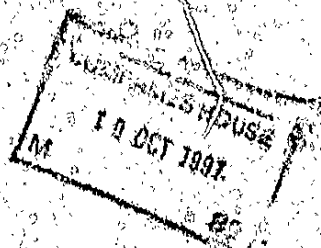


PROVIDENT HOME SHOPPING LIMITED

ACCOUNTS  
for the year ended  
31 DECEMBER 1990

75 55

Coopers  
& Lybrand  
Deloitte



753518

1.

PROVIDENT HOME SHOPPING LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 1990

1. The directors present herewith the audited accounts for the year ended 31st December 1990.

Review of activity

2. Throughout the year the company's principal business activities have been those of a parent undertaking and a principle in a number of retailing operations undertaken by its agent subsidiary undertakings.

Results

3. The profit and loss account for the year is set out on page 4.

Dividends

4. The directors have declared and paid an interim dividend on the ordinary shares of £925,000 in respect of the year ended 31st December 1990.

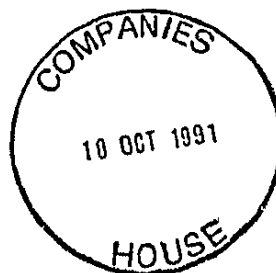
Fixed assets

5. The movements in tangible fixed assets are set out in note 9 to the accounts.

Directors

6. The directors of the company at 31st December 1990, all of whom were directors for the whole of the year ended on that date, except where stated, were:-

Mr. H.J. Bell	(Chairman)
Mr. J.B. Walker	(Managing Director)
Mr. K. Flaherty	
Mr. N.M. Illingworth	
Mr. J.R. Thornton	(Resigned 2nd January 1991)
Mr. P.R. Fryer	
Mr. P.M. Hughes	
Mr. D.R. Swann	
Mr. K.F. Harris	(Appointed 2nd January 1991)
Miss L. Lunn	(Appointed 2nd January 1991)
Mr. G.M. Wadeson	(Appointed 2nd January 1991)



PROVIDENT HOME SHOPPING LIMITEDREPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 1990 (CONTINUED)Directors interests

7. According to the register required to be kept under Section 325 of the Companies Act 1985, the interests of the directors of the company at 31st December 1990 and at the beginning of the year, or date of appointment if later, in the shares of the company's parent undertaking were as follows:-

Number of Ordinary Shares of 25p each

	<u>Beneficial Holdings</u>		<u>Share Options</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Mr. J.B. Walker	-	1646	16720	9785
Mr. K. Flaherty	-	-	2500	2500
Mr. N.M. Illingworth	-	-	1272	1272
Mr. J.R. Thornton	-	-	5044	5044
Mr. P.R. Fryer	2971	-	21386	14780
Mr. P.M. Hughes	4484	-	18324	8256
Mr. D.R. Swann	1964	3714	23406	10634

The above options are exercisable at various dates before 2001 at prices ranging between 165p and 390p per ordinary share. During the year options were exercised for 11,297 ordinary shares. No further options have been exercised since 31st December 1990. As permitted by statutory instrument the register does not include the interests of directors who are also directors of the parent undertaking.

Income and Corporation Taxes Act 1988

8. In the opinion of the directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. There have been no changes in this respect since 31st December 1990.

Auditors

9. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD  
P.A. VEVERS  
P. VEVERS

Colonnade  
Bradford: 19th February 1991

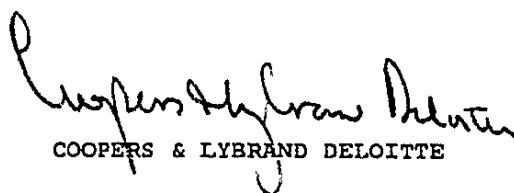
SECRETARY

## REPORT OF THE AUDITORS TO THE MEMBERS OF

PROVIDENT HOME SHOPPING LIMITED

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1990 and of its results and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND DELOITTE

