

HOME SHOPPING NETWORK (UK) LIMITED
(Registered No. 358625)

REPORTS AND FINANCIAL STATEMENTS

30th April 1999



HOME SHOPPING NETWORK (UK) LIMITED

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

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HOME SHOPPING NETWORK (UK) LIMITED

REPORT OF THE DIRECTORS

The directors hereby submit their report, together with the financial statements of the company, for the year ended 30th April 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the year ended 30th April 1999, the principal activity of the company was the provision of a parcel delivery service to Littlewoods Retail Limited and various third parties.

There are currently no plans to diversify into any other activity.

The trading result for the year ended April 1999 was adversely affected by a number of factors, the most significant being:-

- The decision to freeze parcel carriage rates at 1997 levels relative to the work undertaken on behalf of the principal customer, Littlewoods Retail Limited, which resulted in an under recovery of costs on their business.
- A shortfall in parcel volumes and associated income, given the general trading difficulties experienced by the consumer retail businesses serviced by the Company.

Additionally, the Company has provided for rationalisation costs of c.£7.1m in respect of operational and managerial restructuring plans which will be implemented during the summer of 1999. The restructuring plans are geared towards ensuring the achievement of operational efficiencies and improved delivery service capabilities.

The directors remain confident that the plans developed during the year will underpin the continuing profitable growth of the business.

HOME SHOPPING NETWORK (UK) LIMITED

REPORT OF THE DIRECTORS

YEAR 2000

The IT Committee at The Littlewoods Organisation ("Group") has put in place formal procedures to identify and manage the full impact and key risks of the Year 2000 on the Group's financial and operational systems. Regular and independent reporting mechanisms are in place to measure progress against defined timescales for each of the major software compliance areas.

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

The requirements of UITF 20 "Year 2000 issues : accounting and disclosure" have been adopted, and the costs of £38,000 (1998 - £nil) incurred during the year have been charged to the profit and loss account, with no forecast future spend.

EUROPEAN MONETARY UNION

The introduction of the Euro in January 1999 has had little initial impact on The Littlewoods Organisation. Recognising the future potential impact should the UK join the EMU, a Euro Steering Group has been formed and preparations have commenced throughout the Group.

RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £9.6m. No dividend is proposed.

FIXED ASSETS

In the opinion of the directors, the market value of the properties on 30th April 1999 does not differ significantly from the balance sheet values at that date.

HOME SHOPPING NETWORK (UK) LIMITED

REPORT OF THE DIRECTORS

EMPLOYEE INVOLVEMENT

The directors recognise the importance of providing all employees with information on matters of concern to them and that enables employees to improve their performance and make an active contribution to achieving the Group's business objectives.

Plans are underway to encourage employee involvement through two way dialogue and to also communicate the "big picture" more effectively. Communications in the future will strive to focus more on the company's customers and encourage a more outward looking culture.

Regular briefing meetings are currently held at divisional and departmental level where the business and financial performance of the divisions and the Group are considered.

Various channels of communication such as opinion surveys, ideas and suggestion schemes, internal newsletters, bulletins and notice boards are aimed at facilitating and encouraging the involvement of employees in the performance and development of the Group.

The Company was awarded the Investors In People (IIP) award during 1998/99 and it continues to concentrate on the levels of commitment needed to uphold the award. During the next financial year, the Company will attempt to attain the ETQM quality standard which is a European employee related award.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the Group to comply with the requirements of the Disability Discrimination Act 1995 in offering equality of opportunity to disabled persons applying for employment, selection being made on the basis of the most suitable person for the job in respect of experience and qualifications. Training, career development and promotion are offered to all employees on the basis of their merit and ability. Every effort is made to continue to employ, in the same or alternative employment, and where necessary to retrain, employees who become disabled during their employment with the Group. The Group has been awarded the use of the disability symbol for its policies in this field.

