

Company Registration No. 2792167

DIXONS TREASURY MANAGEMENT LIMITED

Annual Report and Financial Statements

52 weeks ended 1 May 2004



**DIXONS TREASURY MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2004**

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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 1 May 2004. Comparative figures are for the 53 weeks ended 3 May 2003.

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 (2002/03 £nil).

DIRECTORS

The directors of the Company throughout the period were:

	<u>Date of appointment</u>	<u>Date of resignation</u>
G D Budd		
D J Darroch		
K O'Byrne		
M J Sidders		

Subsequent to the period end, the following changes occurred:

D J Darroch		19 July 2004
K O'Byrne	19 July 2004	

DIRECTORS' SHARE INTERESTS

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

Beneficial and family interests

	<u>Ordinary shares 1 May 2004</u>		<u>Ordinary shares 3 May 2003</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
G D Budd	642,470	25,103	593,418	108,242
D J Darroch	72,604	31,965	42,352	83,242
K O'Byrne	-	-	-	-
M J Sidders	153,161	4,150	110,141	76,812

The directors' restricted beneficial interests at 1 May 2004 comprise shares held in their share banks under the Deferred Equity Participation Plan ("DEPP"). At 3 May 2003 restricted beneficial interests comprised both shares held in their share bank under the DEPP and shares awarded under bonus arrangements put in place following the disposal of Freeserve. Details of the DEPP and the bonus arrangements are disclosed in the financial statements of Dixons Group plc.

DIXONS TREASURY MANAGEMENT LIMITED

DIRECTORS' REPORT

DIRECTORS' SHARE OPTIONS

	At 4 May 2003	Granted in period	Exercised in period	Lapsed in period	At 1 May 2004
G D Budd	715,554	160,682	-	(17,424)	858,812
D J Darroch	334,192	238,223	-	(4,443)	567,972
K O'Byrne	113,184	127,100	-	-	240,284
M J Sidders	206,787	68,891	-	(32,588)	243,090

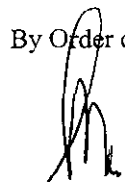
Each of the directors is interested as a potential beneficiary in 1,316,813 (3 May 2003 3,691,355) ordinary shares owned by Dixons TSR Trust ("the Trust") an employee share ownership trust. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

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

26 July 2004

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 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.

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 1 May 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 1 May 2004 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

3 August 2004

DIXONS TREASURY MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
For the 52 weeks ended May 2004

	Note	2003/04 £'000	2002/03 £'000
Operating profit/(loss)	2	19,278	(968)
Net interest	3	4,062	41
Profit/(loss) on ordinary activities before taxation		23,340	(927)
Taxation (charge)/credit on profit/(loss) on ordinary activities	5	(7,002)	278
Retained profit/(loss) after taxation for the period	9	16,338	(649)


All operating profit/(loss) 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 period and loss for the preceding period.

DIXONS TREASURY MANAGEMENT LIMITED
BALANCE SHEET
As at 1 May 2004

	Note	£'000	2004 £'000	£'000	2003 £'000
Current assets					
Debtors	6	170,769		25,732	
Cash at bank and in hand		1,064		3,284	
		<u>171,833</u>		<u>29,016</u>	
Creditors: amounts falling due within one year					
Borrowings	7	-		(25,821)	
Other creditors	7	<u>(156,144)</u>		<u>(3,844)</u>	
		<u>(156,144)</u>		<u>(29,665)</u>	
Net current assets/(liabilities)			<u>15,689</u>		<u>(649)</u>
			<u>15,689</u>		<u>(649)</u>
Capital and reserves					
Called up share capital	8	-		-	
Profit and loss account	9	<u>15,689</u>		<u>(649)</u>	
Equity shareholder's funds			<u>15,689</u>		<u>(649)</u>

These financial statements were approved by the directors on 2nd July 2004 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 1 May 2004. Comparative figures are for the 53 weeks ended 3 May 2003.

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/(LOSS)

	2003/04 £'000	2002/03 £'000
Administrative expenses	(12)	-
Other operating income/(expenses)	19,290	(968)
Operating profit/(loss)	<u>19,278</u>	<u>(968)</u>
Operating profit/(loss) is stated after charging:		
Auditors' remuneration – audit fees	<u>12</u>	<u>-</u>

3. NET INTEREST

	2003/04 £'000	2002/03 £'000
Interest receivable and similar income from group undertakings	212	-
Interest receivable and similar income from third parties	11,048	41
Interest payable on loans from group undertakings	(6,541)	-
Interest payable on bank loans, overdrafts and other third party loans repayable within five years	<u>(657)</u>	<u>-</u>
	<u>4,062</u>	<u>41</u>

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the period (2002/03 none). The directors received no remuneration for services to the Company during the period (2002/03 £nil).

DIXONS TREASURY MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2003/04 £'000	2002/03 £'000
Current taxation:		
UK corporation tax at 30%	7,002	-
Group relief	-	(278)
	<u>7,002</u>	<u>(278)</u>

6. DEBTORS

	2004 £'000	2003 £'000
Amounts due from group undertakings	160,683	25,732
Prepayments and accrued income	10,086	-
	<u>170,769</u>	<u>25,732</u>

7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Borrowings		
Bank loan	-	25,821
Other creditors		
Amounts due to group undertakings	143,628	2,917
Corporation tax	7,002	-
Accruals and deferred income	5,514	927
	<u>156,144</u>	<u>3,844</u>
	<u>156,144</u>	<u>29,665</u>

8. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
2 ordinary shares of £1 each	2	2

DIXONS TREASURY MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9. PROFIT AND LOSS ACCOUNT

	£'000
At 4 May 2003	(649)
Retained profit for the period	<u>16,338</u>
At 1 May 2004	<u><u>15,689</u></u>

10. 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.

11. 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.