

SHOPACHECK FINANCIAL SERVICES LIMITED

31 DECEMBER 2003

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 2003**

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2003.

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 used and 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 2003, 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.

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. There are no intentions, at present, of the company trading again in the foreseeable future.

3. Results and dividends

The company did not trade during the year and therefore has made neither profit nor loss during the year (2002: £4,222,964 profit). The directors do not recommend a payment of an ordinary dividend (2002: £18,688,307) making a total ordinary dividend for the year of £nil (2002: £69,938,307). The preference dividend is £980 (2002: £1,021). However, this preference dividend cannot yet be distributed due to insufficient distributable reserves.

**SHOPACHECK FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2003**

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 (resigned 11 November 2003)
P Oliver (resigned 14 November 2003)
A Roberts (resigned 29 January 2003)

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.

5. Independent auditors

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



R C W TODD
Secretary

Registered Office:
Kingston House
Centre 27 Business Park
Woodhead Road
Birstall, Batley
WF17 9TD

11 October 2004

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.

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 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

11 October 2004

SHOPACHECK FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover		-	153,912,384
Cost of sales		-	(95,436,571)
		<hr/>	<hr/>
Gross profit		-	58,475,813
Administrative expenses		-	(49,920,878)
		<hr/>	<hr/>
Operating profit	2	-	8,554,935
Net loss on disposal/transfer of fixed asset investments		-	(1,495,005)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	7,059,930
Tax on profit on ordinary activities	5	-	(2,836,966)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	4,222,964
Dividends	6	(980)	(69,939,328)
		<hr/>	<hr/>
Retained loss for the year	10	<u>(980)</u>	<u>(65,716,364)</u>

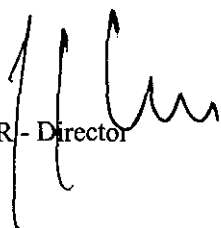
The results shown in the profit and loss account above derive wholly from discontinued operations. The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

SHOPACHECK FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	2002 £
Current assets			
Debtors	7	131,500	18,819,807
		<hr/>	<hr/>
		131,500	18,819,807
Creditors - amounts falling due within one year	8	-	(18,688,307)
		<hr/>	<hr/>
Net current assets		131,500	131,500
		<hr/>	<hr/>
Net assets		131,500	131,500
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	131,500	131,500
Profit and loss account	10	-	-
		<hr/>	<hr/>
Shareholders' funds	11	131,500	131,500
		<hr/>	<hr/>
Attributable to equity shareholders		110,520	111,500
Attributable to non-equity shareholders		20,980	20,000

Approved by the Board on 11 October 2004 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 2003

1. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

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.

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.

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.

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2003

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 33 1/3% 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.

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.

2. Operating profit

This is stated after charging/(crediting):

	2003	2002
	£	£
Interest on bank and other borrowings included in cost of sales	-	9,298,296
Depreciation – on owned tangible fixed assets	-	2,390,763
Depreciation – on tangible fixed assets held under finance leases and hire purchase contracts	-	1,479,620
Amortisation of goodwill	-	894,012
Profit on disposal of tangible fixed assets	-	(59,634)
Finance lease charges	-	366,717
Operating lease rentals - land and buildings	-	1,847,162
- plant and machinery	-	1,014,472
Auditors' remuneration - as auditors	-	27,500
	<hr/>	<hr/>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2003

3. Directors' emoluments

	2003	2002
	£	£
Aggregate emoluments	-	311,391
Contributions to defined contribution pension schemes	-	2,275
	<u> </u>	<u> </u>

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

	2003	2002
	No	No
Under defined benefit schemes	1	3
Under defined contribution schemes	3	4
	<u> </u>	<u> </u>

The aggregate emoluments of the highest paid director in 2002 were £115,536 and as at 31 December 2002 the highest paid director had an accrued pension of £14,583 p.a. in the group defined benefit pension scheme.

No 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.

4. Staff costs

	2003	2002
	£	£
Wages and salaries	-	24,947,850
Social security costs	-	2,310,543
Cattles pension scheme costs	-	993,081
Defined contribution pension scheme costs	-	186,783
	<u> </u>	<u> </u>
	-	28,438,257
	<u> </u>	<u> </u>

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

	2003	2002
	No	No
Directors, administration and supervisory	-	126
Agents and branch office staff	-	1,717
	<u> </u>	<u> </u>
	-	1,843
	<u> </u>	<u> </u>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2003

5. Tax on profit on ordinary activities

	2003	2002
	£	£
Based on the profit for the year:		
Current tax:		
UK corporation tax at 30% (2002: 30%)	-	4,319,587
Adjustments in respect of previous years	-	99,496
	<hr/>	<hr/>
	-	4,419,083
Deferred tax:		
Origination and reversal of timing differences	-	(1,498,674)
Adjustments in respect of previous years	-	(83,443)
	<hr/>	<hr/>
	-	2,836,966
	<hr/> <hr/>	<hr/> <hr/>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2002: 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.

	2003	2002
	£	£
Profit on ordinary activities before tax	-	7,059,930
Tax on profit on ordinary activities at standard rate	-	2,117,979
Factors affecting charge for the year:		
Accounting depreciation in excess of capital allowances	-	178,552
Expenses not deductible for tax purposes (including goodwill amortisation)	-	723,000
Movement on short term timing differences	-	1,300,056
Adjustments to tax charge in respect of previous years	-	99,496
	<hr/>	<hr/>
Current tax charge for the year	-	4,419,083
	<hr/> <hr/>	<hr/> <hr/>

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2003

6. Dividends

	2003 £	2002 £
Interim paid – on equity shares	-	51,250,000
Final proposed – on equity shares	-	18,688,307
	-	69,938,307
Preference dividend – on non-equity shares	980	1,021
	980	69,939,328

7. Debtors

	2003 £	2002 £
Amounts owed by group undertakings	131,500	18,819,807

The loan made to another group company provides for interest to be charged at a rate of 7% per annum. The right to receive this interest was waived in respect of 2003, but will be applied again in 2004.

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Dividends payable	-	18,688,307

9. Share capital

	2003 No	2002 No	2003 £	2002 £
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	173,000,000	173,000,000
	173,111,500	173,111,500	173,111,500	173,111,500

Allotted, called up and fully paid

	2003 No	2002 No	2003 £	2002 £
Ordinary shares of £1 each	111,500	111,500	111,500	111,500
Redeemable preference shares of £1 each	20,000	20,000	20,000	20,000
	131,500	131,500	131,500	131,500

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2003

9. Share capital (continued)

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.

10. Profit and loss account

	£
As at 1 January 2003	-
Retained loss for the year	(980)
Preference shares appropriation	980
	<hr/>
As at 31 December 2003	<hr/> <hr/> -

In accordance with FRS 4 'Capital instruments', the company has appropriated through the profit and loss account preference share dividends for the year on the company's redeemable preference shares. However, as the company does not have any distributable reserves in order to pay such dividends, these dividends have been credited back within profit and loss reserves.

11. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit after taxation for the year	-	4,222,964
Dividends	(980)	(69,939,328)
Preference shares appropriation	980	-
	<hr/>	<hr/>
Movement in shareholders' funds	-	(65,716,364)
Shareholders' funds at 1 January	131,500	65,847,864
	<hr/>	<hr/>
Shareholders' funds at 31 December	<hr/> <hr/> 131,500	<hr/> <hr/> 131,500

SHOPACHECK FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2003

12. 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 £350 (2002: £2,450).

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

13. 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.

14. 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.

15. 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.