HOME SHOPPING NETWORK (UK) LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The directors who held office during the year were:-

Mr W Kelly

Mr A McGeorge

Mr B Mayoh [resigned 23/06/98]

Mr J Martin [resigned 29/04/99]

There are no interests of directors, which are within the disclosure requirements of the Companies Act 1985 in relation to the company, in shares of the company, its holding company or subsidiaries of the holding company.

POLICY ON PAYMENT TO CREDITORS

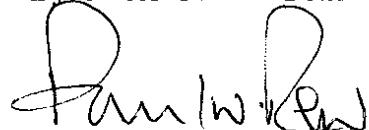
Payment terms for goods and services are end of month following month of invoice, although there are approved exceptions. Payment is made to the agreed terms provided the conditions specified to the supplier have been met.

Creditor payment days outstanding at 30 April 1999 are 45 days.

AUDITORS

A resolution to re-appoint KPMG Audit Plc. will be proposed at the annual general meeting.

By Order Of The Board

 29.06.99

**Littlewoods Secretarial
Services Limited**

Secretary

HOME SHOPPING NETWORK (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period . In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

HOME SHOPPING NETWORK (UK) LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF HOME SHOPPING NETWORK (UK) LIMITED

We have audited the financial statements on pages 8 to 19.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th April 1999 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

LIVERPOOL - 23 July 1999.

KPMG AUDIT PLC
Chartered Accountants
Registered Auditor

HOME SHOPPING NETWORK (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH APRIL 1999

	Notes	1999 £	1998 £
TURNOVER (including value added tax) from continuing operations		111,217,712	108,136,829
Value Added Tax		<u>2,815,560</u>	<u>2,215,181</u>
TURNOVER (excluding value added tax) from continuing operations		108,402,152	105,921,648
Cost of sales - continuing operations		<u>105,673,291</u>	<u>96,655,042</u>
GROSS PROFIT		2,728,861	9,266,606
Net Operating Expenses - continuing operations	3	<u>12,293,084</u>	<u>4,720,941</u>
OPERATING (LOSS)/PROFIT from continuing operations		(9,564,223)	4,545,665
Net Interest (Payable)/Receivable	4	<u>(4,976)</u>	<u>2,207</u>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	(9,569,199)	4,547,872
Tax on ordinary activities	5	3,104,607	(1,398,863)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>(6,464,592)</u>	<u>3,149,009</u>
DIVIDENDS		-	4,000,000
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(6,464,592)</u>	<u>(850,991)</u>

HOME SHOPPING NETWORK (UK) LTD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30TH APRIL 1999

	1999 £	1998 £
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(6,464,592)	3,149,009
Prior Year Adjustment	-	(32,458)
TOTAL (LOSSES)/GAINS RECOGNISED SINCE LAST ANNUAL REPORT	<u>(6,464,592)</u>	<u>3,116,551</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30TH APRIL 1999

	1999 £	1998 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(9,569,199)	4,547,872
<i>Difference between historical depreciation charge and the actual depreciation charge for the period calculated on the revalued amount</i>	-	(970)
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(9,569,199)</u>	<u>4,546,902</u>
HISTORICAL COST LOSS FOR THE PERIOD RETAINED AFTER TAXATION AND DIVIDENDS	<u>(9,569,199)</u>	<u>(851,961)</u>

HOME SHOPPING NETWORK (UK) LIMITED

BALANCE SHEET AS AT 30TH APRIL 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	6	<u>11,067,670</u>	<u>8,932,169</u>
CURRENT ASSETS			
Stocks	7	<u>734,207</u>	<u>673,372</u>
Debtors	8	<u>97,906,926</u>	<u>16,159,935</u>
Cash at bank and in hand		<u>1,661,402</u>	<u>24,136</u>
		<u>100,302,535</u>	<u>16,857,443</u>
CREDITORS:			
Amounts falling due within one year	9	<u>98,746,145</u>	<u>11,173,718</u>
NET CURRENT ASSETS		<u>1,556,390</u>	<u>5,683,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,624,060</u>	<u>14,615,894</u>
CREDITORS:			
Amounts falling due after more than one year	9	<u>316,444</u>	<u>111,089</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>5,785,568</u>	<u>1,518,165</u>
NET ASSETS		<u>6,522,048</u>	<u>12,986,640</u>
CAPITAL AND RESERVES			
Called up share capital	11	<u>10,000,000</u>	<u>10,000,000</u>
Reserves	11	<u>(3,477,952)</u>	<u>2,986,640</u>
EQUITY SHAREHOLDERS' FUNDS		<u>6,522,048</u>	<u>12,986,640</u>

