

**SHOPACHECK FINANCIAL SERVICES LIMITED**

**31 DECEMBER 2001**

**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 2001**

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2001.

**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, with the exception of the change in turnover recognition and the re-allocation of certain costs between administrative expenses and cost of sales referred to in note 1 of the financial statements, 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 2001, 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 and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 is the provision of consumer credit services. The directors are satisfied with the result for the year and the company's future prospects.

**3. Results and dividends**

The profit for the year, after taxation, amounted to £17,266,469 (2000: £18,209,546). The directors recommend the payment of a final ordinary dividend of £6,400,000 (2000: £5,700,000) making a total ordinary dividend for the year of £9,000,000 (2000: £9,300,000). In addition, a preference dividend of £2,043 (2000: £nil) is proposed.

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**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 (appointed 31 May 2001)  
I S Cummine  
P M Kirby (resigned 1 May 2002)  
M G Goulding (resigned 31 March 2002)  
I S Halder  
R J Horrex (resigned 25 July 2002)  
P Oliver  
A Roberts  
J E G Cran (resigned 31 May 2001)  
D W Sutherland (resigned 14 September 2001)

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, I S Cummine and P M Kirby are concerned.

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

<b>Ordinary shares of 10p each:</b>	<b>2001</b>	<b>2000</b>
<b>Beneficial interests</b>		
M G Goulding	15,736	24,638
I S Halder	1,100	-
R J Horrex	393	3,936
P Oliver	69	4,126
<b>Employee Share Scheme Trusts</b>		
M G Goulding	4,093	3,801
I S Halder	3,766	3,465
R J Horrex	5,022	4,277
P Oliver	3,125	2,649

**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	01.01.01	Granted during the year	Exercised during the year	Lapsed during the year	31.12.01	Exercise price	Date from which exercisable	Expiry date
<b>M G Goulding</b>								
ESOS'94	22,000	-	22,000	-	-	130.65p	-	-
ESOS'96	16,000	-	-	-	16,000	361.35p	01.04.2002	01.04.2009
SS	6,510	-	-	-	6,510	259.20p	01.12.2004	01.06.2005
<b>I S Halder</b>								
ESOS'94	12,400	-	-	-	12,400	241.35p	12.10.2001	12.10.2008
ESOS'96	7,600	-	-	-	7,600	241.75p	13.10.2001	13.10.2008
SS	4,584	-	-	-	4,584	150.50p	01.12.2002	01.06.2003
SS	3,125	-	-	3,125	-	259.20p	-	-
SS	-	4,270	-	-	4,270	200.90p	01.12.2006	01.06.2007
<b>R J Horrex</b>								
ESOS'96	16,000	-	-	-	16,000	361.35p	01.04.2002	01.04.2009
SS	9,169	-	-	-	9,169	150.50p	01.12.2002	01.06.2003
SS	520	-	-	-	520	259.20p	01.12.2004	01.06.2005
SS	-	866	-	-	866	200.90p	01.12.2006	01.06.2007
<b>P Oliver</b>								
ESOS'94	6,000	-	-	-	6,000	220.10p	10.04.2003	10.04.2010
ESOS'96	10,000	-	-	-	10,000	361.35p	01.04.2002	01.04.2009
SS	1,833	-	-	-	1,833	150.50p	01.12.2002	01.06.2003
SS	2,604	-	-	2,604	-	259.20p	-	-
SS	-	5,704	-	-	5,704	200.90p	01.12.2006	01.06.2007
<b>A Roberts</b>								
ESOS'94	13,500	-	-	-	13,500	220.10p	10.04.2003	10.04.2010
ESOS'96	2,500	-	-	-	2,500	226.60p	11.04.2003	11.04.2010

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

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**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.

**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. Qualifying employees are also able to participate in the employee share incentive scheme (whereby an allocation from group profits is made to qualifying employees in the form of shares in the parent company) and subscribe for options under the employee sharesave scheme introduced in 1993.

In addition, due to active in-house training programmes and formal mechanisms for regularly briefing staff such as the Cattles plc Consumer Division's monthly 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 40 days (2000: 35 days) purchases outstanding in trade creditors.

