valuation Manual of the Royal Institute of Chartered Surveyors.

As permitted under the transitional arrangements of FRS 15 'Tangible fixed assets', the group has chosen to retain the book values of land and buildings which were previously revalued, and not to revalue these assets in the future.

11. Investments

Cost	£
At 1 January 2002	4,030,860
Disposals	(2,436,440)
Group transfers	(1,594,420)
At 31 December 2002	<u>-</u>

During the year, the company's dormant subsidiary undertakings, James Hart Limited, Morville Credit Finance Limited, Personal Loans (Swansea) Limited, Provincial Lending Co Limited, R W Turner Limited and The Hull Clothing and Supply Co Limited were liquidated, resulting in a charge of £1,948,055 to the profit and loss account.

The company's investment in Macadam Finance Limited was transferred to a fellow group undertaking at cost. The company's investment in Progressive Financial Services Limited (formerly Teleplan Rentals Limited) was transferred to a fellow group undertaking at net asset value, resulting in a profit on transfer of £453,050.

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

12. Debtors

	2002	2001
	£	£
Trade debtors	-	372,700
Amounts owed by group undertakings	18,819,807	61,617,175
Other debtors	-	757,108
Prepayments and accrued income	-	6,136,332
Dividend receivable	-	190,000
	<u>18,819,807</u>	<u>69,073,315</u>

13. Creditors

Amounts falling due within one year:	2002	2001
	£	£
Bank borrowings	-	2,078,516
Obligations under finance leases and hire purchase contracts	-	1,658,158
Trade creditors	-	2,887,577
Amounts owed to group undertakings	-	17,005,928
Corporation tax	-	3,787,407
Other taxes and social security	-	1,267,840
Other creditors	-	657,457
Accruals and deferred income	-	2,137,605
Dividends payable	18,688,307	6,402,043
	<u>18,688,307</u>	<u>37,882,531</u>

Amounts falling due after more than one year:

Convertible unsecured 2.583% loan stock repayable 2011	-	178,058,837
Obligations under finance leases and hire purchase contracts	-	3,553,646
Accruals and deferred income	-	185,529
	<u>-</u>	<u>181,798,012</u>

Since the company's trade was disposed of during the accounting period, the company no longer required long-term funding. It was therefore agreed between the company and the loan creditor, Cattles plc, that the terms of the loan could be varied to allow early redemption in the year. The terms of the loan were subsequently varied and the loan immediately redeemed.

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 at 31 December 2001 in respect of obligations under finance leases and hire purchase contracts had maturity dates of less than five years.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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14. Provisions for liabilities and charges

Deferred taxation

	2002 £	2001 £
Deferred taxation is provided in full and is made up as follows:		
Accelerated capital allowances	-	573,300
Other timing differences	-	(15,358)
	<u>-</u>	<u>557,942</u>
Movement in provision:	£	
As at 1 January 2002	557,942	
Credit to profit and loss account	(1,582,117)	
On disposal of business	1,024,175	
	<u>-</u>	
As at 31 December 2002	<u>-</u>	

15. Share capital

	Authorised		Allotted, called up and fully paid	
	2002 No	2001 No	2002 £	2001 £
Ordinary shares of £1 each	111,500	111,500	111,500	111,500
Redeemable preference shares of £1 each	173,000,000	173,000,000	20,000	20,000
	<u>173,111,500</u>	<u>173,111,500</u>	<u>131,500</u>	<u>131,500</u>

The redeemable preference shares have the following rights:

- (i) to receive first out of profits a dividend equal to the redemption yield on the 2016 2.5% Index Linked Gilt plus 2.562% increased each year in line with the Retail Prices Index from the date of issue of the initial preference shares of 6 March 2001;
- (ii) to attend and vote on any resolution at a general meeting of the company only on the question of abrogating, varying or modifying any of the rights or privileges of their holders;
- (iii) in a winding up, to receive repayment of capital in preference to all other classes of share;
- (iv) the shares are redeemable on 6 March 2016 for £1.8697 per share uplifted in line with the Retail Prices Index starting on the date of issue of the initial preference shares and ending 15 years thereafter.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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16. Reserves

	Profit and loss account £	Revaluation reserve £
At 1 January 2002	65,703,028	13,336
Realisation of previous revaluation surpluses on property disposals	13,336	(13,336)
Retained loss for the year	(65,716,364)	-
	<hr/>	<hr/>
At 31 December 2002	-	-
	<hr/> <hr/>	<hr/> <hr/>

17. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit after taxation for the year	4,222,964	17,266,469
Dividends	(69,939,328)	(9,002,043)
New share capital issued	-	40,000
	<hr/>	<hr/>
Movement in shareholders' funds	(65,716,364)	8,304,426
Shareholders' funds at 1 January	65,847,864	57,543,438
	<hr/>	<hr/>
Shareholders' funds at 31 December	131,500	65,847,864
	<hr/> <hr/>	<hr/> <hr/>

18. 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	-	-	156,022	-
In two to five years	-	-	504,367	316,430
After five years	-	-	1,215,521	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	1,875,910	316,430
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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19. Acquisitions and goodwill

During the year the company made certain acquisitions of business assets, none of which were individually significant:

	2002 £
Customers' accounts receivable	143,562
Book and fair value of assets acquired	143,562
Satisfied by cash	249,615
Goodwill (note 9)	<u>106,053</u>

20. Contingent liabilities

The company has assigned leases in respect of which it could become liable for future rentals on the default of the assignees. The maximum liability under these arrangements is £2,450 (2001: £4,550).

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

21. 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.

22. 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.

23. 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.