Registered no: 2243231

# Time Retail Finance Limited

## Annual report

## for the year ended 31 January 2001

# Time Retail Finance Limited

# Annual report
# for the year ended 31 January 2001

# Directors' report for the year ended 31 January 2001

The directors present their report and the audited financial statements of the company and the group for the year ended 31 January 2001.

## Principal activities

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

## Review of business and future developments

Both the level of business achieved by the group and the year end financial position were satisfactory and consistent with expectations, with the directors confident that this successful performance will be sustained over the foreseeable future.

During the course of the year the company has made significant progress in implementing its strategy of bringing in-house certain customer account management facilities currently sourced from a third party provider. This work will continue over the next year and the directors remain satisfied that any additional costs of working in parallel during the change-over period can be met out of current income.

## Results and dividends

The profit of the group for the year after taxation amounted to £3,234,000 (2000: £4,839,000) after taking into account an exceptional gain of £619,000 (2000: £1,423,000) arising on a change of VAT arrangements and exceptional restructuring costs of £2,100,000 (2000: £Nil) arising from the implementation of the in-house strategy referred to above. The directors do not propose a dividend for the year (2000: £Nil), and the retained profit for the financial year will be transferred to reserves.

## Directors and their interests

The directors during the year were as follows:

| | |
|---|---|
| A H Percival | (Resigned 9 May 2000) |
| S Fox | (Resigned 4 December 2000) |
| J R Gould | (Resigned 28 April 2000) |
| C C B Rogers | |
| P E Rowley | |
| H Weir | |
| P Mackin | |
| M A Goldman | |
| I Garden | (Appointed 28 April 2000) |

On 9 March 2001 P E Rowley resigned as a director of Time Retail Finance Limited, and on 31 March 2001 he resigned as a director of Kingfisher plc. On 31 July 2001 C C B Rogers resigned as a director of Time Retail Finance Limited. On 19 April 2001 K J Evans was appointed as a director of Time Retail Finance Limited.

## Directors and their interests (continued)

None of the directors had any interest in the share capital of the company at any time during the year. The interests of directors holding office at 31 January 2001 in the share capital of Kingfisher plc, the ultimate parent undertaking, are detailed below.

Mr P E Rowley and Mrs H Weir were directors of Kingfisher plc, and their interests are shown, at 31 January 2001, in the annual report of that company. Mr C C B Rogers is a director of Comet Group plc, a fellow subsidiary undertaking, and his interests are shown in the annual report of that company. The interests of the other directors holding office at 31 January 2001 in the shares of Kingfisher plc were:

| | **Ordinary shares of 12.5p** At 1 February 2000 (or date of appointment) | At 31 January 2001 |
|---|---|---|
| P Mackin | 2,553 | 2,626 |
| M A Goldman | 259 | 266 |
| I Garden | 1,500 | 1,519 |

Apart from the interests disclosed above, no director holding office at 31 January 2001 had any interest in the share capital or loan stock of Kingfisher plc or any other group company.

The interests of the directors holding office at 31 January 2001 (other than Messrs Rogers and Rowley and Mrs Weir) in options for the shares of Kingfisher plc were as follows:

| | At 1 February 2000 (or date of appointment) | Options granted | Options exercised | Options lapsed or cancelled | At 31 January 2001 | Option price (pence) | Date from which exercisable | Expiry date |
|---|---|---|---|---|---|---|---|---|
| **Executive share options** | | | | | | | | |
| P Mackin | 12,678 | - | - | - | 12,678 | 804.5 | 26/05/02 | 25/05/09 |
| | - | 31,324 | - | - | 31,324 | 521.0 | 17/04/03 | 16/04/10 |
| | - | 12,399 | - | - | 12,399 | 473.0 | 25/09/03 | 24/09/10 |
| | **12,678** | **43,723** | - | - | **56,401** | | | |
| M A Goldman | 6,901 | - | - | - | 6,901 | 639.0 | 27/09/02 | 26/09/09 |
| | - | 12,696 | - | - | 12,696 | 521.0 | 17/04/03 | 16/04/10 |
| | - | 5,179 | - | - | 5,179 | 473.0 | 25/09/03 | 24/09/10 |
| | **6,901** | **17,875** | - | - | **24,776** | | | |
| I Garden | 10,290 | - | - | - | 10,290 | 291.5 | 01/05/99 | 30/04/06 |
| | 6,038 | - | - | - | 6,038 | 291.5 | 01/05/99 | 30/04/06 |
| | 14,490 | - | - | - | 14,490 | 328.5 | 16/04/00 | 15/04/07 |
| | 9,044 | - | - | - | 9,044 | 549.5 | 27/04/01 | 26/04/08 |
| | 6,586 | - | - | - | 6,586 | 781.0 | 01/04/02 | 31/03/09 |
| | 15,254 | - | - | - | 15,254 | 521.0 | 17/04/03 | 16/04/10 |
| | - | 6,422 | - | - | 6,422 | 473.0 | 25/09/03 | 24/09/10 |
| | **61,702** | **6,422** | - | - | **68,124** | | | |

## Directors and their interests (continued)

| | At 1 February 2000 (or date of appointment) | Options granted | Options exercised | Options lapsed or cancelled | At 31 January 2001 | Option price (pence) | Date from which exercisable | Expiry date |
|---|---|---|---|---|---|---|---|---|
| **Sharesave** | | | | | | | | |
| P Mackin | 1,914 | - | - | (1,914) | - | 506.0 | 01/12/02 | 31/05/03 |
| | - | 2,263 | - | (2,263) | - | 428.0 | 01/07/03 | - |
| | - | 2,654 | - | - | 2,654 | 365.0 | 01/12/03 | 31/05/04 |
| | **1,914** | **4,917** | **-** | **(4,177)** | **2,654** | | | |
| M A Goldman | - | 3,942 | - | (3,942) | - | 428.0 | 01/07/05 | - |
| | - | 2,654 | - | - | 2,654 | 365.0 | 01/02/03 | 31/05/04 |
| | **-** | **6,596** | **-** | **(3,942)** | **2,654** | | | |
| I Garden | 2,226 | - | - | (2,226) | - | 438.0 | 01/08/01 | - |
| | - | 2,654 | - | - | 2,654 | 365.0 | 01/12/03 | 31/05/04 |
| | **2,226** | **2,654** | **-** | **(2,226)** | **2,654** | | | |

## Policy and practice on payment of creditors

The group does not have a standard code which deals specifically with the payment of suppliers, but seeks to abide by the terms agreed when entering into purchase agreements. The group's average creditor period at 31 January 2001 was 29 days (2000: 44 days).

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 January 2001. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the board**

C.M. Brown

**C M Brown**
**Company Secretary**
14 September 2001

# Auditors' report to the members of Time Retail Finance Limited

We have audited the financial statements on pages 6 to 18.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the annual report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom 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 United Kingdom 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' emoluments and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 affairs of the company and the group as at 31 January 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

**PricewaterhouseCoopers**
**Chartered Accountants and Registered Auditors**
Leeds

18 September 2001

# Consolidated profit and loss account for the year ended 31 January 2001

| | Notes | 2001 £'000 | 2000 £'000 (restated - note 6) |
|---|---|---|---|
| **Turnover – group and share of joint venture** | | **78,655** | 89,681 |
| Less: share of joint venture's turnover | | **(1,239)** | - |
| **Group turnover** | 1 | **77,416** | 89,681 |
| Cost of sales | | **(66,169)** | (79,642) |
| Exceptional cost of sales | 3 | **(2,100)** | - |
| **Gross profit** | | **9,147** | 10,039 |
| Administrative expenses | | **(5,348)** | (4,731) |
| Exceptional other operating income | 3 | **619** | 1,423 |
| **Operating profit** | | **4,418** | 6,731 |
| Share of operating profit of joint venture | 10 | **443** | - |
| **Profit on ordinary activities before taxation** | 7 | **4,861** | 6,731 |
| Taxation on profit on ordinary activities | 8 | **(1,627)** | (1,892) |
| **Retained profit for the financial year** | 18 | **3,234** | 4,839 |

All the above results relate to continuing operations.

