

LITTLEWOODS RETAIL LIMITED
(Registered No. 421258)

REPORTS AND FINANCIAL STATEMENTS

30 APRIL 2001



LITTLEWOODS RETAIL LIMITED
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

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LITTLEWOODS RETAIL LIMITED**REPORT OF THE DIRECTORS**

The directors present their report, together with the financial statements of the company, for the year ended 30 April 2001.

CONSOLIDATED FINANCIAL STATEMENTS

The company is exempt under Section 228 of The Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included in consolidated financial statements of Littlewoods PLC, a company registered in England & Wales.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is unchanged from last year and involves the distance selling of a wide variety of goods and services and high street retailing. The profit and loss account for the year is set out on page 8. The directors anticipate an improved level of activity in the forthcoming year.

EUROPEAN MONETARY UNION

The introduction of the Euro in January 1999 has had little initial impact on Littlewoods PLC. A Steering Group has been formed and has completed an analysis of the impact upon Littlewoods, should the UK join EMU. HM Treasury's National Changeover Plan has been used as a guide to the proposed timings. Work on the changes required in Littlewoods would commence at the time of a national referendum.

RESULTS AND DIVIDENDS

The loss for the year before taxation amounted to £69,652,000 (2000 - profit of £36,597,000). The directors do not recommend the payment of a dividend.

FIXED ASSETS

In the opinion of the directors, the market value of the properties on 30 April 2001 does not differ significantly from the balance sheet values at that date.

EMPLOYEE INVOLVEMENT

The directors recognise the importance of providing all employees with information on matters of concern to them and that enables employees to improve their performance and make an active contribution to achievement of the Group's business objectives.

The Group is therefore committed to a full and open dialogue with employees throughout the business. The aim is to update employees and their representatives on corporate objectives, trading performance, economic conditions and other relevant matters and to facilitate and encourage the involvement of employees in the performance and development of the Group.

A comprehensive internal communications programme has been developed to ensure that information is disseminated effectively across the Group. Regular channels of communication include internal bulletins, notice boards, department briefing groups and on-line channels such as e-mails and Intranet. In addition, conferences, executive roadshows and an in-house employee magazine are also used as communication vehicles.

The Group is committed to the principles of partnership in its relationship with its recognised trade unions. Our approach to partnership reinforces our commitment to employee involvement.

Employees are also represented on the trustees board of the Group's pension arrangements.

LITTLEWOODS RETAIL LIMITED**REPORT OF THE DIRECTORS****EQUAL OPPORTUNITIES**

Littlewoods is committed to equality of opportunity and dignity at work for all, irrespective of race, colour, creed, ethnic origins, gender, marital status, sexuality, disability, class or age and it ensures that recruitment and promotion decisions are made solely on the basis of suitability for the job.

It is the policy of the Group to comply with all legislative requirements, including the Sex Discrimination Act 1975, the Race Relations Act 1976 and the Disability Discrimination Act 1995. In offering equality of opportunity to all people applying for employment, selection is made on the basis of the most suitable person for the job in respect of experience and qualifications. Training, career development and promotion are offered to all employees on the basis of their merit and ability. Every effort is made to continue to employ, in the same or alternative employment, and where necessary to retrain, employees who become disabled during their employment with the Group.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Company made charitable donations totalling £742,727 (2000 - £783,246). The Company made no political contributions during the year (2000 - £Nil).

DIRECTORS

The directors who held office during the year were:-

J M B Gibson

M P Wynne (resigned 19 October 2000)

J W Michie (resigned 3 November 2000)

A White

S E Murray

P Sprague (resigned 18 October 2000)

C W Beesley (resigned 30 April 2001)

A K McGeorge

There are no interests of directors which are within the disclosure requirements of the Companies Act 1985 in relation to the company, in shares of the company, its holding company or subsidiaries of the holding company.

LITTLEWOODS RETAIL LIMITED**REPORT OF THE DIRECTORS****POLICY ON PAYMENT TO CREDITORS**

Payment terms for Goods for Resale are agreed with suppliers prior to trading commencing. Contracts placed reflect those Terms and Conditions which have been agreed. Payment terms for other Goods and Services are end of month following month of invoice, although there are approved exceptions. Payment is made to the agreed terms provided the conditions specified to the supplier have been met.

Creditor payment days outstanding at 30 April 2001 are 47 days (2000 – 46 days).

