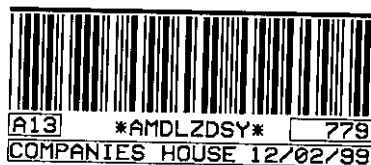


MASTERCARE SERVICE AND DISTRIBUTION LIMITED

REGISTERED NO. 1314676

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 2 May 1998



MASTERCARE SERVICE AND DISTRIBUTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS

| | |
|--|---|
| Directors' Report | 1 |
| Directors' Responsibilities for the Financial Statements | 4 |
| Auditors' Report | 5 |
| Financial Statements | |
| Profit and Loss Account | 6 |
| Balance Sheet | 7 |
| Note of Historical Cost Profits and Losses | 8 |
| Reconciliation of Movements in Shareholders' Funds | 8 |
| Notes to the Financial Statements | 9 |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 2 May 1998. Comparative figures are for the 53 weeks ended 3 May 1997.

Principal activity

The principal activity of the Company is the provision of after sales maintenance and installation services for electrical and consumer electronic products, personal computers, domestic appliances and photographic equipment and the provision of warehousing, distribution and administration services. The directors anticipate that this activity and the financial position of the Company will be maintained.

Results

The results of the Company are shown on page 6.

The Company has commenced a major programme of work to ensure that its computer and other operating systems are able to function effectively in the year 2000 and thereafter.

Further particulars of the programme are disclosed in the financial statements of Dixons Group plc.

Dividends

The directors recommend the payment of a dividend of 50.0 pence per Ordinary share (1996/97 £nil).

Directors

The directors of the Company during the period were:

**Date of
Resignation**

G Bellingham
E M Fitzmaurice
J C Francis
D Hamid
C J Langley
K Martin-Smith
R P Middleton
N M Olive
J R Sills

1 September 1997

M Marks and A J Jackson were appointed directors on 3 May 1998.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
DIRECTOR'S REPORT continued

Directors' share interests

The directors' beneficial and family interests in the share capital of the ultimate parent company, Dixons Group plc were:

| | Ordinary shares | |
|-----------------|------------------------|-------------------|
| | 2 May 1998 | 3 May 1997 |
| G Bellingham | 55 | 55 |
| E M Fitzmaurice | - | - |
| J C Francis | 562 | - |
| D Hamid | 16,760 | 1,685 |
| C J Langley | - | - |
| K Martin-Smith | - | - |
| R P Middleton | - | - |
| J R Sills | 7,875 | 3,000 |

Directors' share options

| | At 3 May 1997 | Granted in period | Exercised in period | At 2 May 1998 |
|-----------------|--------------------------|------------------------------|--------------------------------|--------------------------|
| G Bellingham | 29,300 | 6,436 | (11,080) | 24,656 |
| E M Fitzmaurice | 40,448 | 6,873 | (15,960) | 31,361 |
| J C Francis | 34,584 | 1,912 | (14,952) | 21,544 |
| D Hamid | 28,950 | 2,178 | (14,867) | 16,261 |
| C J Langley | 35,402 | 6,658 | (14,160) | 27,900 |
| K Martin-Smith | 10,510 | 5,584 | - | 16,094 |
| R P Middleton | 2,487 | 7,964 | - | 10,451 |
| J R Sills | 42,411 | 9,017 | (21,435) | 29,993 |

Each of the directors is interested as a potential beneficiary in 626,370 Ordinary shares owned by Dixons TSR Trust Limited, the trustee of the Dixons Group plc share ownership plan. The particulars of the trust are disclosed in the financial statements of Dixons Group plc.

No director had a beneficial interest in the shares of the Company or of any other group undertaking, except as disclosed above or in any contract or arrangement (apart from contracts of service) to which the Company or any other group undertaking was a party during or at the end of the financial period.

Directors' interests were unchanged at 8 July 1998.

Payment policy

The Company has adopted the CBI Prompt Payment Code, information about which may be obtained from the CBI. It is Company policy that payments to suppliers are made in accordance with the terms agreed with suppliers under which business transactions are conducted, provided that the supplier has complied with all relevant terms and conditions.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED

DIRECTORS' REPORT continued

Auditors

Deloitte & Touche are willing to continue in office as auditors to the Company. A resolution for their reappointment and to authorise the directors to agree their remuneration will be proposed at the annual general meeting.