LEEDS: 19th February 1991

Chartered Accountants

PROVIDENT HOME SHOPPING LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
TURNOVER	2	25,342	23,074
COST OF SALES		20,747	19,058
GROSS PROFIT		4,595	4,016
NET OPERATING EXPENSES	3	3,282	2,813
PROFIT BEFORE TAXATION	4	1,313	1,203
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	509	391
PROFIT AFTER TAXATION		804	812
DIVIDEND PAID	8	925	-
(LOSS)/PROFIT FOR THE YEAR		(121)	812

STATEMENT OF RETAINED PROFITS

	<u>1990</u> £'000	<u>1989</u> £'000
RETAINED PROFITS AT 1ST JANUARY 1990	1,588	776
(LOSS)/PROFIT FOR THE YEAR	(121)	812
RETAINED PROFITS AT 31ST DECEMBER 1990	1,467	1,588

The notes on pages 8 to 14 form part of these accounts

Auditors' report - page 3

PROVIDENT HOME SHOPPING LIMITEDBALANCE SHEET - 31ST DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	1,915	1,897
Investments	10	799	799
		<hr/>	<hr/>
		2,714	2,696
<b>CURRENT ASSETS</b>			
Stocks	11	3,463	3,550
Debtors	12	975	833
Cash at bank and in hand		4	2
		<hr/>	<hr/>
		4,442	4,385
<b>CREDITORS: amounts falling due within one year</b>	13	(5,540)	(5,344)
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)</b>		(1,098)	(959)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,616	1,737
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	64	64
Revaluation reserve	15	85	85
Profit and loss account		1,467	1,588
		<hr/>	<hr/>
		1,616	1,737
		<hr/>	<hr/>

These accounts were approved by the board on 19th February 1991

J.B. Walker ) Directors  
N.M. Illingworth )

*[Signature]*  
N.M. Illingworth

The notes on pages 8 to 14 form part of these accounts

Auditors' report - page 3

PROVIDENT HOME SHOPPING LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1990

	<u>1990</u>		<u>1989</u>	
	£'000	£'000	£'000	£'000
<b>SOURCE OF FUNDS</b>				
Profit before taxation		1,313		1,203
Adjustment for items not involving the movement of funds:				
Depreciation	803		715	
Profit on sale of fixed assets	(95)		(126)	
		708		589
<b>TOTAL FROM OPERATIONS</b>		<b>2,021</b>		<b>1,792</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Sale of tangible fixed assets	258		359	
Transfer of corporation tax liability from group undertakings	-		6	
Amount received for group relief and advance corporation tax surrendered to group undertakings	-		63	
		258		428
<b>TOTAL SOURCE OF FUNDS</b>		<b>2,279</b>		<b>2,220</b>
<b>APPLICATION OF FUNDS</b>				
Dividend paid	925		-	
Amount paid for group relief and advance corporation tax surrendered by group undertakings	8		-	
Corporation tax paid	431		176	
Purchase of tangible fixed assets	983		1,363	
Transfer of tangible assets from group undertakings	1		1	
		2,348		(1,540)
		(69)		680

PROVIDENT HOME SHOPPING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST DECEMBER 1990 (CONTINUED)

	<u>1990</u> £'000	<u>1989</u> £'000
(DECREASE)/INCREASE IN WORKING CAPITAL		
(Decrease)/Increase in stocks	(87)	358
Increase/(decrease) in debtors	142	(549)
(Increase)/decrease in creditors	(126)	908
	<hr/>	<hr/>
	(71)	717
Movement in net liquid funds:		
Bank and cash balances	2	(37)
	<hr/>	<hr/>
	(69)	680
	<hr/>	<hr/>



PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990Principal accounting policies

1. The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings. A summary of the more important accounting policies is set out below:-

a) Fixed assets and depreciation

Land is not depreciated. It is the companies policy to maintain its properties in a state of good repair. Following the revaluation of the freehold and long leasehold property as at 31st December 1989, the Directors have reassessed the residual lives of these properties and consider that the residual values are such that depreciation required by the Companies Act 1985 and statement of standard accounting practice No.12 is not significant. Consequently, from 1st January 1990, these properties are no longer depreciated. Prior year figures have not been restated as the effects are not material.