The financial statements on pages 8 to 19 were approved by the Board of Directors on 29 June 1999 and were signed on their behalf by:-

 Director

A.K. McGeorge

29 June 1999

HOME SHOPPING NETWORK (UK) LIMITED

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

BASIS OF ACCOUNTING

The financial statements are prepared on the historical costs basis of accounting modified to include the revaluation of certain land and buildings.

TURNOVER

Turnover represents the value of goods and services sold. Value added tax has been separately disclosed. Value added tax is not recorded on sales to the parent company.

LEASED ASSETS

Assets held under finance leases are capitalised and the resulting future net obligations included in creditors. Depreciation on the relevant assets is provided on the straight line basis to write off the assets over the shorter of their useful lives and the lease terms. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

DEPRECIATION

Depreciation is provided on the straight line basis to write off the cost or valuation of fixed assets over their anticipated useful lives at the following annual rates:

Leasehold land and buildings	The lesser of the remaining lease term or 100 years
Building fixtures and fittings	5% or length of lease
Plant, equipment and other fixtures and fittings	6.7-13.3%
Tenant's fixtures and fittings	5.0-10.0%
Computers	20-33.3%
Motor vehicles	10.0-25.0%

HOME SHOPPING NETWORK (UK) LIMITED

STATEMENT OF ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The company participates in The Littlewoods Pension Scheme operated by The Littlewoods Organisation plc. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Group benefits from the employees' services.

DEFERRED TAXATION

Deferred taxation is provided under the liability method, unless it can reasonably be demonstrated that no liability will arise within the foreseeable future.

STOCKS

Stocks are valued at the lower of cost or estimated realisable value. Cost is based on the first in, first out method of valuation.

CASH FLOW

The company is a wholly owned subsidiary of The Littlewoods Organisation PLC and its results are included in the consolidated accounts of that company, which are publicly available. Consequently, Home Shopping Network (UK) Limited is exempt from the requirement of FRS1 (Revised) to prepare a separate cash flow statement.

INTER COMPANY TRANSACTIONS

In accordance with the exemption conferred by Financial Reporting Standard No. 8, details of transactions with entities in the same group have not been disclosed.

HOME SHOPPING NETWORK (UK) LIMITED

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

1. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999	1998
	£	£
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Depreciation - owned assets	2,292,352	1,592,081
- assets held under finance leases	60,458	50,383
Hire of plant and machinery - operating leases	3,019,283	3,399,962
Hire of other assets-operating leases	3,920,817	3,880,984
Auditors' remuneration for audit	-	7,810
Profit on disposal of fixed assets	88,616	10,085
Exceptional operating item - (redundancy/restructuring costs)	7,727,140	-

All turnover and profits are generated from the principal activity in the United Kingdom.

2. DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Staff costs		
Wages and salaries	58,643,605	54,495,526
Social security costs	5,314,894	4,957,805
Pension scheme contributions	866,828	804,615
	<u>64,825,327</u>	<u>60,257,946</u>

	1999	1998
Average number of employees		
Full time	3,516	3,209
Part time	465	429
	<u>3,981</u>	<u>3,638</u>

Full time equivalent	<u>3,846</u>	<u>3,716</u>
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Staff costs include the following remuneration in respect of directors:

	1999	1998
	£	£
Emoluments	<u>85,528</u>	<u>130,015</u>
Amounts Receivable Under Long Term Incentive Schemes	<u>-</u>	<u>61,376</u>

During the period, 4 directors (1998 - 5 directors) participated in the Group defined benefit pension scheme and 2 directors (1998 - 2 directors) had contributions paid into money purchase pension schemes.