Equal opportunities

The Company seeks to provide equal opportunities for all its employees regardless of their age, sex, colour, race, religion or ethnic origin. It is the policy of the Company that disabled persons should enjoy the same employment opportunities, training and career development as others where they possess the appropriate skills, experience and qualifications. Special consideration is given to the continuity of employment of any existing employee who becomes disabled and to the provision of alternative employment.

Employee involvement

The Company maintains its commitment to pro-active programmes for involving its employees in Group affairs. This is achieved in a variety of ways, including the regular publication of newsletters and staff newspapers, audio tapes, video presentations, staff briefings and by consultation with recognised trade unions and staff committees. Regular staff attitude surveys are undertaken and a number of suggestion schemes are in operation, providing a regular flow of ideas for improving efficiency and performance.

Dixons Forum

The Company participates in the Dixons Forum established recently by the Dixons Group. This is a body of formally elected employee representatives through which the company aims to consult with employees to ensure that their views are taken into account in making decisions that will affect the business and its employees.

By Order of the Board


G D Budd
Secretary

8 July 1998
Registered Office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis. The directors are also responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED AUDITORS' REPORT

To the Members of Mastercare Service and Distribution Limited

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, 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 circumstances of the Company, 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 2 May 1998 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

8 July 1998
Hill House
1 Little New Street
London EC4A 3TR



Deloitte & Touche
Chartered Accountants
and Registered Auditors

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 2 May 1998

| | <i>Note</i> | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
|---|-------------|--------------------------------|--------------------------------|
| Turnover | | <u>145,057</u> | <u>125,470</u> |
| Operating profit | 2 | 7,341 | 2,832 |
| Net interest | 3 | (590) | (451) |
| Profit on ordinary activities before taxation | | <u>6,751</u> | <u>2,381</u> |
| Taxation on profit on ordinary activities | 5 | (2,437) | (810) |
| Profit on ordinary activities after taxation | | <u>4,314</u> | <u>1,571</u> |
| Dividend | 6 | (5,000) | - |
| Retained (loss)/profit for the period | 16 | <u>(686)</u> | <u>1,571</u> |

All turnover and operating profit are derived from continuing operations in the United Kingdom.

There are no recognised gains or losses other than the profit for the current or preceding period.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
BALANCE SHEET
as at 2 May 1998

| | <i>Note</i> | <u>£'000</u> | <u>1998</u> <u>£'000</u> | <u>£'000</u> | <u>1997</u> <u>£'000</u> |
|---|-------------|-----------------|-----------------------------|-----------------|-----------------------------|
| Fixed assets | 7 | | 45,912 | | 37,461 |
| Current assets | | | | | |
| Stocks | 8 | 7,650 | | 7,401 | |
| Debtors | 9 | 22,930 | | 21,821 | |
| Cash at bank and in hand | | 867 | | 155 | |
| | | <u>31,447</u> | | <u>29,377</u> | |
| Creditors - due within one year | | | | | |
| Borrowing | 10 | - | | (208) | |
| Other creditors | 10 | (39,489) | | (42,655) | |
| | | <u>(39,489)</u> | | <u>(42,863)</u> | |
| Net current liabilities | | | (8,042) | | (13,486) |
| Total assets less current liabilities | | | <u>37,870</u> | | <u>23,975</u> |
| Creditors - due after more than one year | | | | | |
| Other creditors | 11 | | (4,343) | | - |
| Provisions for liabilities and charges | 12 | | <u>(1,736)</u> | | <u>(1,498)</u> |
| | | | <u>31,791</u> | | <u>22,477</u> |
| Equity shareholders' funds | | | | | |
| Ordinary share capital | 13 | | 10,010 | | 10,010 |
| Share premium account | 14 | | 19,391 | | 9,391 |
| Revaluation reserve | 15 | | 374 | | 382 |
| Profit and loss account | 16 | | 2,016 | | 2,694 |
| | | | <u>31,791</u> | | <u>22,477</u> |

The financial statements were approved by the Board of Directors on 8 July 1998 and signed on its behalf by:


J R Sills

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the 52 weeks ended 2 May 1998

| | 1997/98 £'000 | 1996/97 £'000 |
|--|--------------------------------|--------------------------------|
| Profit on ordinary activities before taxation | 6,751 | 2,381 |
| Difference between historical cost depreciation and actual depreciation charge in the period calculated on the revalued amount | 8 | 8 |
| Historical cost profit on ordinary activities before taxation | 6,759 | 2,389 |
| Historical cost retained profit for the period after taxation | 4,322 | 1,579 |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the 52 weeks ended 2 May 1998

| | 1997/98 £'000 | 1996/97 £'000 |
|--------------------------------------|--------------------------------|--------------------------------|
| Opening shareholders' funds | 22,477 | 20,906 |
| Profit for the period | 4,314 | 1,571 |
| Dividend | (5,000) | - |
| Ordinary shares issued | 10,000 | - |
| Net additions to shareholders' funds | 9,314 | 1,571 |
| Closing shareholders' funds | 31,791 | 22,477 |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies are set out below.