AUDITOR

A resolution for the re-appointment of KPMG Audit Plc as auditor of the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



LIVERPOOL -

LITTLEWOODS SECRETARIAL SERVICES LIMITED
Secretary

LITTLEWOODS RETAIL LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITOR
TO THE MEMBERS OF
LITTLEWOODS RETAIL LIMITED**

We have audited the financial statements on pages 8 to 21.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

BASIS OF AUDIT 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 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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

7 August 2001

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

LIVERPOOL -

LITTLEWOODS RETAIL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2001

	Notes	30.4.2001 £000	30.4.2000 £000
TURNOVER including value added tax		2,031,702	2,075,334
Value Added Tax		(276,607)	(283,433)
TURNOVER excluding value added tax	1	<u>1,755,095</u>	<u>1,791,901</u>
Cost of sales		(1,241,323)	(1,208,680)
GROSS PROFIT		<u>513,772</u>	<u>583,221</u>
Net Operating Expenses	4	<u>(564,641)</u>	<u>(548,956)</u>
OPERATING (LOSS) / PROFIT		(50,869)	34,265
Loss on disposal of Fixed Assets	5	(18,783)	-
Provision for fundamental reconfiguration of stores (adjustment to 1997/98 provision)		-	2,332
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(69,652)</u>	<u>36,597</u>
Taxation	6	14,983	(11,553)
RETAINED (LOSS) / PROFIT FOR THE YEAR	13	<u>(54,669)</u>	<u>25,044</u>

There is no difference between the reported loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

All activities relate to continuing operations.

LITTLEWOODS RETAIL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2001

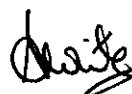
	30.4.2001 £000	30.4.2000 £000
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(54,669)	25,044
Unrealised gain on revaluation of investment	36,887	19,624
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL PERIOD	<u>(17,782)</u>	<u>44,668</u>

LITTLEWOODS RETAIL LIMITED
BALANCE SHEET AS AT 30 APRIL 2001

	Notes	30.4.2001 £000	30.4.2000 £000
FIXED ASSETS			
Tangible assets	7	257,995	247,784
Investments	8	217,614	180,727
Investments in joint ventures	8	28,439	35,705
		<u>504,048</u>	<u>464,216</u>
CURRENT ASSETS			
Stocks	9	210,203	171,287
Debtors (see note below)	10	847,815	907,588
Cash at bank and in hand		62,875	3,812
		<u>1,120,893</u>	<u>1,082,687</u>
CREDITORS:			
Amounts falling due within one year	11	(1,179,022)	(1,086,060)
NET CURRENT (LIABILITIES)/ASSETS		<u>(58,129)</u>	<u>(3,373)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>445,919</u>	<u>460,843</u>
CREDITORS:			
Amounts falling due after more than one year	11	(5,862)	(7,332)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(16,150)	(11,822)
NET ASSETS		<u><u>423,907</u></u>	<u><u>441,689</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	201,146	201,146
Share premium account	13	62,617	62,617
Revaluation reserve	13	106,018	69,131
Profit and loss account	13	54,126	108,795
EQUITY SHAREHOLDERS FUNDS		<u><u>423,907</u></u>	<u><u>441,689</u></u>

Debtors and net current assets include debtors recoverable after more than one year of £31,704,000 (2000 - £47,041,000).

The financial statements on pages 8 to 21 were approved by the Board of Directors on 25 July 2001 and were signed on their behalf by



Director

LITTLEWOODS RETAIL LIMITED

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include certain assets at valuation and, in accordance with applicable accounting standards and the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

TURNOVER

Turnover represents the value of goods and services sold to external customers. Value added tax has been separately disclosed.

LEASED ASSETS

Assets held under finance leases are capitalised and the resulting future net obligations recorded as creditors. Depreciation on the relevant assets is provided on the straight-line basis to write off the assets over the shorter of their useful lives and the lease terms. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

DEPRECIATION

Depreciation is provided on the straight line basis to write off the cost of fixed assets over their anticipated useful lives at the following annual rates:

Assets in the course of construction	Nil
Land	Nil
Retail freehold buildings	2.5%
Non-retail freehold buildings	4.0 – 5.0%
Leasehold land and buildings	The lesser of the remaining lease term or 40 years
Buildings fixtures and fittings	The lesser of the remaining lease term and 5.0%
Plant, equipment and other fixtures and fittings	10.0 - 20.0%
Computers	20.0 - 33.3%
Motor vehicles	10.0 - 33.3%

LITTLEWOODS RETAIL LIMITED
STATEMENT OF ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The group participates in the Littlewoods Pensions Scheme operated by Littlewoods PLC. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund.

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services.

INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The investment in subsidiary undertakings is valued at cost of shares, less amounts written off, plus the post acquisition profits, less losses, of the subsidiaries appropriate to those shareholdings.

