

DIRECTORS' REPORT AND ACCOUNTS

**TIME RETAIL FINANCE LIMITED
AND ITS SUBSIDIARY**

(Registered Number 2243231)

31 January 1995



TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 1995

The directors present their report and audited financial statements of the company and the group for the year ended 31 January 1995.

STATEMENTS 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 at the balance sheet date and of the profit or loss of the company for that financial year. 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 with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm the accounts comply with these requirements.

PRINCIPAL ACTIVITIES

The group's principal activity is the provision of credit facilities through retailers.

REVIEW OF THE BUSINESS AND RESULTS

The profit of the group for the year after taxation amounted to £4,890,000 (1994 £3,805,000). The directors consider the result for the year to be satisfactory. The directors do not propose a dividend for the year (1994 £3,800,000) and propose that the retained profit for the year of £4,890,000 be added to reserves brought forward.

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 1995 (CONTINUED)

DIRECTORS AND THEIR INTERESTS

All persons who were directors of the company at any time between 1 February 1994 and 31 January 1995 are listed below:

GC Thomas
H Kenworthy
J Gould
S Fairbank
IPW Kendall
J Ferguson
M Toogood
JJ Till
IP Campbell

No director had any interest in the shares of the company during the year ended 31 January 1995.

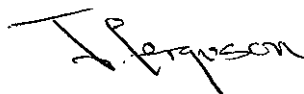
FIXED ASSETS

Movements in fixed assets are shown in Note 8 to the accounts.

AUDITORS

Price Waterhouse have indicated their willingness to continue as auditors and a resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

Approved by the Board



J FERGUSON
Secretary

17 May 1995

Registered Office

PO Box 110
Claypit Lane
Leeds

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS
OF TIME RETAIL FINANCE LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. 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 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 group and the company as at 31 January 1995 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

17 May 1995

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St. Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 JANUARY 1995**

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
INTEREST RECEIVABLE	3	32,867	28,812
Interest payable	3	<u>(7,854)</u>	<u>(5,351)</u>
NET MARGIN		25,013	23,461
Administrative expenses		<u>(17,633)</u>	<u>(17,434)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	7,380	6,027
Taxation on ordinary activities	6	<u>(2,490)</u>	<u>(2,222)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,890	3,805
Dividends proposed	7	—	<u>(3,800)</u>
RETAINED PROFIT, TRANSFERRED TO RESERVES	13	4,890	5

The results on an unmodified historical cost basis are unchanged from those shown in the profit and loss account. The group has no other recognised gains and losses other than those shown above.

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

BALANCE SHEET - 31 JANUARY 1995

		1995		1994	
	Notes	Group	Company	Group £'000	Company £'000
FIXED ASSETS					
Tangible assets	8	353	353	312	312
Investment	9	-	37,509	-	37,509
		<u>353</u>	<u>37,862</u>	<u>312</u>	<u>37,821</u>
CURRENT ASSETS					
Debtors due within one year	10	174,500	174,508	139,328	139,336
Debtors due after one year	10	54,710	54,710	33,196	33,196
Cash at bank and in hand		<u>5</u>	<u>5</u>	<u>52</u>	<u>52</u>
		229,215	229,223	172,576	172,584
CREDITORS (amounts falling due within one year)	11	<u>(210,803)</u>	<u>(248,318)</u>	<u>(162,813)</u>	<u>(200,328)</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>18,412</u>	<u>(19,095)</u>	<u>9,762</u>	<u>(27,744)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,765</u>	<u>18,767</u>	<u>10,075</u>	<u>10,077</u>
CAPITAL AND RESERVES (equity interests)					
Called up share capital	12	13,800	13,800	10,000	10,000
Profit and loss account	13	<u>4,965</u>	<u>4,967</u>	<u>75</u>	<u>77</u>
TOTAL SHAREHOLDERS' FUNDS		<u>£18,765</u>	<u>£18,767</u>	<u>£10,075</u>	<u>£10,077</u>

J Gould

GC Thomas

DIRECTORS

APPROVED BY THE BOARD

ON 17 January 1995

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 1995**

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	2,897	95
TAXATION			
UK Corporation tax paid		(2,890)	-
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(220)	(240)
Sale of tangible fixed assets		<u>15</u>	<u>19</u>
		<u>(205)</u>	<u>(221)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	15	(198)	(126)
		<u>=====</u>	<u>=====</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995

1 ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

2 JOINT VENTURE

The company was a joint venture between Kingfisher plc and Club 24 Limited, formed under an agreement dated 30 November 1988 on which the initial minimum term has now lapsed and which the joint venture companies may terminate by giving not less than one year's written notice. No such notice has been given by either of the joint venture companies, who have been currently negotiating a revised agreement. On 20 December 1994, Club 24 Limited transferred its shareholding to its ultimate parent company, Next plc. The shareholdings of the shareholder companies are shown in Note 12 below.