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings. The financial statements include the results of the Company for the 52 weeks ended 2 May 1998. Comparative figures are for the 53 weeks ended 3 May 1997.

1.2 Turnover

Turnover comprises fees receivable for warehousing, distribution, administration, product servicing and installation services, excluding VAT and sales taxes.

1.3 Tangible fixed assets

The cost to the Company of tangible fixed assets is depreciated over the estimated useful lives of the relevant assets. Depreciation is computed on the straight line basis as follows:

| | |
|---------------------------------------|------------------------------|
| Short leasehold property | - over the term of the lease |
| Freehold and long leasehold buildings | - 1 2/3% - 2 1/2% per annum |
| Fixtures, fittings and equipment | - 10% - 33 1/3% per annum |

No depreciation is provided on freehold and long leasehold land and assets in course of construction.

1.4 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.5 Deferred taxation

Provision is made or recovery anticipated in respect of all timing differences likely to reverse in the foreseeable future at rates at which the liability or the asset is expected to crystallise.

1.6 Operating leases

Rentals payable under property leases are charged to the profit and loss account in equal instalments up to each market rent review date, throughout the lease term. Rentals payable under leases for plant and machinery are charged to the profit and loss account in equal instalments over the total lease term.

1.7 Post retirement benefits

The expected cost of providing pensions, as calculated periodically by qualified actuaries, is charged to the profit and loss account so as to spread the pension cost over the normal expected service lives of employees in the schemes in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

1.8 Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement because it is a wholly owned subsidiary.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
|--|--------------------------------|--------------------------------|
| 2 OPERATING PROFIT | | |
| Turnover | 145,057 | 125,470 |
| Cost of sales | (126,635) | (112,516) |
| Gross profit | 18,422 | 12,954 |
| Administration expenses | (12,391) | (10,964) |
| Other operating income | 1,310 | 842 |
| | <u>7,341</u> | <u>2,832</u> |
| Operating profit is stated after charging : | | |
| Depreciation | 6,405 | 5,070 |
| Auditors' remuneration | | |
| - audit fees | 19 | 19 |
| Rentals paid under operating leases | | |
| - plant and machinery | 1,596 | 1,445 |
| - other | 3,118 | 2,962 |
| | <u>3,118</u> | <u>2,962</u> |
| Non audit fees of £860,907 were capitalised during the period. | | |
| 3 NET INTEREST | | |
| Interest payable on loans from group undertakings | <u>590</u> | <u>451</u> |
| 4 EMPLOYEES AND DIRECTORS | | |
| Staff costs for the period were: | | |
| Wages and salaries | 63,242 | 54,347 |
| Social security costs | 5,149 | 4,570 |
| Other pension costs | 1,964 | 1,123 |
| | <u>70,355</u> | <u>60,040</u> |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>1997/98</u> <u>Employees</u> | <u>1996/97</u> <u>Employees</u> |
|--|------------------------------------|------------------------------------|
| 4 EMPLOYEES AND DIRECTORS continued | | |
| The average monthly number of employees, including directors, was | <u>4,149</u> | <u>3,663</u> |
| | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
| The remuneration of the directors was : | | |
| Emoluments | <u>873</u> | <u>782</u> |
| Compensation for loss of office | <u>-</u> | <u>138</u> |
| | <u>873</u> | <u>920</u> |
| One director receive no remuneration for services to the company. | | |
| | <u>Number</u> | <u>Number</u> |
| The number of directors who exercised share options during the period was : | <u>6</u> | <u>5</u> |
| The number of directors accruing benefits under defined benefit pension schemes was: | <u>8</u> | <u>7</u> |
| One director (1996/97 none) received Ordinary shares in Dixons Group plc under the long term incentive plan. | | |
| | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
| The remuneration of the highest paid director was : | | |
| Emoluments | <u>219</u> | <u>211</u> |
| At 2 May 1998 the amount of the highest paid director's accrued annual pension was £64,829. | | |
| The highest paid director exercised share options during the period . | | |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
|--|--------------------------------|--------------------------------|
| 5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES | | |
| UK corporation tax at 31% (1996/97 32.8%) | 1,765 | - |
| Group relief | - | (116) |
| Deferred taxation | <u>414</u> | <u>965</u> |
| | <u>2,179</u> | <u>849</u> |
| Adjustment in respect of earlier periods: | | |
| Corporation tax | 146 | 2 |
| Group relief | 125 | (103) |
| Deferred taxation | <u>(13)</u> | <u>62</u> |
| | <u>2,437</u> | <u>810</u> |