**8. Independent auditors**

The company has passed an elective resolution to dispense with the obligation to re-appoint auditors annually. PricewaterhouseCoopers 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

30 August 2002

## **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.

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 United Kingdom Companies Act. 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. The other information comprises only the directors' report.


### **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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Leeds  
30 August 2002

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**31 DECEMBER 2001**

	Notes	2001 £	2000 £
<b>Turnover</b>	1,2	152,456,454	135,264,292
Cost of sales		86,711,035	72,510,406
<b>Gross profit</b>		65,745,419	62,753,886
Administrative expenses		40,910,351	36,319,620
<b>Operating profit</b>	2,3	24,835,068	26,434,266
Income from shares in group undertakings		190,000	70,000
<b>Profit on ordinary activities before taxation</b>		25,025,068	26,504,266
Tax on profit on ordinary activities	7	7,758,599	8,294,720
<b>Profit on ordinary activities after taxation</b>		17,266,469	18,209,546
Dividends	8	9,002,043	9,300,000
<b>Retained profit for the year</b>	16	8,264,426	8,909,546

The results shown in the profit and loss account above derive wholly from continuing operations. As stated in note 1, turnover, cost of sales and administrative expenses have been restated in accordance with the guidelines of FRS 18 'Accounting policies'. This change in presentation has had no impact on the reported profits of the company for the year ended 31 December 2001 or of any previous financial period.

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 profit for the year as shown above and their historical cost equivalents.



**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2001**

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Intangible assets	9	16,037,135	16,534,466
Tangible assets	10	16,438,344	15,854,345
Investments	11	4,030,860	4,030,860
		<u>36,506,339</u>	<u>36,419,671</u>
<b>Current assets</b>			
Customers' accounts receivable:			
Amounts falling due after more than one year		13,749,650	11,819,379
Amounts falling due within one year		207,114,077	172,771,785
		<u>220,863,727</u>	<u>184,591,164</u>
Less: deferred revenue		46,469,858	37,840,803
		<u>174,393,869</u>	<u>146,750,361</u>
Debtors	12	69,073,315	9,729,603
Cash at bank and in hand		6,112,826	3,019,733
		<u>249,580,010</u>	<u>159,499,697</u>
Creditors - amounts falling due within one year	13	37,882,531	137,766,756
<b>Net current assets</b>		<u>211,697,479</u>	<u>21,732,941</u>
<b>Total assets less current liabilities</b>		248,203,818	58,152,612
Creditors - amounts falling due after more than one year	13	181,798,012	167,359
Provisions for liabilities and charges	14	557,942	441,815
<b>Net assets</b>		<u>65,847,864</u>	<u>57,543,438</u>
<b>Capital and reserves</b>			
Called up share capital	15	131,500	91,500
Revaluation reserve	16	13,336	13,336
Profit and loss account	16	65,703,028	57,438,602
<b>Shareholders' funds</b>	17	<u>65,847,864</u>	<u>57,543,438</u>
Attributable to equity shareholders		65,827,864	57,543,438
Attributable to non-equity shareholders		20,000	-

Approved by the Board on 30 August 2002 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 2001**

**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, with the exception of the restatement of turnover, cost of sales and administrative expenses 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. Consolidated financial statements have not been prepared in accordance with section 228 of the Companies Act 1985 as the company is a wholly owned subsidiary undertaking of Cattles plc, a company registered in England and Wales, which prepares consolidated financial statements.

**Turnover, cost of sales and administrative expenses**

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

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

FRS 18 'Accounting policies' has been adopted in this year's financial statements. Following this, the accounting policy for turnover recognition has been restated and certain costs have been reallocated between administrative expenses and cost of sales in light of the guidance provided by the new standard and general industry practice.

Turnover on instalment credit agreements has been restated to exclude the principal sum advanced and the associated deferred revenue. In previous periods, turnover was stated at the gross amount received or receivable, including the principal sum advanced and interest. Cost of sales has been restated to include the annual charge for bad debts and agents' commissions which in previous periods have been included in administrative expenses.