JOINT VENTURES

A joint venture is an entity in which the company holds an interest on a long-term basis and jointly controls with one or more venturers under a contractual arrangement. The company's investment in joint ventures is held in the balance sheet at cost.

DEFERRED TAXATION

Deferred taxation is provided under the liability method, unless it can reasonably be demonstrated that no liability will arise within the foreseeable future.

STOCKS

Stocks are valued at the lower of cost or estimated realisable value. Cost is based on the first in, first out method of valuation.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date. Profits and losses on foreign exchange transactions, relating to the supply of merchandise are taken through the profit and loss account in the period in which they arise.

CASH FLOW

The company is a wholly owned subsidiary of Littlewoods PLC and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt from the requirement of FRS 1 (Revised) to prepare a separate cash flow statement.

RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by Financial Reporting Standard No 8, details of transactions with entities in the same group have not been disclosed.

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 20011. **TURNOVER**

All turnover arises in the United Kingdom from the Company's principal activity.

2. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2001 £000	2000 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	40,754	32,228
Depreciation – assets held under finance leases	301	346
Hire of plant and machinery – operating leases	3,836	3,837
Hire of other assets – operating leases	52,114	58,339
Auditors remuneration for audit	207	262

Remuneration of the company's auditor and its associates for provision of non-audit services to the company was £114,355 in the year to 30 April 2001 (2000 - £138,177).

3. **DIRECTORS AND EMPLOYEES**

	2001 £000	2000 £000
Staff costs		
Wages and salaries	216,202	216,309
Social security costs	15,747	15,924
Pension scheme contributions	5,364	5,417
	<u>237,313</u>	<u>237,650</u>
	2001 Number	2000 Number
Average number of employees	<u>20,856</u>	<u>20,300</u>
Full time equivalent		
Stores	5,290	5,001
Distribution & Customer Service Centres	6,426	6,137
Administration	3,093	3,517
	<u>14,809</u>	<u>14,655</u>

	2001 £	2000 £
Staff costs include the following emoluments in respect of directors		
Emoluments	194,315	395,494
Contributions to the Group defined benefit pension scheme	10,299	18,454

During the period eight directors (2000 – twelve directors) participated in the Group defined benefit pension scheme, and two directors (2000 – four directors) had contributions paid into money purchase schemes.

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

4. ANALYSIS OF NET OPERATING EXPENSES

	2001 £000	2000 £000
Net operating expenses		
Distribution costs	140,161	128,351
Administrative expenses	424,788	420,835
(Surplus) on disposal of fixed assets	(308)	(230)
	<u>564,641</u>	<u>548,956</u>

Administrative expenses include an exceptional charge of £28,705,365 (2000 - £11,584,000) relating to restructuring costs incurred.

5. LOSS ON DISPOSAL OF FIXED ASSETS

The loss on disposal of fixed assets was generated on the disposal of the Company's investment in Dial Home Shopping Limited.

6. TAXATION

	2001 £000	2000 £000
Corporate tax based on the results for the year		
Current tax at 30% (2000 - 30%)	60	15
Deferred tax at 30% (2000 - 30%)	(14,346)	3,038
Group relief	(119)	6,415
Adjustments in respect of prior periods		
Current tax	(5,358)	2,383
Deferred tax	8,741	711
Group relief	(3,961)	(1,009)
	<u>(14,983)</u>	<u>11,553</u>

Included within the above tax charge is £1,424,638 (2000 - £3,475,000) relating to exceptional items.

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

7. TANGIBLE FIXED ASSETS

	Total £000	Land and buildings £000	Fixtures, fittings and equipment £000	Assets in course of construction £000
COST				
At 1 May 2000	452,177	168,818	264,794	18,565
Additions	69,616	2,197	42,232	25,187
Disposals	(25,566)	(5,311)	(20,255)	-
Intra-group transfers	(10,396)	(5,272)	(5,124)	-
Re-classification of assets	-	1,093	17,472	(18,565)
At 30 April 2001	<u>485,831</u>	<u>161,525</u>	<u>299,119</u>	<u>25,187</u>
DEPRECIATION				
At 1 May 2000	204,393	45,917	158,476	-
Charge for the period	43,495	8,734	34,761	-
Disposals	(14,657)	(2,499)	(12,158)	-
Intra-group transfers	(5,395)	(2,235)	(3,160)	-
At 30 April 2001	<u>227,836</u>	<u>49,917</u>	<u>177,919</u>	<u>-</u>
NET BOOK VALUE				
At 30 April 2001	<u>257,995</u>	<u>111,608</u>	<u>121,200</u>	<u>25,187</u>
At 30 April 2000	<u>247,784</u>	<u>122,901</u>	<u>106,318</u>	<u>18,565</u>

- i) Land and buildings including their related building fixtures and fittings at net book value comprise:

	2001 £000	2000 £000
Freehold	34,770	34,238
Freehold and long leasehold	14,712	14,999
Long leasehold	9,064	9,714
Short leasehold	53,062	63,950
	<u>111,608</u>	<u>122,901</u>

- ii) The net book value of fixtures, fittings and equipment includes an amount of £2,635,000 (2000 - £1,398,000) in respect of assets held under finance leases. The depreciation charge for the period on these assets was £301,000 (2000 - £346,000).