The group has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

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

# Balance sheet
# at 31 January 2001

| | Notes | Group 2001 £'000 | Group 2000 £'000 | Company 2001 £'000 | Company 2000 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 9 | **2,772** | 323 | **2,772** | 323 |
| Investments | 10 | **-** | - | **37,509** | 37,509 |
| Interests in joint ventures | 10 | | | | |
| Share of gross assets | | **7,818** | - | **-** | - |
| Share of gross liabilities | | **(7,818)** | - | **-** | - |
| | | **-** | - | **-** | - |
| | | **2,772** | 323 | **40,281** | 37,832 |
| **Current assets** | | | | | |
| Debtors | | | | | |
| - amounts falling due within one year | 11 | **71,491** | 46,875 | **133,583** | 97,775 |
| - amounts falling due after more than one year | 11 | **13,696** | 44,500 | **13,696** | 44,500 |
| | | **85,187** | 91,375 | **147,279** | 142,275 |
| Securitised credit receivables | | | | | |
| - amounts falling due within one year | 12 | **179,770** | 214,616 | **-** | - |
| - amounts falling due after more than one year | 12 | **82,367** | 85,298 | **-** | - |
| Less: limited recourse credit notes | 12 | **(211,753)** | (234,553) | **-** | - |
| | | **50,384** | 65,361 | **-** | - |
| Current asset investments | 13 | **383** | 368 | **-** | - |
| Cash at bank and in hand | | **7** | 5,351 | **7** | 5,351 |
| | | **135,961** | 162,455 | **147,286** | 147,626 |
| **Creditors:** amounts falling due within one year | 14 | **(64,776)** | (89,798) | **(130,907)** | (125,468) |
| **Net current assets** | | **71,185** | 72,657 | **16,379** | 22,158 |
| **Total assets less current liabilities** | | **73,957** | 72,980 | **56,660** | 59,990 |
| **Creditors:** amounts falling due after more than one year | 15 | **(2,696)** | (4,953) | **(2,696)** | (4,953) |
| **Net assets** | | **71,261** | 68,027 | **53,964** | 55,037 |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | **13,800** | 13,800 | **13,800** | 13,800 |
| Capital redemption reserve | 18 | **500** | 500 | **500** | 500 |
| Profit and loss account | 18 | **56,961** | 53,727 | **39,664** | 40,737 |
| **Equity shareholders' funds** | 19 | **71,261** | 68,027 | **53,964** | 55,037 |

The financial statements on pages 6 to 18 were approved by the board of directors on 14 September 2001 and signed on its behalf by:

**P Mackin**
**Director**

**I Garden**
**Director**

# Notes to the financial statements for the year ended 31 January 2001

## 1 Principal accounting policies

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. Certain comparatives have been restated in line with the revised format adopted in the profit and loss account. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules and under the assumption that the group is a going concern.

A consolidated cash flow statement has not been prepared on the grounds that Time Retail Finance Limited is entitled to the exemption granted by FRS 1 revised "Cash flow statements" to wholly owned subsidiary undertakings. The consolidated financial statements of Kingfisher plc, the company's parent ultimate undertaking, are publicly available from the address given in note 22.

The group has also taken advantage of the exemption available under FRS 8 "Related party disclosures" not to provide details of transactions with other members of the group as it is a wholly owned subsidiary undertaking.

**Basis of consolidation**

The group financial statements consolidate the financial statements of Time Retail Finance Limited and its subsidiary undertakings, which all have coterminous year ends, using the acquisition method of accounting. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. No goodwill has historically arisen on consolidation. Intra-group sales and profits are eliminated fully on consolidation.

**Accounting for joint ventures**

Joint ventures comprise investments in undertakings where the group holds an interest on a long-term basis and jointly controls the commercial and financial policies of these undertakings under a contractual arrangement.

The group's share of the turnover and the component elements of the profit and loss account for its joint venture are included in the consolidated profit and loss account, with the group's investment in the joint venture disclosed using the gross equity method. This method records the group's share of the gross assets and the gross liabilities of the joint venture underlying the net investment.