This change in presentation has no impact on customers' accounts receivable or on the reported profits of the company for the year ended 31 December 2001 or of any previous financial period.

The effect of the changes is as follows:

	<b>After restatement</b>		<b>Before restatement</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Turnover	152,456,454	135,264,292	367,384,875	309,598,541
Cost of sales	86,711,035	72,510,406	254,241,460	210,025,907
Administrative expenses	40,910,351	36,319,620	88,308,347	73,138,368
Operating profit	<u>24,835,068</u>	<u>26,434,266</u>	<u>24,835,068</u>	<u>26,434,266</u>

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2001**

**1. Accounting policies (continued)**

**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 taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise in the future.

**Fixed asset investments**

Fixed asset investments 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.

**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.

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

**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.

**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 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.

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

**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 have become increasingly prevalent during the year as the group continues to make progress with the integration of its Consumer Credit Division. This progress includes the formation of a new integrated management structure, together with the development of common working practices and cost sharing efficiencies.

**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.

**3. Operating profit**

This is stated after charging/(crediting):

	2001	2000
	£	£
Interest on bank and other borrowings included in cost of sales	6,813,538	6,057,599
Depreciation - owned tangible fixed assets	3,246,302	3,267,430
Depreciation - tangible fixed assets held under finance leases and hire purchase contracts	409,551	-
Amortisation of goodwill	820,223	683,829
Profit on disposal of tangible fixed assets	(136,506)	(40,579)
Finance lease charges	141,812	-
Operating lease rentals - land and buildings	1,708,058	1,324,641
- plant and machinery	102,881	58,901
Auditors' remuneration - as auditors	81,500	109,000
- for other services	-	1,050
	<u>          </u>	<u>          </u>

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED**  
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**4. Directors' emoluments**

	2001 £	2000 £
Aggregate emoluments	321,647	350,503
Contributions to defined contribution pension schemes	2,897	-
	<u>324,544</u>	<u>350,503</u>

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

	2001 No	2000 No
Under defined benefit schemes	6	8
Under defined contribution schemes	4	1
	<u>10</u>	<u>9</u>

The aggregate emoluments of the highest paid director were £82,029 (2000: £91,677). As at 31 December 2001 the highest paid director had an accrued pension of £12,034 p.a. (2000: £27,592 p.a.) in the group defined benefit pension scheme.

Two directors exercised share options in the shares of Cattles plc during the year. Two 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 receives no emoluments in respect of his services for Shopacheck Financial Services Limited.

**5. Staff costs**

	2001 £	2000 £
Wages and salaries	22,592,753	19,084,960
Social security costs	2,405,298	1,798,735
Cattles pension scheme costs (note 6)	774,073	746,861
Defined contribution pension scheme costs	252,560	175,854
	<u>26,024,684</u>	<u>21,806,410</u>

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

	2001 No	2000 No
Directors, administration and supervisory	114	100
Agents and branch office staff	1,637	1,531
	<u>1,751</u>	<u>1,631</u>

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED**  
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**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 £774,073 (2000: £746,861).

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.

**7. Tax on profit on ordinary activities**

	2001	2000
	£	£
Based on the profit for the year:		
UK corporation tax at 30% (2000: 30%)	7,689,675	8,125,888
Deferred taxation	120,560	139,988
	<hr/> 7,810,235	<hr/> 8,265,876
Adjustments in respect of previous years:		
Corporation tax	(47,203)	100,657
Deferred taxation	(4,433)	(71,813)
	<hr/> <hr/> 7,758,599	<hr/> <hr/> 8,294,720

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2001**

**8. Dividends**

	2001 £	2000 £
Interim paid – on equity shares	2,600,000	3,600,000
Final proposed – on equity shares	6,400,000	5,700,000
	<u>9,000,000</u>	<u>9,300,000</u>
Preference dividend – on non-equity shares	2,043	-
	<u>9,002,043</u>	<u>9,300,000</u>