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

8. FIXED ASSET INVESTMENTS

	Investment in Subsidiary Undertakings £000	Joint Venture £000	Total £000
Cost or valuation			
At 1 May 2000	180,727	35,705	216,432
Additions	-	19,130	19,130
Disposals	-	(26,396)	(26,396)
Share of retained profits	36,887	-	36,887
At 30 April 2001	<u>217,614</u>	<u>28,439</u>	<u>246,053</u>

The company also holds an interest in Jacques Vert PLC, an associated undertaking (see below). This investment was written down from £2,440,000 to nil in the year ended 30 April 1998.

SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings are listed along with their activities below. All companies are incorporated in Great Britain and carry out their principal operations in the country of incorporation. The Company owns 100% of the Ordinary and Preference share capital of all companies.

Name of undertakingPrincipal business activity

Home Shopping Network (UK) Limited
Littlewoods Home Shopping Finance Limited
* Staley Insurance Services Limited

Distribution
Holding Company
Underwriting of Insurance and Reinsurance risks

* Legal Direct Recoveries Limited

Debt Recovery

* Denotes shares held by a subsidiary undertaking

ASSOCIATED UNDERTAKINGS

Name of undertaking	Holding	Proportion of nominal value of shares held	Activity	Accounting year end
Jacques Vert PLC	9,133,333 ordinary shares of 10p	29.9%	Ladieswear retailing and wholesaling	April

Incorporated, registered and principally operates in Great Britain.

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

8. FIXED ASSET INVESTMENTS (continued)

JOINT VENTURES

Name of undertaking	Holding	Proportion of nominal value of shares held	Activity	Accounting year end
The Home Shopping Channel Limited	"A" Ordinary Shares of £1 each	65%	Television Home Shopping	April

Incorporated, registered and principally operates in Great Britain. The company controls 65% of the voting rights, and has the right to a 65% share of profits, subject to certain restrictions as set out in the Articles of Association, accordingly, the investment has been accounted for as a joint venture.

Littlewoods Personal Finance Ltd	50 "A" Ordinary Shares of £1 each	50%	Financial services provider	December
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Incorporated, registered and principally operates in Great Britain.

On 30 April 2001 the Company disposed of its 25% interest in Dial Home Shopping Limited for £7.6m (net of costs of disposal).

9. STOCKS

	2001 £000	2000 £000
Raw materials and consumables	2,099	2,489
Goods for resale	208,104	168,798
	<u>210,203</u>	<u>171,287</u>

10. DEBTORS

	2001 £000	2000 £000
Amounts falling due within one year:		
Trade debtors	176,917	744,400
Securitised Receivables	533,000	-
Amounts owed by group undertakings	4,825	54,232
Other debtors	51,949	21,896
Prepayments and accrued income	40,925	40,019
Deferred Taxation	8,495	-
	<u>816,111</u>	<u>860,547</u>
Amounts falling due after more than one year:		
Trade debtors	31,704	47,041
	<u>847,815</u>	<u>907,588</u>

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

10. DEBTORS (continued)

On 14 September 2000, the holding company, Littlewoods PLC, entered into an agreement to securitise Littlewoods Retail Ltd home shopping customer receivables, with the proceeds being used to reduce bank borrowings within Littlewoods PLC. At 30 April 2001 the amount of customer receivables securitised was £533m.

The provider of the finance (Ben Nevis Six Limited) issued debt to finance their interests in the home shopping customer receivables, the written terms of which provide no recourse to the Group. Neither the Group nor any member of the Group is obliged, or intends, to support any losses in respect of the securitised receivables. Receipts of interest and principal from home shopping customers in respect of the securitised receivables are used to pay Ben Nevis Six Limited obligations on their issued debt and to pay administration expenses with any excess income payable to the Group.

