

**Company Registration No. 2792167**

**DIXONS TREASURY MANAGEMENT LIMITED**

**Annual Report and Financial Statements**

**52 weeks ended 30 April 2005**



**DIXONS TREASURY MANAGEMENT LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2005**

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# **DIXONS TREASURY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 April 2005. Comparative figures are for the 52 weeks ended 1 May 2004.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is treasury management. 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 5.

### **DIVIDENDS**

The directors recommend that no dividend be paid (2003/04 £nil).

### **DIRECTORS**

The directors of the Company during the period were:

|             | <b>Date of<br/>resignation</b> |
|-------------|--------------------------------|
| G D Budd    |                                |
| D J Darroch | 19 July 2004                   |
| K O'Byrne   |                                |
| M J Sidders |                                |

Unless otherwise indicated, the directors served throughout the period.

### **DIRECTORS' SHARE INTERESTS**

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

#### ***Beneficial and family interests***

|             | <b>Ordinary shares<br/>30 April 2005</b> |                   | <b>Ordinary shares<br/>1 May 2004</b> |                   |
|-------------|--|-------------------|---------------------------------------|-------------------|
|             | <b>Unrestricted</b>                      | <b>Restricted</b> | <b>Unrestricted</b>                   | <b>Restricted</b> |
| G D Budd    | 667,003                                  | 105,785           | 642,470                               | 25,103            |
| K O'Byrne   | 12,643                                   | 113,217           | -                                     | 91,787            |
| M J Sidders | 117,544                                  | 53,708            | 153,161                               | 4,150             |

### **DIRECTORS' SHARE OPTIONS**

|             | <b>At<br/>2 May 2004</b> | <b>Granted in<br/>period</b> | <b>Exercised in<br/>period</b> | <b>Lapsed in<br/>period</b> | <b>At<br/>30 April 2005</b> |
|-------------|--------------------------|------------------------------|--------------------------------|-----------------------------|-----------------------------|
| G D Budd    | 858,812                  | 267,632                      | -                              | -                           | 1,125,844                   |
| K O'Byrne   | 240,284                  | 343,586                      | -                              | -                           | 583,870                     |
| M J Sidders | 243,090                  | 198,917                      | (12,312)                       | (30,084)                    | 399,611                     |

## **DIXONS TREASURY MANAGEMENT LIMITED DIRECTORS' REPORT**

Restricted beneficial interests comprise shares held in share banks under the Deferred Equity Participation Plan ("DEPP") and share awards potentially payable under the Long Term Incentive Plan ("LTIP"). Details of the DEPP and LTIP are shown in the financial statements of Dixons Group plc.

Each of the directors, as a Dixons Group employee, is interested as a potential beneficiary in 1,732,531 (1 May 2004 1,316,813) ordinary shares owned by Dixons TSR Trust ("the Trust") an employee share ownership trust. The particulars of the Trust are shown in the financial statements of Dixons Group plc.

No director had a beneficial interest in the shares of the Company or 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.

### **AUDITORS**

Pursuant to section 386 of the Companies Act 1985, an elective resolution dispensing with the requirement to appoint auditors annually has been in place throughout the period. Accordingly Deloitte & Touche LLP are deemed to continue as auditors.

By Order of the Board



**G.D Budd**

Secretary

27 July 2005

Registered office:  
Maylands Avenue  
Hemel Hempstead  
Hertfordshire  
HP2 7TG

**DIXONS TREASURY MANAGEMENT LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 each 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.

# **DIXONS TREASURY MANAGEMENT LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **Independent auditors' report to the members of Dixons Treasury Management Limited**

We have audited the financial statements of Dixons Treasury Management Limited for the 52 weeks ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable UK law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant UK legal and regulatory requirements and auditing standards.

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 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 with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with UK 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 as at 30 April 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

5 August 2005

**DIXONS TREASURY MANAGEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the 52 weeks ended 30 April 2005**

|  | <b>Note</b> | <b>2004/05<br/>£'000</b> | <b>2003/04<br/>£'000</b> |
|--|-------------|--------------------------|--------------------------|
| <b>Operating profit</b>                              | 2           | <b>651</b>               | 19,278                   |
| Net interest   | 3           | <u><b>15,641</b></u>     | <u>4,062</u>             |
| <b>Profit on ordinary activities before taxation</b> |             | <b>16,292</b>            | 23,340                   |
| Taxation charge on profit on ordinary activities     | 5           | <u><b>(5,068)</b></u>    | <u>(7,002)</u>           |
| <b>Retained profit after taxation for the period</b> | 9           | <u><b>11,224</b></u>     | <u>16,338</u>            |

All operating profit is derived from continuing operations in the UK.

There are no recognised gains or losses or movements in shareholder's funds other than the profit for the current and preceding periods.