**9. Intangible fixed assets**

	<b>Goodwill</b> £
Cost at 1 January 2001	17,401,357
Additions (note 20)	322,892
Cost at 31 December 2001	<u>17,724,249</u>
Amortisation at 1 January 2001	866,891
Charge for the year	820,223
Amortisation at 31 December 2001	<u>1,687,114</u>
Net book amount at 31 December 2001	<u>16,037,135</u>
Net book amount at 31 December 2000	<u>16,534,466</u>



**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2001**

**10. Tangible fixed assets**

	Freehold land and buildings £	Long leasehold land and buildings £	Short leasehold land and buildings £	Motor vehicles £	Fixtures and equipment £	Total £
<b>Cost or valuation</b>						
At 1 January 2001	3,431,611	139,500	2,863,765	8,725,932	12,302,408	27,463,216
Group transfers	-	-	-	322,168	121,318	443,486
Arising on acquisitions	-	-	-	-	31,883	31,883
Additions	147,248	-	658,646	7,125,304	2,306,160	10,237,358
Disposals	-	-	(37,665)	(10,604,780)	(12,557)	(10,655,002)
At 31 December 2001	3,578,859	139,500	3,484,746	5,568,624	14,749,212	27,520,941
<b>Accumulated depreciation</b>						
At 1 January 2001	48,687	2,013	1,417,776	3,067,653	7,072,742	11,608,871
Group transfers	-	-	-	196,741	101,383	298,124
Charge for the year	51,703	2,013	336,950	1,687,951	1,577,236	3,655,853
Disposals	-	-	(37,610)	(4,433,435)	(9,206)	(4,480,251)
At 31 December 2001	100,390	4,026	1,717,116	518,910	8,742,155	11,082,597
<b>Net book value</b>						
At 31 December 2001	3,478,469	135,474	1,767,630	5,049,714	6,007,057	16,438,344
At 31 December 2000	3,382,924	137,487	1,445,989	5,658,279	5,229,666	15,854,345

The net book value of motor vehicles includes an amount of £4,900,785 (2000: £nil) in respect of assets held under finance leases and hire purchase contracts.

During the year the company entered into a sale and buyback arrangement covering a substantial part of the vehicle fleet. The disposal took place at fair value which approximated to the written down value of the vehicles concerned. Accordingly no profit or loss arose on this transaction. The vehicles are being bought back under a hire purchase arrangement and have been accounted for as such in accordance with SSAP21 'Accounting for leases and hire purchase contracts'. The cost of additions in the table above includes the fair value of the vehicles being bought back under the hire purchase arrangement.

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**10. Tangible fixed assets (continued)**

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

	<b>Freehold land and buildings</b>	
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Historical cost	928,667	928,667
Accumulated depreciation based on historical cost	(26,141)	(13,071)
Historical cost net book amount	<u>902,526</u>	<u>915,596</u>

Freehold land and buildings includes valuations of £780,250 (2000: £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**

At 31 December 2001 the company held investments in the following subsidiary companies which were wholly owned and registered in England and Wales:

Teleplan Rentals Limited	- Television and video recorder rental
Macadam Finance Limited	- Weekly home collected credit
Personal Loans (Swansea) Limited	- Dormant
The Hull Clothing and Supply Co Ltd	- Dormant
Provincial Lending Co Limited	- Dormant
R W Turner Limited	- Dormant
Morville Credit Finance Limited	- Dormant
James Hart Limited	- Dormant

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Investments at cost	<u>4,030,860</u>	<u>4,030,860</u>

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**12. Debtors**

	2001	2000
	£	£
Trade debtors	372,700	112,455
Amounts owed by group undertakings	61,617,175	3,324,735
Other debtors	757,108	584,186
Prepayments and accrued income	6,136,332	5,638,227
Dividend receivable	190,000	70,000
	<u>69,073,315</u>	<u>9,729,603</u>

**13. Creditors**

**Amounts falling due within one year:**

	2001	2000
	£	£
Bank borrowings	2,078,516	1,695,838
Obligations under finance leases and hire purchase contracts	1,658,158	-
Trade creditors	2,887,577	5,954,564
Amounts owed to group undertakings	17,005,928	115,582,741
Corporation tax	3,787,407	5,122,282
Other taxes and social security	1,267,840	845,022
Other creditors	657,457	1,023,402
Accruals and deferred income	2,137,605	1,842,907
Dividends payable	6,402,043	5,700,000
	<u>37,882,531</u>	<u>137,766,756</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	167,359
	<u>181,798,012</u>	<u>167,359</u>

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
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**13. Creditors (continued)**

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.