Black Horse (TRF) Limited, the group's joint venture undertaking, prepares audited financial statements to 31 December 2000, with unaudited management accounts available for January 2001.

## 1 Principal accounting policies (continued)

### Investment in subsidiaries and joint ventures

In the company's financial statements investments in subsidiary undertakings and joint ventures are stated at cost, with provision made where appropriate for any impairment in value. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

### Turnover

Turnover principally represents interest charges on credit facilities provided to customers and subsidies received from retailers in respect of interest free credit transactions and is all derived in the United Kingdom.

### Funding costs

Interest and other funding costs that are related to the group's principal activity of the provision of credit facilities to customers are disclosed within cost of sales in the group's profit and loss account.

### 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 as follows:

| | |
|---|---|
| Operational equipment | 5 years |
| Fixtures and fittings | 6-10 years |
| Office equipment | 3-5 years |
| Motor vehicles | 3 years |

### Debtors

Full provision is made for doubtful debts using an arrears based method which is designed to provide for those debts which are expected to be irrecoverable.

### Employee share ownership plan

The group has loaned funds to the Kingfisher Group Employee Share Ownership Plan ("ESOP") to finance the acquisition of shares in respect of share options granted to employees during the year. Although the liabilities of the ESOP are guaranteed by Kingfisher plc, the company's ultimate parent undertaking, it operates independently from Time Retail Finance Limited and the company and group have no further exposure beyond the outstanding debtor. This debtor is therefore included within amounts due from group undertakings.

The company has no obligation to finance the cost of any options over the shares of Kingfisher plc that have not been hedged by the ESOP and as such no provision is included within these accounts in respect of unexercised options.

## 1 Principal accounting policies (continued)

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that the liability or asset will crystallise.

**Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**Pension costs**

The group contributes to group pension schemes operated by Kingfisher plc. Contributions and pension costs are based on pension costs across the Kingfisher group as a whole.

Kingfisher plc operates defined benefit and defined contribution schemes for its UK employees. In each case a separate fund is being accumulated to meet the accruing liabilities. The assets of each of these funds are all held under trusts which are entirely separate from the assets of the Kingfisher group, with these valued at least every three years by a professionally qualified independent actuary.

The cost of pensions in respect of the group's defined benefit schemes is charged to the profit and loss account so that it is spread over the working lives of employees. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the working lives of the current employees at each actuarial valuation date.

## 2 Deficit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The deficit for the financial year is as follows:

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| Holding company's deficit for the financial year | **(1,073)** | (665) |

## 3 Exceptional items

The exceptional cost of sales of £2.1 million incurred during the year relate to restructuring costs incurred by the group in advance of bringing in-house certain facilities currently sourced from a third party provider.

The exceptional other operating income in both years represents input VAT recoverable following the company rejoining the Kingfisher VAT group in May 1998.

## 4 Directors' emoluments

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| Aggregate emoluments | **471** | 359 |
| Amounts (excluding shares) receivable under long-term incentive schemes | **41** | - |
| Compensation for loss of office | **96** | 52 |
| | **608** | 411 |

One director received compensation during the year for the cancellation of share options. This compensation is included within the amounts disclosed above in respect of compensation for loss of office. No directors exercised any share options during either the current or prior years and no directors were entitled to receive shares during the year in respect of the long-term incentive scheme. Particulars of the long-term incentive scheme are given in the annual report of Kingfisher plc.

The emoluments of the non-executive directors (including retirement benefits) are paid by the ultimate parent company or other subsidiary companies within the Kingfisher group. There is no recharge for the services of these directors, who are also directors of other group companies.

Retirement benefits are accruing to the three executive directors (2000: four directors) under the group's defined benefit scheme. No directors accrued any benefits under a defined contribution pension scheme during the year (2000: no directors).

