

DOWNLAND DEBT RECOVERY LIMITED
(Registered Number 1192575)
REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED FEBRUARY 28, 2003



Downland Debt Recovery Limited

Report of the Directors

for the year ended February 28, 2003

The directors submit their report and financial statements for the year ended February 28, 2003.

1. Directors

I Andrew
C West

Secretary I Andrew

2. Directors' interests

The directors of the company are shown above. During the period, liability insurance was maintained for the company's directors and officers. No director has held any interest in any group company during the period.

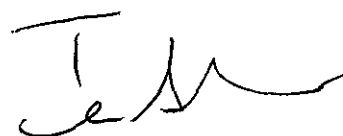
3. Principal activities

The company was engaged in the collection of debts owed originally to the immediate parent company, Freemans Plc, and other group undertakings. On July 9, 2001 this activity ceased. Consequently during the year the company has made neither a profit nor a loss.

4. Dividends

A dividend of £4,470,225 (2002: nil) was paid through the current account with the immediate parent company in the year.

July 2, 2003



By order of the Board
I Andrew, Secretary

Downland Debt Recovery Limited

Directors' Responsibility Statement

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 then 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 the 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 the 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.

Downland Debt Recovery Limited

Report of the independent auditors to the members of Downland Debt Recovery Limited

We have audited the financial statements on pages 4 to 9.

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 the company's members those matters we are required to state to them in an auditor's 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

The directors are responsible for preparing the directors report and, as described on page 2, 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 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 1985. 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 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 February 28, 2003 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

July 3, 2003

1 The Embankment
Neville Street
LEEDS
LS1 4DW

Downland Debt Recovery Limited

Profit and loss account

Year ended February 28, 2003

		Discontinued operations	Discontinued operations
		Year ended 28.2.2003 £000	Year ended 28.2.2002 £000
	Note		
Turnover	1	-	1,310
Cost of sales		-	(487)
Gross profit		-	823
Debt collection costs		-	(352)
Administrative expenses		-	(26)
Profit on ordinary activities before taxation	2	-	445
Taxation on profit on ordinary activities	3	-	-
Profit on ordinary activities before taxation		-	445
Dividends paid	4	(4,470)	-
Profit / (loss) retained for the period	6	(4,470)	445

All results relate to activities that were discontinued on July 9, 2001.

The company has no recognised gains or losses other than those included in the profit above and therefore no separate statement of recognised gains and losses has been prepared.

The notes on pages 7 to 9 form part of these financial statements.

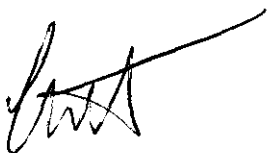
Downland Debt Recovery Limited

Balance sheet February 28, 2003

	Note	28.2.2003 £000	28.2.2002 £000
Current assets			
Current account with parent company		10	4,480
		<hr/>	<hr/>
Net current assets		10	4,480
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	10	10
Profit and loss account	6	-	4,470
		<hr/>	<hr/>
Equity shareholders' funds		10	4,480
		<hr/>	<hr/>

The notes on pages 7 to 9 form part of these financial statements.

The financial statements were approved by the board on July 2, 2003.



C West
Director

Downland Debt Recovery Limited

Year ended February 28, 2003

Note of historical cost profits and losses

There were no unrealised gains or losses, or adjustments for revalued assets during the financial period.

Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
Profit for the financial period	-	445
Dividends	(4,470)	-
	<hr/>	<hr/>
(Decrease) / Increase in shareholders' funds	(4,470)	445
Opening shareholders' funds	4,480	4,035
	<hr/>	<hr/>
Closing shareholders' funds	10	4,480
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Downland Debt Recovery Limited

Notes on the financial statements

1. Accounting policies

Accounting convention

The financial statements are prepared in accordance with applicable accounting standards. As a result of the decision made by the directors to cease trading on July 9, 2001, the accounts have been prepared on a non-going concern basis.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover is the amount received from the realisation of debts purchased, debts recovered on a commission basis and court fees recovered.

Taxation

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed by the balance sheet date, except as otherwise required by FRS19.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation relates wholly to activities discontinued on July 9, 2001.

	2003 £000	2002 £000
The profit on ordinary activities before taxation is arrived at after charging:		
Depreciation	-	39
Audit fee	-	5
	<hr/>	<hr/>

Employees

All employees were employees of Freemans Plc and details of their remuneration and pension arrangements are disclosed in the report of that company.

Directors' emoluments

The directors are directors of Freemans Plc and are remunerated as such. The directors receive no payments in respect of services provided as directors of the company.

Audit fees

Audit fees for the current period will be borne by the immediate parent company.

Downland Debt Recovery Limited

Notes on the financial statements (continued)

3. Taxation on profit on ordinary activities

The UK corporation tax charge is based on profits for the year, at the rate of 30% (2002: 30%).

4. Dividends

	28.2.2003 £000	28.2.2002 £000
Paid in the year:		
Ordinary shares, at £447.0225 per share	4,470	-
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5. Called up share capital

	28.2.2003 £000	28.2.2002 £000
Authorised, allotted and fully paid 10,000 ordinary shares £1 each	10	10
	<hr/>	<hr/>

6. Profit and loss account

	£000
Balance at March 1, 2002	4,470
Loss for the financial year	(4,470)
	<hr/>
Balance at February 28, 2003	-
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Downland Debt Recovery Limited

Notes on the financial statements (continued)

7. Ultimate parent undertaking

The directors regard the ultimate holding company as being Otto (GmbH & Co KG), a company incorporated in Germany. The immediate parent company is Freemans Plc which is registered in England.

Freemans Plc prepares group accounts which include Downland Debt Recovery Limited as a member. Otto (GmbH & Co KG) is the only other parent undertaking for which group accounts are prepared and of which the company is a member. The Otto (GmbH & Co KG) annual report is available from Otto (GmbH & Co KG), Wandsbeker Str 3-7, 22172 Hamburg, Germany.

The directors have taken advantage of the exemption in Financial Reporting Standard 8, paragraph 3(c), and have not disclosed transactions with parent and fellow subsidiary undertakings.