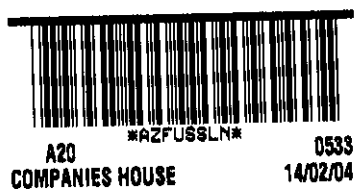


Company Registration No.3357545

LINK FS LIMITED

Annual Report and Financial Statements

53 weeks ended 3 May 2003



LINK FS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2003

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LINK FS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 53 weeks ended 3 May 2003. Comparative figures are for the 52 weeks ended 27 April 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company is the marketing and sale of extended warranties, credit products and other financial 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 5.

DIVIDENDS

The directors recommend that no dividend be paid (2001/02 £nil).

DIRECTORS

The directors of the Company during the period were:

S C Carroll
J E Cartledge
D J Darroch
M Marks

All 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

	Ordinary shares 3 May 2003		Ordinary shares 27 April 2002	
	Unrestricted	Restricted	Unrestricted	Restricted
S C Carroll	61,176	22,756	10,588	37,021
J E Cartledge	-	-	-	-
D J Darroch	42,352	83,242	21,176	76,962
M Marks	-	3,029	-	595

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

Directors' share options

	At 28 April 2002	Granted in period	Exercised in period	Cancelled or lapsed in period	At 3 May 2003
S C Carroll	65,178	52,370	-	(4,443)	113,105
J E Cartledge	7,083	4,315	-	-	11,398
D J Darroch	163,385	170,807	-	-	334,192
M Marks	65,985	29,866	-	(2,146)	93,705

LINK FS LIMITED

DIRECTORS' REPORT

Each of the directors is interested as a potential beneficiary in 3,691,355 (27 April 2002 5,777,608) 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

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. On 4 March 2003 the Company elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP will be the auditor of the company for the forthcoming financial period under the provisions of section 386(2) of the Companies Act 1985.

By Order of the Board



G D Budd

Secretary

23 January 2004

Registered office:
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

LINK FS 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.

LINK FS LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Link FS Limited

We have audited the financial statements of Link FS Limited for the 53 weeks ended 3 May 2003 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 year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 3 May 2003 and of its profit for the 53 weeks 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

29 January 2004

LINK FS LIMITED
PROFIT AND LOSS ACCOUNT
For the 53 weeks ended 3 May 2003

	Note	2002/03 £'000	2001/02 £'000
Turnover		9,376	9,391
Operating profit	2	8,874	9,089
Interest receivable and similar income	3	-	462
Profit on ordinary activities before taxation		8,874	9,551
Taxation on profit on ordinary activities	5	(2,662)	(2,866)
Profit on ordinary activities after taxation		6,212	6,685
Retained profit after taxation for the period	9	6,212	6,685


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

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

LINK FS LIMITED
BALANCE SHEET
As at 3 May 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
Current assets					
Debtors	6	19,953		18,377	
Cash at bank and in hand		877		380	
			<u>20,830</u>		18,757
Creditors: amounts falling due within one year	7		<u>(7,889)</u>		<u>(12,028)</u>
Net current assets			<u><u>12,941</u></u>		<u><u>6,729</u></u>
Capital and reserves					
Called up share capital			-		-
Profit and loss account	9		<u>12,941</u>		<u>6,729</u>
Equity shareholder's funds			<u><u>12,941</u></u>		<u><u>6,729</u></u>

The financial statements were approved by the directors on 23 January 2004 and signed on their behalf by:



D J Darroch

Director

LINK FS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with UK law and applicable accounting standards. FRS 17 'Retirement benefits' is being adopted in line with the transitional timetable laid down by the standard. 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 include the results of the Company for the 53 weeks ended 3 May 2003. Comparative figures are for the 52 weeks ended 27 April 2002.

1.2 Turnover

Turnover comprises commission received on sale of extended warranty insurance and the provision of credit and credit related products and services.

1.3 Post retirement benefits

The Dixons Group operates a pension scheme for eligible UK employees comprising both a defined benefit and a defined contribution section. The expected cost of providing pensions under the defined benefit section, 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 members in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

It is not practical to allocate the underlying assets and liabilities of the defined benefit section to individual group companies, on a consistent and reasonable basis. Therefore, following full implementation of FRS 17, the Company will, as required, account for its contributions to the defined benefit section of the scheme as if it were a defined contribution scheme.