The emoluments payable to the highest paid director were as follows:

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| Aggregate emoluments, including benefits under long-term incentive schemes | **237** | 159 |
| Defined benefit pension scheme: | | |
| Accrued pension at end of year | **3** | 1 |

## 5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was 56 (2000: 36).

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| **Staff costs (for the above persons)** | | |
| Wages and salaries | **2,168** | 1,495 |
| Social security costs | **163** | 120 |
| Other pension costs | **139** | 102 |
| | **2,470** | 1,717 |

## 6 Interest payable and similar charges

| | 2001 £'000 | 2000 £'000 (restated) |
|---|---|---|
| Interest payable to group undertakings | **1,117** | 3,651 |
| Securitisation loan interest payable | **14,312** | 14,137 |
| | **15,429** | 17,788 |
| Less: amounts disclosed within cost of sales | **(15,429)** | (17,788) |
| | **-** | - |

In accordance with the group's accounting policies, interest and other funding costs related to the group's principal activity of the provision of credit facilities to customers are disclosed within cost of sales in the group's profit and loss account. These were previously included within administrative expenses and the comparatives have been amended accordingly.

On the same basis the group's share of interest costs incurred by the joint venture has been included in arriving at the group's share of the joint venture's operating profit.

## 7 Profit on ordinary activities before taxation

| | 2001 £'000 | 2000 £'000 |
|---|---|---|
| **Profit on ordinary activities before taxation is stated after charging/(crediting):** | | |
| Loss/(profit) on disposal of fixed assets | **12** | (9) |
| Depreciation charge for the year: | | |
| Tangible owned fixed assets | **272** | 174 |
| Auditors' remuneration for: | | |
| Audit | **28** | 28 |
| Other services to the company | **7** | 405 |
| Operating lease rentals – assets other than plant and machinery | **101** | 64 |
| ESOP contributions | **200** | - |

During the year, a £200,000 voluntary contribution was made to the Kingfisher ESOP trust in respect of options exercised by employees of the group. Full disclosure of the valuation of the trust is made in the consolidated financial statements of Kingfisher plc.

## 8 Taxation

| | 2001 £'000 | 2000 £'000 |
|---|---|---|
| **Taxation for the year:** | | |
| Current tax on profits of the period 30% (2000: 30.16%) | 1,494 | 1,892 |
| Share of joint venture's tax | 133 | - |
| | 1,627 | 1,892 |

No deferred taxation has been provided. The unprovided liability/(asset) is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2001 £'000 | 2000 £'000 | 2001 £'000 | 2000 £'000 |
| Accelerated capital allowances | 114 | (59) | 114 | (59) |
| Other timing differences | (1,252) | (917) | (682) | (587) |
| | (1,138) | (976) | (568) | (646) |

## 9 Tangible fixed assets

| Group and company | Operational equipment £'000 | Fixtures and fittings £'000 | Office equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 February 2000 | - | 143 | 567 | 248 | 958 |
| Additions | 758 | 487 | 1,352 | 182 | 2,779 |
| Disposals | - | (131) | (398) | (136) | (665) |
| **At 31 January 2001** | 758 | 499 | 1,521 | 294 | 3,072 |
| **Depreciation** | | | | | |
| At 1 February 2000 | - | 119 | 421 | 95 | 635 |
| Charge for the year | - | 11 | 173 | 88 | 272 |
| Disposals | - | (120) | (381) | (106) | (607) |
| **At 31 January 2001** | - | 10 | 213 | 77 | 300 |
| **Net book value** | | | | | |
| **At 31 January 2001** | 758 | 489 | 1,308 | 217 | 2,772 |
| Net book value | | | | | |
| At 31 January 2000 | - | 24 | 146 | 153 | 323 |

Neither the group nor the company held any assets under finance lease arrangements.