Depreciation of other assets is calculated on a straight line basis by reference to the anticipated useful lives of the assets concerned at the following rates:-

	% over lease period
Short leasehold premises	
Motor vehicles	25 - 30
Fixtures and fittings	10
Computer equipment	33.3

Accelerated depreciation is charged, if applicable, in respect of obsolete items.

With effect from 1st January 1990, profits and losses arising from the disposal of properties which have previously been revalued are calculated by reference to their historic costs. Prior year results have not been restated as the effects are not material.

b) Stock

Stock is valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In estimating net realisable value, due allowance is made for costs of realisation of slow moving, obsolete, defective or unsaleable items.

c) Deferred taxation

Deferred taxation is provided on the liability method at the rates of tax ruling at the dates when reversals are expected to occur except to the extent to which a liability is not expected to arise in the foreseeable future.

d) Pension costs

Pension costs are charged to the profit and loss account at a contribution rate, expressed as a percentage of payroll, which is based upon the pension costs across the Group as a whole (note 17).

e) Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or the contracted rate if the transaction is covered by a forward exchange contract.

PHSA17,8/1

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Turnover

2. Turnover represents the net invoiced value of sales, excluding value added tax and trade discounts and includes £25,098,499 of inter-group sales (1989: £22,523,438).

Net operating expenses

3. Net operating expenses are made up as follows:-

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
Distribution costs	505	538
Administrative expenses	2,777	2,275
	<u>3,282</u>	<u>2,813</u>

Profit before taxation

4. The profit is stated after charging:-

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
Directors' emoluments for management services including pension contributions (note 6)	205	76
Depreciation	803	715
Auditors' remuneration	18	18
Management charges paid	241	136
And after crediting:-		
Profit on sale of tangible fixed assets	95	126
Interest receivable on group deposits	-	183
Management charge received	3	11

Tax on profit on ordinary activities

5. The tax charge in the profit and loss account is made up as follows:-

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
Corporation tax on the profit for the year at the rate of 35% (1989: 35%)	520	450
Transfer to deferred taxation	-	9
	<u>520</u>	<u>459</u>
Prior years:		
Corporation tax	(11)	(68)
	<u>509</u>	<u>391</u>

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Directors' emoluments

6. Particulars of directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, excluding pension contributions, are as follows:-

	<u>1990</u>	<u>1989</u>
Emoluments of the chairman	£ Nil	£ Nil
Emoluments of the highest paid director	£54,080	£29,897
Number of directors (excluding those above) whose emoluments were within the ranges:		
	<u>1990</u>	<u>1989</u>
£ 0 - £ 5,000	3	7
£10,001 - £15,000	-	4
£30,001 - £35,000	1	-
£35,001 - £40,000	2	-

Employee information

- 7.a) The average number of persons employed by the company, including executive directors, during the year is as follows:-

	<u>1990</u>	<u>1989</u>
Full time	202	253
Part time	11	15
	<u>213</u>	<u>268</u>

- b) Employment costs - all employees including executive directors:-

	<u>1990</u>	<u>1989</u>
	£'000	£'000
Aggregate gross wages and salaries	2,553	2,393
Employer's national insurance contributions	210	197
Employer's pension contributions under the group's pension scheme (note 17)	130	110
Total costs of employment	<u>2,893</u>	<u>2,700</u>

Dividends

- 8.

	<u>1990</u>	<u>1989</u>
	£'000	£'000
Ordinary dividends paid:-		
Interim - £14.39 per ordinary share	925	-

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Tangible fixed assets

9.a)	Freehold land and <u>buildings</u> £'000	Leasehold <u>premises</u> £'000	Motor <u>vehicles</u> £'000	Fixtures and <u>fittings</u> £'000	Total £'000
<u>Cost or valuation</u>					
At 1st January 1990					
Cost	-	-	2,366	567	2,933
Valuation (1989)	90	28	-	-	118
Additions	-	31	889	63	983
Disposals	-	-	(649)	(1)	(650)
Transfers from group undertakings	-	-	20	-	20
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1990					
- cost	-	31	2,626	629	3,286
- valuation	90	28	-	-	118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	90	59	2,626	629	3,404
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>					
At 1st January 1990	-	-	865	289	1,154
Charge for the year	-	1	723	79	803
Disposals	-	-	(487)	-	(487)
Transfer from group undertakings	-	-	19	-	19
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1990	-	1	1,120	368	1,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31st December 1990	90	58	1,506	261	1,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31st December 1989	90	28	1,501	278	1,897
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

b) Leasehold premises consist of:-

Long leases at a valuation of £28,000

Short leases at a cost of £31,000 and a net book value of £30,000

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Tangible fixed assets (continued)