The Company's contributions to the defined contribution section of the pension scheme are charged to the profit and loss account on an accruals basis as they become payable.

1.4 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 is included are publicly available.

2. OPERATING PROFIT

	2002/03 £'000	2001/02 £'000
Turnover	9,376	9,391
Gross profit	9,376	9,391
Administrative expenses	(502)	(302)
Operating profit	8,874	9,089

The auditors' remuneration is borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002/03 £'000	2001/02 £'000
Interest receivable and similar income from group undertaking	-	462

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4. EMPLOYEES AND DIRECTORS

	2002/03	2001/02
	£'000	£'000
Staff costs, including directors, for the period were:		
Wages and salaries	291	157
Social security costs	17	9
Other pension costs	11	6
	319	172

	Number	Number
The average number of employees, including directors, was:	5	3

The directors received no remuneration for services to the Company during the period (2001/02 £nil).

	Number	Number
Directors who exercised options over shares in Dixons Group plc during the period was:	-	2
Directors who accrued benefits under defined benefit pension schemes was:	4	4

Three directors (2001/02 three) received ordinary shares in Dixons Group plc under the Deferred Equity Participation Plan ("DEPP") and under bonus arrangements entered into following the disposal of Freeserve. Further details of the DEPP and the bonus arrangements are given in the accounts of Dixons Group plc.

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2002/03	2001/02
	£'000	£'000
UK corporation tax at 30%	2,662	2,866

6. DEBTORS

	2003	2002
	£'000	£'000
Amounts due from other group undertakings	19,950	18,268
Other debtors	3	109
	19,953	18,377

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£'000	£'000
Amounts due to other group undertakings	5,814	10,564
Corporation tax	1,912	1,462
Other taxation and social security	6	-
Other creditors	157	2
	<u>7,889</u>	<u>12,028</u>

8. CALLED UP SHARE CAPITAL

	2003	2002
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

9. PROFIT AND LOSS ACCOUNT

	£'000
At 28 April 2002	6,729
Retained profit for the period	6,212
	<u>12,941</u>
At 3 May 2003	

10. POST RETIREMENT BENEFITS

Dixons Group plc operates a pension scheme for eligible employees in the UK comprising both a defined benefit and defined contribution section. The defined benefit section is a funded scheme with assets held in a separate trustee administered fund. 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 5 April 2001, using the projected unit method.

Pension costs are accounted for in accordance with SSAP 24 "Accounting for pension costs". The last actuarial valuation of the defined benefit section, for accounting purposes, showed the value of assets to be sufficient to cover 106% of the benefits accrued to members after allowing for expected future increases in earnings. At 3 May 2003, the valuation of the defined benefit section for the purposes of FRS 17 showed a gross pension deficit of £226.6 million (27 April 2002 £76.1 million). Further particulars of the scheme are disclosed in Note 27 to the financial statements of Dixons Group plc.

With effect from 1 September 2002, the defined benefit section of the pension scheme was closed to new entrants. Membership of the defined contribution section is now offered to eligible employees.

LINK FS LIMITED **NOTES TO THE FINANCIAL STATEMENTS**

11. RELATED PARTY DISCLOSURE

All purchases, payments and receipts were transacted through other group companies on behalf of the Company. All transactions were made on normal commercial terms.

£7,050,000 of gross profit (2001/02 £7,019,000) was earned from Coverplan Insurance Services Limited, a subsidiary of DSG Retail Limited, £180,000 (2001/02 £230,000) of gross profit was earned from DSG Retail Limited and £2,146,000 (2001/02 £1,690,000) was earned from The Link Stores Limited, also a subsidiary of DSG Retail Ltd.

Period end balances with group undertakings were as follows:

	2003	2002
	£'000	£'000
Debtors:		
DSG Card Handling Limited	147	-
Dixons Group plc	-	-
The Link Stores Limited	19,803	18,268
	<u>19,950</u>	<u>18,268</u>
Creditors:		
DSG Retail Limited	(5,108)	(2,950)
Coverplan Insurance Services Limited	(706)	(7,614)
	<u>(5,814)</u>	<u>(10,564)</u>

12. PARENT COMPANY

The Company's immediate parent is The Link Stores Limited.

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