HOME SHOPPING NETWORK (UK) LIMITED

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

3. NET OPERATING EXPENSES

1999	1998
£	£
Net Operating Expenses from continuing operations	
Administrative expenses	4,720,941
Redundancy/restructuring costs	-
<u>12,293,084</u>	<u>4,720,941</u>

4. INTEREST

1999	1998
£	£
Payable on other loans :	
- Repayable within five years, not by instalments	505
- Payable on finance leases	-
<u>4,976</u>	<u>505</u>
Receivable	(2,712)
<u>4,976</u>	<u>(2,207)</u>

5. TAXATION

1999	1998
£	£
Corporation tax based on the results for the year	
Corporation tax at 30.92% (1998 - 31%)	89,815
Deferred tax at 30.92% (1998 - 31%)	109,767
Group Relief	1,212,241
<u>(3,129,224)</u>	<u>1,411,823</u>
Adjustments in respect of prior years	
Corporation Tax	(48)
Deferred tax	(51,804)
Group Relief	38,892
<u>(3,104,607)</u>	<u>1,398,863</u>

The exceptional item in note 1 reduced the taxation charge for the year by £2,389,232.

HOME SHOPPING NETWORK (UK) LIMITED

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

6. <u>TANGIBLE FIXED ASSETS</u>	Total £	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixture fittings & equipment £
COST/ VALUATION					
At 1st May 1998	15,391,896	1,615,573	1,911,410	9,929,534	1,935,379
Additions	5,097,841	36,867	76,002	4,478,240	506,732
Reclassification	-	-	282,650	-	(282,650)
Disposals	(2,065,820)	(397)	(804)	(1,813,306)	(251,313)
At 30th April 1999	18,423,917	1,652,043	2,269,258	12,594,468	1,908,148
DEPRECIATION					
At 1st May 1998	6,459,727	484,673	946,318	3,840,638	1,188,098
Additions	55,515	1,024	1,150	52,800	541
Reclassification	-	-	202,825	-	(202,825)
Charge for the period	2,352,810	112,258	549,009	1,431,811	259,732
Disposals	(1,511,805)	(156)	(600)	(1,315,938)	(195,111)
At 30th April 1999	7,356,247	597,799	1,698,702	4,009,311	1,050,435
NET BOOK VALUE					
30th April 1999	11,067,670	1,054,244	570,556	8,585,157	857,713
1st May 1998	8,932,169	1,130,900	965,092	6,088,896	747,281

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

	1999 £	1998 £
Short leasehold	1,054,244	1,130,900

ii) At the end of the period the net book value of motor vehicles held under finance leases amounted to £334,591 (1998 - £208,097). The depreciation charge for the period on these assets was £60,458 (1998 £50,383).

HOME SHOPPING NETWORK (UK) LIMITED

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

7. <u>STOCKS</u>	1999	1998
	£	£
Raw materials and consumables	<u>734,207</u>	<u>673,372</u>
8. <u>DEBTORS</u>	1999	1998
	£	£
Amounts falling due within one year		
Trade debtors	2,642,775	2,637,374
Amounts owed by parent companies and fellow subsidiaries	92,361,434	10,233,897
Other debtors	57,441	275,614
Prepayments and accrued income	2,845,276	2,806,316
Value added tax	-	206,734
	<u>97,906,926</u>	<u>16,159,935</u>
9. <u>CREDITORS</u>	1999	1998
	£	£
Amounts falling due within one year		
Bank overdraft	86,629,580	-
Trade creditors	1,187,237	2,178,058
Amounts owed to parent companies and fellow subsidiaries	4,960,116	1,287,720
Corporation tax	887,690	89,815
Social security and other taxes	1,476,908	1,000,133
Obligations under finance leases	124,655	71,388
Value Added Tax	111,708	-
Dividends Payable	-	4,000,000
Accruals and deferred income	3,368,251	2,546,604
	<u>98,746,145</u>	<u>11,173,718</u>
Amounts falling due after more than one year		
Obligations under finance leases	<u>316,444</u>	<u>111,089</u>

Finance lease contracts are secured on the assets to which they relate. Obligations under finance lease include £304,536 (1998: £28,937) due between 1 and 2 years and £11,908 (1998 : £82,152) between 2 and 5 years.