11. CREDITORS

	2001 £000	2000 £000
Amounts falling due within one year:		
Bank loans and overdrafts	80,097	208,322
Obligations under finance leases	1,213	735
Trade Creditors	174,047	148,696
Amounts owed to group undertakings	750,080	579,210
Amounts owed to associated undertakings	-	1,413
Social security and other taxes	2,353	876
Accruals and deferred income	171,232	146,808
	<u>1,179,022</u>	<u>1,086,060</u>
Amounts falling due after more than one year:		
Obligations under finance leases	1,255	848
Accruals and deferred income	4,607	6,484
	<u>5,862</u>	<u>7,332</u>
Obligations under finance leases:		
Net obligations under finance leases are payable as follows:-		
Within one year	1,213	735
Between one and two years	899	536
Between two and five years	356	312
	<u>2,468</u>	<u>1,583</u>

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

12. PROVISIONS FOR LIABILITIES AND CHARGES	2001 £000	2000 £000
Provision for deferred taxation		
(Decelerated) / accelerated capital allowances	(4,333)	7,977
Other timing differences	(4,162)	(10,867)
	(8,495)	(2,890)
Transfer to Debtors	8,495	-
	-	(2,890)
Provision for rationalisation and redundancy costs	16,150	14,712
	<u>16,150</u>	<u>11,822</u>

There are no potential liabilities to deferred taxation for which provisions have not been made.

The movements on the provisions in the year are as follows:-

	Rationalisation & redundancy provision £000	Deferred Taxation £000	Total £000
At 1 May 2000	14,712	(2,890)	11,822
Charged to profit & loss account	25,964	(5,605)	20,359
Utilised in the period	(24,526)	-	(24,526)
Transfer to debtors	-	8,495	8,495
As at 30 April 2001	<u>16,150</u>	<u>-</u>	<u>16,150</u>

All of the rationalisation and redundancy provision is forecast to be spent in 2001/2002.

13. CAPITAL AND RESERVES

a) CALLED UP SHARE CAPITAL	2001 £000	2000 £000
Authorised		
225,000,000 ordinary shares of £1 each	225,000	225,000
50,000,000 redeemable ordinary shares of £1 each	50,000	50,000
	<u>275,000</u>	<u>275,000</u>
Allotted, called up and fully paid		
151,146,139 ordinary shares of £1 each	151,146	151,146
50,000,000 redeemable ordinary shares of £1 each	50,000	50,000
	<u>201,146</u>	<u>201,146</u>

The redeemable ordinary shares rank equally in all respects to the existing ordinary shares. Subject to the provisions of the Companies Act 1985, the redeemable shares shall be redeemed (at par), in multiples of 1,000,000 redeemable shares, at the company's option upon the company giving 21 days notice to the holders of the shares to be redeemed (such notice to be given within two calendar months after the audited accounts of the company are laid before the company in general meeting).

LITTLEWOODS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001

13. b) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £000	Share Premium Account £000	Revalua- tion reserve £000	Profit and Loss Account £000	2001 Total £000	2000 Total £000
At 1 May 2000	201,146	62,617	69,131	108,795	441,689	397,021
Loss for the year	-	-	-	(54,669)	(54,669)	25,044
Post acquisition reserves of subsidiaries	-	-	36,887	-	36,887	19,624
Total recognised gains and losses for the year	-	-	36,887	(54,669)	(17,782)	44,668
At 30 April 2001	201,146	62,617	106,018	54,126	423,907	441,689

14. CAPITAL COMMITMENTS

	2001 £000	2000 £000
Contracts for capital expenditure not provided in the financial statements	20,464	18,269

15. OTHER FINANCIAL COMMITMENTS

At 30 April 2001, the company had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	1,595	-	961
Expiring between two and five years inclusive	-	15,499	-	2,875
Expiring after five years	-	-	-	-
	-	17,094	-	3,836

Other forward contracts totalling £266.3m (2000 - £127.6m) were in place at the year end.

The company has an agreement with Littlewoods Property Ltd in respect of all properties occupied by the company. The rentals charged are agreed on an annual basis at the prevailing market rate.

LITTLEWOODS RETAIL LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 2001****16. PENSION SCHEME**

The company participates in the Littlewoods Pensions Scheme operated by Littlewoods PLC. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary.

The cost of providing benefits to the company's members of the pension scheme as advised by Littlewoods PLC is charged in the accounts. The total pension cost for the company is £5,364,000 (2000 - £5,417,000). In the opinion of the directors, variations from regular cost cannot be accurately allocated on a company basis and accordingly the variations are dealt with on a Group basis in the accounts of Littlewoods PLC.

Details of the latest actuarial valuation of The Littlewoods Pensions Scheme as at 31 December 2000 and the treatment of the actuarial surplus are given in the accounts of Littlewoods PLC.

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is Littlewoods PLC, which is registered in England and Wales, and heads the largest and smallest group into which the results of Littlewoods Retail Limited are consolidated.