3 ACCOUNTING POLICIES

(1) Consolidation

The consolidated accounts reflect the accounts of the company and its subsidiary company made up to 31 January 1995.

In accordance with Section 230 of the 1985 Companies Act a separate profit and loss account of Time Retail Finance Limited is not presented. Profit of £4,890,000 has been dealt with in the financial statements of the company.

(2) Debtors

Full provision is made for doubtful debts using an arrears-based method which is designed to provide for those debts which will probably prove to be irrecoverable.

(3) Interest receivable

Interest receivable represents interest charges on credit facilities provided to customers.

(4) Interest payable

Interest payable principally represents interest charges on amounts owed to shareholder companies.

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

3 ACCOUNTING POLICIES (CONTINUED)

(5) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the estimated lives of the fixed assets concerned, which are in the range of 3-5 years.

(6) Deferred taxation

No provision is made for deferred taxation unless there is reasonable probability that payment will be made in the foreseeable future.

(7) Pension costs

The pension cost charge included in the profit and loss account in respect of the defined benefit schemes, of which eligible employees are members, represents the amount of contributions due in respect of the year, as advised. Further details of the group's pension arrangements are set out in Note 16.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
This is stated after charging:		
Depreciation	168	115
Auditors' remuneration - audit fee	<u>30</u>	<u>25</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

5 DIRECTORS AND EMPLOYEES

	<u>1995</u> £'000	<u>1994</u> £'000
Staff costs:		
Wages and salaries	866	709
Social security costs	108	77
Other pension costs	<u>48</u>	<u>14</u>
	1,022	800
	<u>=====</u>	<u>=====</u>
The above figures include the following remuneration in respect of directors:		
Fees as directors	-	-
Other emoluments	363	311
Pension contributions	<u>34</u>	<u>12</u>
	397	323
	<u>=====</u>	<u>=====</u>
The emoluments, excluding pension contributions, of the directors were as follows:		
Chairman	<u>£Nil</u>	<u>£Nil</u>
Highest paid director	<u>£87,382</u>	<u>£87,136</u>
	<u>Number</u>	<u>Number</u>
The emoluments, excluding pension contributions, of the directors were in the following ranges:		
£0 - £5,000	4	6
£30,001 - £35,000	-	1
£60,001 - £65,000	1	2
£65,001 - £70,000	2	-
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-
£85,001 - £90,000	<u>1</u>	<u>1</u>
Average number of employees (excluding directors)	<u>31</u>	<u>24</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

6 TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
Corporation tax on the profit of the year at 33%	2,614	2,069
Prior year items	<u>(124)</u>	<u>153</u>
	<u>2,490</u>	<u>2,222</u>

The current year tax charge has been increased by approximately £252,000, (1994 £80,000) principally due to short term timing differences for which a deferred tax asset has not been set up.

There was no potential deferred taxation liability at 31 January 1995 or 31 January 1994.

7 DIVIDENDS

	<u>1995</u> £'000	<u>1994</u> £'000
Proposed final dividend on "A" ordinary shares	-	1,900
"B" ordinary shares	<u>-</u>	<u>1,900</u>
	<u>-</u>	<u>3,800</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

8 TANGIBLE FIXED ASSETS

<u>Group and company</u>	Motor vehicles £'000	Office equipment £'000	<u>Total</u> £'000
<u>Cost</u>			
At 1 February 1994	253	297	550
Additions	28	192	220
Disposals	<u>(37)</u>	<u>(7)</u>	<u>(44)</u>
At 31 January 1995	<u>244</u>	<u>482</u>	<u>726</u>
<u>Depreciation</u>			
At 1 February 1994	86	152	238
Charge for the year	82	86	168
Disposals	<u>(27)</u>	<u>(6)</u>	<u>(33)</u>
At 31 January 1995	<u>141</u>	<u>232</u>	<u>373</u>
<u>Net book amounts</u>			
At 31 January 1995	<u>103</u>	<u>250</u>	<u>353</u>
At 31 January 1994	<u>167</u>	<u>145</u>	<u>312</u>

9 FIXED ASSET INVESTMENT

Company

Shares in subsidiary undertaking:

	£'000
Balance at 1 February 1994 and 31 January 1995, at cost	<u>37,509</u>

The subsidiary, TRF Factors Limited, is registered in England and provides retail finance facilities. The company owns all of its issued share capital.