**DIXONS TREASURY MANAGEMENT LIMITED**  
**BALANCE SHEET**  
**As at 30 April 2005**

|   | Note | 2005<br>£'000  | 2004<br>£'000  |
|---|------|----------------|----------------|
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 6    | 181,711        | 170,769        |
| Cash at bank and in hand                              |      | 6,770          | 1,064          |
|   |      | <u>188,481</u> | <u>171,833</u> |
| <b>Creditors: amounts falling due within one year</b> |      |                |                |
| Other creditors                                       | 7    | (161,568)      | (156,144)      |
|   |      | <u>26,913</u>  | <u>15,689</u>  |
| <b>Net current assets</b>                             |      | <u>26,913</u>  | <u>15,689</u>  |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 8    | -              | -              |
| Profit and loss account                               | 9    | 26,913         | 15,689         |
|   |      | <u>26,913</u>  | <u>15,689</u>  |
| <b>Equity shareholder's funds</b>                     |      | <u>26,913</u>  | <u>15,689</u>  |

These financial statements were approved by the directors on 27 July 2005 and signed on their behalf by:



M J Sidders



# DIXONS TREASURY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are for the 52 weeks ended 30 April 2005. Comparative figures are for the 52 weeks ended 1 May 2004.

#### 1.2 Foreign exchange

Forward contracts to hedge intra-group loans and investments are translated at closing rates of exchange. Exchange differences arising on forward contracts together with exchange differences on other assets and liabilities are taken to the profit and loss account.

#### 1.3 Cash flow statement

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly-owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available.

### 2. OPERATING PROFIT

|  | 2004/05<br>£'000 | 2003/04<br>£'000 |
|--|------------------|------------------|
| Administrative expenses                    | (18)             | (12)             |
| Other operating income                     | 669              | 19,290           |
| Operating profit                           | 651              | 19,278           |
| Operating profit is stated after charging: |                  |                  |
| Auditors' remuneration – audit fees        | 18               | 12               |

### 3. NET INTEREST

|  | 2004/05<br>£'000 | 2003/04<br>£'000 |
|--|------------------|------------------|
| Interest receivable and similar income from group undertakings                                     | 7,438            | 212              |
| Interest receivable and similar income from third parties  | 17,207           | 11,048           |
| Interest receivable and similar income   | 26,645           | 11,260           |
| Interest payable on loans from group undertakings  | (8,991)          | (6,541)          |
| Interest payable on bank loans, overdrafts and other third party loans repayable within five years | (13)             | (657)            |
| Interest payable and similar charges   | (9,004)          | (7,198)          |
|  | 15,641           | 4,062            |

### 4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2003/04 none). The directors received no remuneration for services to the Company during the period (2003/04 £nil).

**DIXONS TREASURY MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

|   | <b>2004/05</b> | <b>2003/04</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Current taxation:                         |                |                |
| - UK corporation tax at 30%               | <b>4,888</b>   | 7,002          |
| Adjustment in respect of earlier periods: |                |                |
| - UK corporation tax                      | <b>180</b>     | -              |
|   | <b>5,068</b>   | 7,002          |

**6. DEBTORS**

|                                     | <b>2005</b>    | <b>2004</b>  |
|-------------------------------------|----------------|--------------|
|                                     | <b>£'000</b>   | <b>£'000</b> |
| Amounts due from group undertakings | <b>176,608</b> | 160,683      |
| Prepayments and accrued income      | <b>5,103</b>   | 10,086       |
|                                     | <b>181,711</b> | 170,769      |

**7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                   | <b>2005</b>    | <b>2004</b>  |
|-----------------------------------|----------------|--------------|
|                                   | <b>£'000</b>   | <b>£'000</b> |
| <b>Other creditors</b>            |                |              |
| Amounts due to group undertakings | <b>139,964</b> | 143,628      |
| Corporation tax                   | <b>5,068</b>   | 7,002        |
| Accruals and deferred income      | <b>16,536</b>  | 5,514        |
|                                   | <b>161,568</b> | 156,144      |

**8. CALLED UP SHARE CAPITAL**

|                                | <b>2005</b> | <b>2004</b> |
|--------------------------------|-------------|-------------|
|                                | <b>£</b>    | <b>£</b>    |
| <b>Authorised</b>              |             |             |
| 100 ordinary shares of £1 each | <b>100</b>  | 100         |
| <b>Allotted and fully paid</b> |             |             |
| 2 ordinary shares of £1 each   | <b>2</b>    | 2           |

**DIXONS TREASURY MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9. PROFIT AND LOSS ACCOUNT**

|                                | <b>£'000</b>         |
|--------------------------------|----------------------|
| At 2 May 2004                  | 15,689               |
| Retained profit for the period | <u>11,224</u>        |
| At 30 April 2005               | <u><u>26,913</u></u> |

**10. CONTINGENT LIABILITIES**

The Company has given guarantees in respect of certain group undertakings' bank facilities. At 30 April 2005 £nil (1 May 2004 £nil) was drawn against these facilities.

**11. 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.

**12. PARENT COMPANY**

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

The Company's ultimate parent and controlling entity is Dixons Group plc, which is incorporated in Great Britain and is registered in England and Wales. Dixons Group plc is the parent of the largest and smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of its financial statements may be obtained from its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7TG.