- c) Interests in freehold land and buildings are included at valuations (except additions made since the valuation which are shown at cost) as stated above. The historical cost and related depreciation of these properties are set out below:-

	<u>1990</u> £'000	<u>1989</u> £'000
Historical cost	27	27
Depreciation	7	7
	<hr/>	<hr/>
Historical cost net book value	20	20
	<hr/>	<hr/>

Investments

10. Investments consist of the the cost of £1 ordinary shares in the following subsidiary undertakings:-

	<u>1990</u> £'000	<u>1989</u> £'000
PHS Home Shopping Limited	-	-
Key Tours Limited	-	-
James Keir (Established 1881) Limited	685	685
The Hamper Club Limited	114	114
Provident Direct Sales Limited	-	-
	<hr/>	<hr/>
	799	799
	<hr/>	<hr/>

All are wholly owned subsidiary undertakings incorporated in England. Group accounts are not prepared as Provident Home shopping limited is a wholly owned subsidiary of Provident Financial plc.

Stocks

11. Stocks consist entirely of goods for resale.

Debtors

12.	<u>1990</u> £'000	<u>1989</u> £'000
Amounts falling due within one year:		
Trade debtors	534	717
Other debtors	39	79
Prepayments and accrued income	47	31
Amount owed by fellow subsidiary undertakings	355	6
	<hr/>	<hr/>
	975	833
	<hr/>	<hr/>

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Creditors - amounts falling due within one year

13.

	<u>1990</u> £'000	<u>1989</u> £'000
Trade creditors	1,415	1,081
Amounts owed to parent undertaking	1,769	1,652
Amounts owed to subsidiary undertakings	799	799
Amounts owed to fellow subsidiary undertakings	275	3
Other creditors including taxation and social security (see below)	900	1,422
Accruals	382	387
	<hr/>	<hr/>
	5,540	5,344
	<hr/>	<hr/>
Other creditors comprise:		
Corporation tax payable	520	450
	<hr/>	<hr/>
	520	450
PAYE and social security	38	17
Value added tax	152	97
Other creditors	190	858
	<hr/>	<hr/>
	900	1,422
	<hr/>	<hr/>

Called up share capital

14.

	<u>Authorised</u> <u>1990 and 1989</u> £'000	<u>Allotted, called</u> <u>up and fully paid</u> <u>1990 and 1989</u> £'000
Ordinary shares of £1 each	100	64
	<hr/>	<hr/>

PROVIDENT HOME SHOPPING LIMITEDNOTES TO THE ACCOUNTS - 31ST DECEMBER 1990 (CONTINUED)Revaluation reserve

15.	<u>1990</u> £'000	<u>1989</u> £'000
Reserve brought forward	85	35
Arising on the revaluation of the freehold & long leasehold property at 31st December 1989. (Note 9b)	-	50
	<u>85</u>	<u>85</u>

Capital expenditure approved

16. The capital commitments at 31st December 1990 are set out below:-

	<u>1990</u> £'000	<u>1989</u> £'000
Approved by the directors but not yet contracted for	1,186	1,010

Pension Scheme

17. The Company's parent undertaking is Provident Financial plc which operates funded defined benefit schemes for the majority of its employees including those of the company. Independent professionally-qualified actuaries undertake regular valuations of the Group's schemes, details of which can be found in the accounts of Provident Financial plc for the year to 31st December 1990. The pension costs of the company for the period, recharged from the Group, were £129,600 (1989: £110,000).

A prepayment of £5,100 is included in debtors, this being the company's share of the excess of the amount funded over the accumulated pension costs.

Contingent liability

18. At the balance sheet date there were forward contracts to purchase US\$171,940. No material loss is expected to occur.

Parent undertaking

19. The company's parent undertaking is Provident Financial plc, a company incorporated in England.