## 10 Fixed asset investments

| Group | Joint venture £'000 |
|---|---|
| **Cost and net book value** | |
| At 1 February 2000 | - |
| Investment in year | - |
| Share of profit before taxation | 443 |
| Share of taxation charge for year | (133) |
| Share of proposed dividends | (310) |
| **At 31 January 2001** | - |

| Company | Joint venture £'000 | Subsidiary undertakings £'000 | Total £'000 |
|---|---|---|---|
| **Cost and net book value** | | | |
| At 1 February 2000 | - | 37,509 | 37,509 |
| Investment in year | - | - | - |
| **At 31 January 2001** | - | **37,509** | **37,509** |

### Interests in subsidiary undertakings

The company holds £1 ordinary shares in the following subsidiary undertakings:

| Name of undertaking | Country of incorporation | Interest held % |
|---|---|---|
| Time Finance Limited | Great Britain | 100 |
| TRF Factors Limited | Great Britain | 100 |
| Kingfisher Group Business Services Limited | Great Britain | 100 |
| Kingfisher Retail Services Limited | Great Britain | 100 |

TRF Factors Limited, Kingfisher Group Business Services Limited and Kingfisher Retail Services Limited have not traded during the year. The principal business activity of Time Finance Limited is the provision of retail credit facilities.

### Investment in joint venture

On 1 February 2000 the company entered into a joint venture with Chartered Trust Limited (now known as Black Horse Limited) to provide finance products to customers of Time Retail Finance Limited. Time Retail Finance Limited hold 49% of the £100 nominal value of issued equity shares of Chartered Trust (TRF) Limited (now known as Black Horse (TRF) Limited), the joint venture company, but has effective joint control. These shares were acquired during the year at their nominal value, with no goodwill arising on the transaction.

Black Horse (TRF) Limited is incorporated in Great Britain.

## 11 Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£'000** | £'000 | **£'000** | £'000 |
| **Amounts falling due within one year:** | | | | |
| Credit receivables | **52,807** | 27,977 | **52,807** | 27,977 |
| Amounts owed by group undertakings | **-** | - | **62,092** | 50,285 |
| Amounts receivable for group relief | **519** | - | **519** | 615 |
| Other debtors | **4,866** | 3,329 | **4,866** | 3,329 |
| Prepayments | **12,989** | 15,569 | **12,989** | 15,569 |
| Dividend receivable from joint venture | **310** | - | **310** | - |
| | **71,491** | 46,875 | **133,583** | 97,775 |
| **Amounts falling due after more than one year:** | | | | |
| Credit receivables | **12,780** | 44,500 | **12,780** | 44,500 |
| Amounts owed by group undertakings | **916** | - | **916** | - |
| | **13,696** | 44,500 | **13,696** | 44,500 |
| | **85,187** | 91,375 | **147,279** | 142,275 |

Included within amounts owed by group undertakings in the company balance sheet is a loan account balance of £60,606,000 (2000: £45,089,000) due from Time Finance Limited, a subsidiary undertaking of Time Retail Finance Limited. This loan account is subordinated to the claims of other creditors and bears interest at 0.35% above the LIBOR monthly rate.

Amounts owed by group undertakings falling due after more than one year consist of advances to the group ESOP Trust in respect of employee options exercisable outside one year.

## 12 Securitised credit receivables

The company sells certain consumer credit receivables to Time Finance Limited, a subsidiary undertaking, which issues loan notes secured on those assets. The terms of the loan notes include provisions that their holders have no recourse to Time Retail Finance Limited or any other group company. Neither Time Retail Finance Limited nor any other group company is obliged to, or intends to, support any losses incurred by Time Retail Finance Limited. Principal and interest is repayable from, and secured solely on, the consumer receivables.

At 31 January 2001 the amount of securitised receivables was £262,137,000 (2000: £299,914,000) raising funds of £211,753,000 (2000: £234,553,000) by way of a limited recourse facility and, in accordance with FRS 5 "Reporting the substance of transactions", this is shown on the balance sheet using the linked presentation method.

## 13 Current asset investments

Current asset investments consist of amounts held on deposit which are not repayable on demand.

## 14 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Bank overdrafts | **3,257** | 283 | **3,257** | 283 |
| Trade creditors | **1,885** | 3,519 | **1,885** | 3,519 |
| Amounts owed to group undertakings | **40,989** | 66,724 | **108,684** | 104,239 |
| Corporation tax payable | **2,810** | 1,838 | **1,253** | - |
| Other creditors | **219** | 346 | **212** | 339 |
| Accruals and deferred income | **15,616** | 17,088 | **15,616** | 17,088 |
| | **64,776** | 89,798 | **130,907** | 125,468 |

Included within amounts owed to group undertakings in the consolidated balance sheet are two interest bearing balances:

- a £1 million loan repayable in 2001 and bearing interest at 5.75% per annum
- a £6.7 million current account which is repayable on demand and which bears interest at 0.35% above the LIBOR monthly rate

Interest at 0.35% above the LIBOR monthly rate is also payable on an additional £30.8 million current account balance included within the company balance sheet.