The taxation charge of 36% differs from the UK corporation tax rate of 31% mainly as a result of depreciation on assets not qualifying for capital allowances.

| | <u>1997/98</u> <u>£'000</u> | <u>1996/97</u> <u>£'000</u> |
|--|--------------------------------|--------------------------------|
| 6 DIVIDEND | | |
| Ordinary dividend proposed of 50.0 pence per share | <u>5,000</u> | <u>-</u> |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | Land and buildings £'000 | Fixtures fittings and equipment £'000 | Total £'000 |
|---|---|--|------------------------|
| 7 TANGIBLE FIXED ASSETS | | | |
| Cost or valuation | | | |
| At 3 May 1997 | 19,621 | 44,616 | 64,237 |
| Additions | 6,381 | 9,000 | 15,381 |
| Disposals | - | (1,890) | (1,890) |
| Intragroup transfers | 103 | (129) | (26) |
| At 2 May 1998 | <u>26,105</u> | <u>51,597</u> | <u>77,702</u> |
| Depreciation | | | |
| At 3 May 1997 | 924 | 25,852 | 26,776 |
| Charge for the period | 370 | 6,035 | 6,405 |
| Disposals | - | (1,488) | (1,488) |
| Intragroup transfers | - | 97 | 97 |
| At 2 May 1998 | <u>1,294</u> | <u>30,496</u> | <u>31,790</u> |
| Net book value | | | |
| At 2 May 1998 | 24,811 | 21,101 | 45,912 |
| At 3 May 1997 | <u>18,697</u> | <u>18,764</u> | <u>37,461</u> |
| Comparable amounts at historical cost | | | |
| Cost | 25,685 | 51,597 | 77,282 |
| Depreciation | <u>(1,248)</u> | <u>(30,496)</u> | <u>(31,744)</u> |
| Net book value at 2 May 1998 | <u>24,437</u> | <u>21,101</u> | <u>45,538</u> |
| | | 1998 | 1997 |
| | | £'000 | £'000 |
| Land and buildings at cost or valuation to the Company | | | |
| Freehold | | 24,864 | 18,591 |
| Long leasehold | | 1,107 | 905 |
| Short leasehold | | 134 | 125 |
| | | <u>26,105</u> | <u>19,621</u> |
| 8 STOCKS | | | |
| Finished goods and goods for resale | | <u>7,650</u> | <u>7,401</u> |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | 1998 £'000 | 1997 £'000 |
|--|---------------|---------------|
| 9 DEBTORS | | |
| Due within one year | | |
| Trade debtors | 1,632 | 1,505 |
| Amounts due from group undertakings | 19,929 | 19,225 |
| Corporation tax recoverable | - | 175 |
| Other debtors | 272 | 228 |
| Prepayments and accrued income | 1,043 | 634 |
| | <u>22,876</u> | <u>21,767</u> |
| Due after more than one year | | |
| Other debtors | 54 | 54 |
| | <u>22,930</u> | <u>21,821</u> |
| 10 CREDITORS - due within one year | | |
| Borrowing | | |
| Bank overdrafts | - | 208 |
| Other creditors | | |
| Amounts due to group undertakings | 15,066 | 28,254 |
| Corporation tax | 1,588 | - |
| Other taxation and social security payable | 2,991 | 1,296 |
| Other creditors | 4,323 | 1,368 |
| Accruals and deferred income | 15,521 | 11,737 |
| | <u>39,489</u> | <u>42,655</u> |
| | <u>39,489</u> | <u>42,863</u> |
| 11 CREDITORS - due after more than one year | | |
| Other creditors | | |
| Accruals and deferred income | 4,343 | - |