The convertible unsecured loan stock may be converted at the option of the note holder into fully paid preference shares of £1 on any interest payment date, being 6 March each year if the loan note has not previously been redeemed or converted, at the rate of 102 preference shares for every £100 of convertible stock. Full conversion of the outstanding rights will result in the issue of 172.38 million preference shares. If the option to convert is not exercised, then the note is redeemable from 6 March 2006 onwards at the option of Shopacheck Financial Services Limited or otherwise on 6 March 2011. If Shopacheck Financial Services Limited gives notice of early redemption, the note holder may exercise his option to convert on the terms stated above. The cash amount payable on redemption will be £169,000,000 x X/Y where X is the market value of 100 redeemable preference shares of Shopacheck Financial Services Limited (see note 15) on the day of redemption and Y is the value of 100 preference shares on 6 March 2001, the date of issue of the note.

Amounts falling due after more than one year in respect of obligations under finance leases and hire purchase contracts have maturity dates of less than five years.

**14. Provisions for liabilities and charges**

**Deferred taxation**

	2001 £	2000 £
Deferred taxation is provided in full and is made up as follows:		
Accelerated capital allowances	573,300	457,895
Other timing differences	(15,358)	(16,080)
	<u>557,942</u>	<u>441,815</u>
Movement in provision:	£	
As at 1 January 2001	441,815	
Charge to profit and loss account	116,127	
As at 31 December 2001	<u>557,942</u>	

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
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**15. Share capital**

	<b>Authorised</b>		<b>Allotted, called up and fully paid</b>	
	<b>2001 No</b>	<b>2000 No</b>	<b>2001 £</b>	<b>2000 £</b>
Ordinary shares of £1 each	111,500	91,500	111,500	91,500
Redeemable preference shares of £1 each	173,000,000	-	20,000	-
	<u>173,111,500</u>	<u>91,500</u>	<u>131,500</u>	<u>91,500</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 payment of capital in preference to all other classes of share;
- (iv) the shares are redeemable on 6 March 2016 for £1.87 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.

**16. Reserves**

	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>
At 1 January 2001	57,438,602	13,336
Retained profit for the year	8,264,426	-
	<u>65,703,028</u>	<u>13,336</u>
At 31 December 2001		

**17. Reconciliation of movements in shareholders' funds**

	<b>2001 £</b>	<b>2000 £</b>
Profit after taxation for the year	17,266,469	18,209,546
Dividends	(9,002,043)	(9,300,000)
New share capital issued	40,000	-
	<u>8,304,426</u>	<u>8,909,546</u>
Shareholders' funds at 1 January 2001	57,543,438	48,633,892
	<u>65,847,864</u>	<u>57,543,438</u>
Shareholders' funds at 31 December 2001		

**SHOPACHECK FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**18. Operating lease obligations**

At 31 December 2001 the company had the following annual commitments in respect of non-cancellable operating leases which expire:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	156,022	-	157,452	-
In two to five years	504,367	316,430	531,690	-
After five years	1,215,521	-	827,112	-
	<u>1,875,910</u>	<u>316,430</u>	<u>1,516,254</u>	<u>-</u>

**19. Capital commitments**

	2001 £	2000 £
Capital expenditure authorised and contracted but not provided for	<u>-</u>	<u>932,360</u>

**20. Acquisitions and goodwill**

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

	2001 £
Tangible fixed assets	31,883
Gross debts acquired	1,760,937
Bad debt reserve	(268,084)
Deferred revenue	(251,836)
	<u>1,272,900</u>
Book and fair value of assets acquired	1,272,900
Satisfied by cash	1,595,792
	<u>322,892</u>
Goodwill (note 9)	<u>322,892</u>

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**21. 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 £4,550 (2000: £6,650).

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

**22. 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.

**23. 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.

**24. 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.