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

10 DEBTORS

	1995		1994	
	<u>Group</u> £'000	<u>Company</u> £'000	<u>Group</u> £'000	<u>Company</u> £'000
Credit receivables	228,551	228,559	172,460	172,468
Amounts owed by Kingfisher plc group undertakings	192	192	-	-
Amounts owed by Kingfisher plc	320	320	-	-
Other debtors and prepayments	147	147	64	64
Dividends receivable	-	-	-	-
	229,210	229,218	172,524	172,532
Less: credit receivables due after one year	<u>(54,710)</u>	<u>(54,710)</u>	<u>(33,196)</u>	<u>(33,196)</u>
	<u>174,500</u>	<u>174,508</u>	<u>139,328</u>	<u>139,336</u>

11 CREDITORS (amounts falling due within one year)

	1995		1994	
	<u>Group</u> £'000	<u>Company</u> £'000	<u>Group</u> £'000	<u>Company</u> £'000
Corporation tax	2,872	2,872	3,272	3,272
Social security and other taxes	37,252	37,252	28,378	28,378
Accruals and other creditors	8,024	8,024	6,159	6,159
Amounts owed to Kingfisher plc group undertakings	2,653	2,653	1,772	1,772
Amount owed to Kingfisher plc	158,556	158,556	104,039	104,039
Amount owed to TRF Factors Limited	-	37,515	-	37,515
Amount owed to Next plc group undertakings	907	907	15,189	15,189
Amounts owed to associated undertakings	184	184	-	-
Bank overdraft	355	355	204	204
Proposed dividend	-	-	<u>3,800</u>	<u>3,800</u>
	<u>210,803</u>	<u>248,318</u>	<u>162,813</u>	<u>200,328</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

12 CALLED UP SHARE CAPITAL

Authorised ordinary shares of £1 each

	<u>"A" ordinary</u>	<u>"B" ordinary</u>
Issued and fully paid ordinary shares of £1 each:		
At 1 February 1994	5,000,000	5,000,002
New share capital issued	<u>1,900,000</u>	<u>1,900,000</u>
At 31 January 1995	<u>6,900,000</u>	<u>6,900,002</u>

During the year 3,800,000 ordinary shares of £1 each were issued to existing shareholders at par. Consideration for these shares was by way of reduction of amounts due from the company to the shareholders.

The holders of the shares at 31 January 1995 were:

"A" ordinary shares	Next plc
"B" ordinary shares	Kingfisher plc

"A" and "B" ordinary shares have the same rights regarding dividends, capital distribution and voting.

13 RESERVES

	<u>Group</u> £'000	<u>Company</u> £'000
Profit and loss account at 1 February 1994	75	77
Retained profit for the year	<u>4,890</u>	<u>4,890</u>
Profit and loss account at 28 January 1995	<u>4,965</u>	<u>4,967</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

14 RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS

	1995		1994	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£'000	£'000	£'000	£'000
Retained profit for the year	4,890	4,890	5	7
Additional share capital	3,800	3,800	-	-
Opening shareholders' funds	<u>10,075</u>	<u>10,077</u>	<u>10,070</u>	<u>10,070</u>
Closing shareholders' funds	<u>18,765</u>	<u>18,767</u>	<u>10,075</u>	<u>10,077</u>

15 NOTES TO THE CASH FLOW STATEMENT

(1) Reconciliation of profit before taxation to net cash inflow from operating activities

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Profit before taxation	7,380	6,027
Depreciation charge	168	115
Increase in the provision for bad debts	1,067	340
Profit on sale of tangible fixed assets	<u>(3)</u>	<u>-</u>
Net cash flow from trading activities	8,612	6,482
Net increase in amounts owed to shareholders	40,604	41,512
Net increase in credit receivables	(57,159)	(59,795)
Decrease/(increase) in other debtors	(83)	262
Increase in other creditors	<u>10,923</u>	<u>11,634</u>
Net cash flow from operating activities	<u>2,897</u>	<u>95</u>

TIME RETAIL FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO THE ACCOUNTS - 31 JANUARY 1995 (CONTINUED)

15 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(2) Analysis of changes in cash and cash equivalents during the year

Balance at 1 February 1994	(152)
Net cash outflow	(198)
Balance at 31 January 1995	(350)

(3) Analysis of cash and cash equivalents as shown in the balance sheet

	<u>1995</u>	<u>1994</u>	<u>Change in year</u>
	£'000	£'000	£'000
Cash at bank	5	52	(47)
Bank overdraft	(355)	(204)	(151)
	(350)	(152)	(198)
	==	==	==

16 PENSION ARRANGEMENTS

The group's employees, where eligible, are members of the pension schemes of one or other of the shareholder companies. These schemes are financed primarily through separate trustee-administered funds. Contributions to these funds, which are charged against profits, are determined by the shareholder companies based on actuarial advice. The details of the actuarial valuations of these schemes are set out in the financial statements of Kingfisher plc and Next plc.