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>£'000</u> | |
|--|--------------|--------------|
| 12 PROVISIONS FOR LIABILITIES AND CHARGES | | |
| Provision for re-organisation of national distribution facilities | | |
| At 3 May 1997 | 657 | |
| Utilised | (163) | |
| At 2 May 1998 | <u>494</u> | |
| Deferred taxation | | |
| At 3 May 1997 | 841 | |
| Charge for the period | 401 | |
| At 2 May 1998 | <u>1,242</u> | |
| Total provision for liabilities and charges | | |
| At 2 May 1998 | 1,736 | |
| At 3 May 1997 | <u>1,498</u> | |
| | <u>1998</u> | <u>1997</u> |
| | <u>£'000</u> | <u>£'000</u> |
| Additional information on deferred taxation | | |
| Deferred taxation for which provision has been made : | | |
| Accelerated capital allowances | 1,302 | 1,060 |
| Other timing differences | (60) | (219) |
| | <u>1,242</u> | <u>841</u> |

There are no unprovided amounts of deferred taxation.

13 SHARE CAPITAL

| | | |
|---------------------------------------|---------------|---------------|
| Authorised | | |
| 10,010,000 Ordinary shares of £1 each | <u>10,010</u> | <u>10,010</u> |
| Allotted and fully paid | | |
| 10,010,000 Ordinary shares of £1 each | <u>10,010</u> | <u>10,010</u> |

On 22 September 1997 the Company issued 500 shares of £1 each fully paid to Dixons Group Management Limited for a total consideration of £10,000,000.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>£'000</u> | |
|---|---------------|---------------|
| 14 SHARE PREMIUM | | |
| At 3 May 1997 | 9,391 | |
| Premium on shares issued | <u>10,000</u> | |
| At 2 May 1998 | <u>19,391</u> | |
| 15 REVALUATION RESERVE | | |
| At 3 May 1997 | 382 | |
| Transfer of amount equivalent to additional depreciation on revalued assets | <u>(8)</u> | |
| At 2 May 1998 | <u>374</u> | |
| 16 PROFIT AND LOSS ACCOUNT | | |
| At 3 May 1997 | 2,694 | |
| Retained loss for the period | <u>(686)</u> | |
| Transfer of amount equivalent to additional depreciation on revalued assets | <u>8</u> | |
| At 2 May 1998 | <u>2,016</u> | |
| | <u>1998</u> | <u>1997</u> |
| | <u>£'000</u> | <u>£'000</u> |
| 17 CAPITAL COMMITMENTS | | |
| Contracted | <u>2,292</u> | <u>10,891</u> |
| 18 CONTINGENT LIABILITIES | | |

The company has a contingent liability of £816,000 in respect of an agreement with the Stevenage Borough Council under sections 38 and 278 of the Highways Act 1980 dated 19 May 1997, relating to diversion of a road adjacent to the Stevenage warehouse.

The Company has given guarantees in respect of certain group undertakings' bank facilities. No amount was drawn against these facilities at 2 May 1998 (3 May 1997 £4,000).

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

| | <u>1998</u> | <u>1997</u> |
|--|---|---|
| | <u>Land and buildings £'000</u> | <u>Land and buildings £'000</u> |
| 19 OPERATING LEASE COMMITMENTS | | |
| At 2 May 1998 the Company was committed to the following payments during the 52 weeks ending 1 May 1999 in respect of operating leases which expire: | | |
| Within 1 year | 478 | 220 |
| Between 2 and 5 years | 650 | 1,034 |
| After 5 years | <u>2,172</u> | <u>1,717</u> |
| | <u>3,300</u> | <u>2,971</u> |

20 POST RETIREMENT BENEFITS

Subject to certain age criteria, all the Company's permanent employees are eligible to join a funded, contributory pension scheme which provides, inter alia, pension benefits based on final pensionable salary. The assets of the scheme are held by a separate trust. Contributions are assessed in accordance with the advice of independent qualified actuaries so as to spread the pension cost over the normal expected service lives of members.

The scheme is valued by a qualified actuary at least every three years. The last valuation was carried out as at 6 April 1995, using the projected unit method.

Further particulars of the scheme are disclosed in the financial statements of Dixons Group plc.

21 RELATED PARTY DISCLOSURE

The company has applied the exemption allowed by FRS 8 regarding disclosure of transactions with other undertakings which are members of the Dixons Group.

MASTERCARE SERVICE AND DISTRIBUTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

22 PARENT COMPANY

The Company's immediate parent is Dixons Group Management Limited.

The Company's ultimate parent is Dixons Group plc which is registered in England and Wales. Copies of its accounts may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.