

LINK FS LIMITED

REGISTERED NO. 3357545

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 weeks ended 28 April 2001



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LINK FS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2001

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LINK FS LIMITED
DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the 52 weeks ended — 28 April 2001. Comparative figures are for the 52 weeks ended 29 April 2000.

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 the payment of a dividend of £194,000 per share (1999/00 £nil).

Directors

The directors of the Company during the period were:

	Date of Appointment	Date of Resignation
R Braybrook		
D Hamid		31 July 2000
M Marks		
S C Carroll	31 July 2000	
D J Darroch	1 March 2001	

Directors' share interests

The directors' beneficial and family interests in the share capital of the ultimate parent were:

	28 April 2001	Ordinary shares 29 April 2000*
R Braybrook	-	-
M Marks	-	-
S C Carroll	-	18,259
D J Darroch	-	-

* Date of appointment, if later.

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.

LINK FS LIMITED
DIRECTORS' REPORT continued

Except as otherwise stated, between the balance sheet date and 3 July 2001 the interests of the directors did not change.

Directors' share options

	At 29 April 2000 *	Granted in period	Exercised in period	At 28 April 2001
R Braybrook	9,268	8,580	-	17,848
M Marks	60,516	12,152	(21,616)	51,052
S Carroll	69,924	22,758	(25,772)	66,910
D J Darroch	100,614	-	-	100,614

* Date of appointment, if later.

Each of the directors is interested as a potential beneficiary in 7,776,341 (3 July 2001 7,878,258) Ordinary shares owned by Dixons TSR Trust Ltd, the trustee of the Dixons Group plc share ownership plans. The particulars of the Trust are disclosed in the financial statements of Dixons Group plc.

Auditors

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

By Order of the Board



G D Budd
Secretary

3 July 2001
Registered office
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TG

LINK FS 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.

**LINK FS LIMITED
AUDITORS' REPORT**

— To the Members of Link FS Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 affairs of the Company as at 28 April 2001 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

5 October 2001
Hill House
1 Little New Street
London EC4A 3TR

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
and Registered Auditors

LINK FS LIMITED
PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 28 April 2001

	<i>Note</i>	<u>2000/01</u> <u>£'000</u>	<u>1999/00</u> <u>£'000</u>
Turnover	<i>1</i>	<u>8,365</u>	<u>7,439</u>
Operating profit	<i>2</i>	<u>8,331</u>	<u>7,409</u>
Net interest	<i>3</i>	<u>1,033</u>	<u>827</u>
Profit on ordinary activities before taxation		<u>9,364</u>	<u>8,236</u>
Taxation on profit on ordinary activities	<i>5</i>	<u>(2,811)</u>	<u>(2,468)</u>
Profit on ordinary activities after taxation		<u>6,553</u>	<u>5,768</u>
Dividend	<i>6</i>	<u>(19,400)</u>	<u>-</u>
Retained profit/(loss) after taxation for the period	<i>10</i>	<u>(12,847)</u>	<u>5,768</u>

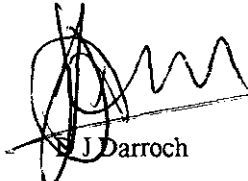
All turnover and operating profit is derived from continuing operations in the United Kingdom.

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

LINK FS LIMITED
BALANCE SHEET
as at 28 April 2001

	Note	<u>£'000</u>	<u>2001 £'000</u>	<u>£'000</u>	<u>2000 £'000</u>
Current assets					
Debtors	7	7,749		15,803	
Cash at bank and in hand		<u>63</u>		<u>9</u>	
			7,812		15,812
Creditors - due within one year					
Other creditors	8		(7,768)		(2,921)
Net current assets			<u>44</u>		<u>12,891</u>
Equity shareholder's funds					
Ordinary share capital	9		-		-
Profit and loss account	10		44		12,891
			<u>44</u>		<u>12,891</u>

The financial statements were approved by the Board of Directors on 3 July 2001 and signed on its behalf by :


S J Darroch

LINK FS 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. The financial statements include the results of the Company for the 52 weeks ended 28 April 2001. Comparative figures are for the 52 weeks ended 29 April 2000.

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 Cash flow statement

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

1.4 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 scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

	2000/01 £'000	1999/00 £'000
2 OPERATING PROFIT		
Turnover	8,365	7,439
Cost of sales	-	-
Gross profit	8,365	7,439
Administration expenses	(34)	(30)
	<u>8,331</u>	<u>7,409</u>
The auditors' remuneration is borne by another group undertaking.		
	2000/01 £'000	1999/00 £000
3 NET INTEREST		
Interest receivable and similar income from group undertakings	<u>1,033</u>	<u>827</u>

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

4 EMPLOYEES AND DIRECTORS

Staff costs for the period were:

Wages and salaries
 Social security costs
 Pension costs

2000/01 £'000	1999/00 £'000
30	27
2	3
2	-
<u>34</u>	<u>30</u>

The remuneration of the directors was:
 Emoluments

2000/01 £'000	1999/00 £'000
15	13

One (1999/00 one) director received no remuneration.

The number of directors who exercised options over shares in Dixons Group plc during the period was:

Number	Number
2	2

The number of directors accruing benefits under defined benefit pension schemes was:

4	2
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5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 30%

2000/01 £'000	1999/00 £'000
2,811	2,468

6 DIVIDEND

Dividend of £194,000 per Ordinary share proposed (1999/00 £nil)

19,400	-
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7 DEBTORS

Due within one year

Amounts due from group undertakings

2001 £'000	2000 £'000
7,749	15,803
<u>7,749</u>	<u>15,803</u>

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	2001 £'000	2000 £'000
8 CREDITORS – due within one year		
Other creditors		
Amounts due to group undertakings	5,414	1,288
Corporation tax	2,345	1,622
Other taxation and social security payable	9	11
	<u>7,768</u>	<u>2,921</u>
	<u>£</u>	<u>£</u>
9 SHARE CAPITAL		
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>
		<u>£'000</u>
10 PROFIT AND LOSS ACCOUNT		
At 29 April 2000		12,891
Retained profit for the period		<u>(12,847)</u>
At 28 April 2001		<u>44</u>

11. CONTINGENT LIABILITIES

The Company has given guarantees in respect of its immediate parent company's bank facilities. No amounts were drawn against these facilities at 28 April 2001 (29 April 2000 £nil).

12. POST RETIREMENT BENEFITS

Subject to certain criteria, 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 1998, using the projected unit method.

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

LINK FS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13. 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.

£8,133,000 of gross profit (1999/2000 £7,199,000) was earned from Coverplan Insurance Services Limited, a 100% owned subsidiary of DSG Retail Limited, and £232,000 (1999/2000 £240,000) from Mastercare Coverplan Service Agreements Limited, also a 100% owned subsidiary of DSG Retail Limited

Period end balances with group undertakings were as follows:

	2001 £'000	2000 £'000
Debtors:		
DSG Retail Limited	669	495
Dixons Group plc	2,173	-
The Link Stores Limited	4,907	15,308
	<u>7,749</u>	<u>15,803</u>
Creditors:		
Mastercare Coverplan Service Agreements Limited	(558)	(122)
Coverplan Insurance Services Limited	(4,856)	(1,166)
	<u>(5,414)</u>	<u>(1,288)</u>

14. PARENT COMPANY

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