None of the amounts owed to group undertakings are secured and all balances (other than as disclosed above) are repayable on demand and non-interest bearing.

## 15 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Amounts owed to group undertakings | **2,000** | 4,000 | **2,000** | 4,000 |
| Accruals and deferred income | **696** | 953 | **696** | 953 |
| | **2,696** | 4,953 | **2,696** | 4,953 |

Amounts owed to group undertakings are repayable in 2002 and bear interest at a rate of 5.75% per annum.

The accruals and deferred income relate to subsidies received from retailers in respect of future costs of financing existing credit agreements with more than one year to run, which are deferred and released to the profit and loss account over the lives of the underlying agreements. None of these agreements extend beyond five years.

## 16 Pension obligations

The company participates in group pension schemes operated by Kingfisher plc, being defined contribution and funded benefit schemes. Scheme assets are held primarily in separate trustee administered funds. The rates of contribution relating to the defined benefit schemes are assessed in accordance with the advice of an actuary and in the intervening years between each revaluation the actuary reviews the continuing appropriateness of the rates. The latest valuation of the scheme was at 31 March 1998. Particulars of the valuation are contained in the financial statements of Kingfisher plc.

The total pension cost for the company was £139,000 (2000: £102,000). There are no prepaid or accrued pension contributions at 31 January 2001 (2000: £Nil).

## 17 Called up share capital

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| **Authorised** | | |
| 20,500,000 ordinary shares of £1 each | **20,500** | 20,500 |
| 500,000 8% cumulative redeemable preferences shares of £1 each | **500** | 500 |
| | **21,000** | 21,000 |
| **Allotted, called up and fully paid** | | |
| 13,800,002 ordinary shares of £1 each | **13,800** | 13,800 |
| | **13,800** | 13,800 |

## 18 Reserves

| **Group** | **Capital redemption reserve £'000** | **Profit and loss account £'000** | **Total £'000** |
|---|---|---|---|
| At 1 February 2000 | 500 | 53,727 | 54,227 |
| Retained profit for the financial year | - | 3,234 | 3,234 |
| **At 31 January 2001** | **500** | **56,961** | **57,461** |

| **Company** | **Capital redemption reserve £'000** | **Profit and loss account £'000** | **Total £'000** |
|---|---|---|---|
| At 1 February 2000 | 500 | 40,737 | 41,237 |
| Deficit for the financial year | - | (1,073) | (1,073) |
| **At 31 January 2001** | **500** | **39,664** | **40,164** |

## 19 Reconciliation of movements in equity shareholders' funds

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| Opening equity shareholders' funds | **68,027** | 63,188 |
| Profit for the financial year | **3,234** | 4,839 |
| **Closing equity shareholders' funds** | **71,261** | 68,027 |

## 20 Capital and other commitments

Contracted capital commitments for which no provision has been made in the accounts total £322,000 (2000: £Nil).

At 31 January 2001 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

| | **2001** | 2000 |
|---|---|---|
| | **£'000** | £'000 |
| Expiring between one and five years | **-** | 64 |
| Expiring between five and ten years | **586** | - |

In February 2001 the company assigned its interest in a property lease which as at 31 January 2001 was a commitment expiring between one and five years. As a result this annual commitment of £64,000 has been excluded from the above disclosures.

## 21 Related party transactions

The company's ultimate controlling party is Kingfisher plc. The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosure of transactions or balances with members of the Kingfisher plc group.

## 22 Ultimate parent company

The company's ultimate parent company is Kingfisher plc.

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Kingfisher plc. Copies of Kingfisher plc's consolidated financial statements can be obtained from The Secretary, Kingfisher plc, North West House, 119 Marylebone Road, London NW1 5PX.