HOME SHOPPING NETWORK (UK) LIMITED

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

10 PROVISIONS FOR LIABILITIES AND CHARGES

	1999	1998
	£	£
Provision for deferred taxation		
Excess of taxation allowances over depreciation	894,578	712,257
Other Timing Differences	(2,244,010)	(301,973)
Provision for Property Dilapidations	-	668,971
Provision for Rationalisation & Redundancies	7,135,000	6,581
Provision for Repairs & Renewals	-	432,329
	<u>5,785,568</u>	<u>1,518,165</u>

The provision for rationalisation & redundancies is expected to be utilised by 30th April 2000.

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

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

	Total	Repairs & Renewals Provision	Rationalisation Provision Total	Property Dilapidation Provision	Deferred taxation
	£	£	£	£	£
At 1 May 1998	1,518,165	432,329	6,581	668,971	410,284
Transferred to Group Companies	(718,758)	(116,205)	-	(602,553)	-
Transferred to Profit & Loss Account	5,375,284	-	7,135,000	-	(1,759,716)
Utilised in the year	(389,123)	(316,124)	(6,581)	(66,418)	-
At 30th April 1999	<u>5,785,568</u>	<u>-</u>	<u>7,135,000</u>	<u>-</u>	<u>(1,349,432)</u>

Analysis of deferred taxation provision :

	1999	1998
	£	£
Capital Allowances	894,578	712,257
Other Timing Differences	(2,244,010)	(301,973)
	<u>(1,349,432)</u>	<u>410,284</u>

HOME SHOPPING NETWORK (UK) LIMITED

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

11 CAPITAL & RESERVES

a) CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
10,000,000 Ordinary Shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
10,000,000 Ordinary Shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

b) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Revaluation Reserve £	Share Capital £	Profit and loss account £	1999 Total £	1998 Total £
At 1st May 1998	(43,590)	10,000,000	3,030,230	12,986,640	13,837,631
Loss for the financial year	-	-	(6,464,592)	(6,464,592)	(850,991)
At 30th April 1999	<u>(43,590)</u>	<u>10,000,000</u>	<u>(3,434,362)</u>	<u>6,522,048</u>	<u>12,986,640</u>

12 CAPITAL COMMITMENTS

	1999 £	1998 £
Contracts for capital expenditure not provided for in the financial statements	<u>1,368,000</u>	<u>2,853,000</u>

HOME SHOPPING NETWORK (UK) LIMITED

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

13 OTHER FINANCIAL COMMITMENTS

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

	1999	1999	1998	1998
	£	£	£	£
	Land & Buildings	Other	Land & Buildings	Other
Expiring within one year	321,750	435,206	-	186,816
Expiring between two and five years	1,362,339	1,349,180	1,270,993	1,349,180
Expiring after five years	2,545,300	-	2,768,591	-
	<u>4,229,389</u>	<u>1,784,386</u>	<u>4,039,584</u>	<u>1,535,996</u>

14 PENSION SCHEME

The company participates in the Littlewoods Pension Scheme operated by The Littlewoods Organisation PLC. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary.

The rates of contribution payable are based on pension costs across The Littlewoods Group as a whole and are determined by the actuary and agreed between the company and the scheme trustee. The total pension cost for the company is £866,828 (1998 - £804,615). In the opinion of the directors, variations from regular cost cannot be accurately allocated on a company by company basis, and accordingly the variations are dealt with on a group basis in the accounts of The Littlewoods Organisation PLC.

Details of the latest actuarial valuation of The Littlewoods Staff Pension Scheme as at 31st December 1995, and the treatment of the actuarial surplus are given in the accounts of The Littlewoods Organisation PLC.

There are no contributions outstanding for the money purchase pension scheme.

15 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate holding company is Littlewoods Retail Limited, which is registered in England and Wales.

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