

Time Retail Finance Limited

2263231

Annual report for the year ended 31 January 1996

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Directors' report for the year ended 31 January 1996

The directors present their report and the audited financial statements for the year ended 31 January 1996.

Principal activities

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

Review of business

The company was jointly owned by Kingfisher plc and Next plc until 26 September 1995, when it became a wholly owned subsidiary of Kingfisher plc.

On 29 January 1996 the company sold a block of credit receivables to Time Finance Limited, its subsidiary undertaking, as part of a securitisation arrangement involving the issue by Time Finance Limited of a limited recourse loan note.

The directors consider the results for the year to be satisfactory and in line with expectations. Going forward, the company will continue to provide competitive retail credit facilities to Kingfisher group companies.

The profit of the company for the year after taxation amounted to £4,685,000 (1995: £4,890,000). The directors do not propose a dividend for the year (1995: £Nil) and propose that the retained profit for the year of £4,685,000 be added to reserves brought forward.

Directors' interests

All persons who were directors of the company at any time between 1 February 1995 and 31 January 1996 are listed below:

G C Thomas	(resigned 19 June 1995) (Chairman until 19 June 1995)
H Kenworthy	(resigned 30 June 1995)
J R Gould	
S Fairbank	(resigned 26 September 1995)
I P W Kendall	(resigned 17 July 1995)
J Ferguson	
M Toogood	(resigned 21 June 1995)
J J Till	(resigned 27 July 1995)
I P Campbell	(resigned 26 September 1995)
C C B Rogers	(appointed 24 July 1995)
A H Percival	(appointed 3 April 1995) (Chairman from 19 June 1995)
E E Styring	(appointed 21 June 1995)

Mr A H Percival is a director of Kingfisher plc, of which the company is a wholly owned subsidiary. The interests of the other directors holding office at 31 January 1996 in the 25p ordinary shares of Kingfisher plc were as follows:

	1 February 1995	31 January 1996
J R Gould	17,003	17,003

Apart from the interests disclosed above, no director at 31 January 1996 had any interest in the share capital or loan stock of Kingfisher plc or any other group company.

The interests of the other directors holding office at 31 January 1996 in options for the shares of Kingfisher PLC are as follows:

	At 1/2/95 or date of appointment (a)	Options granted (b)	Options exercised	Options lapsed	At 31/1/96
J R Gould	7,141	10,723	-	-	17,864
J Ferguson	16,681	9,383	-	-	26,064
C C B Rogers	40,484	10,000	-	-	50,484

(a) Exercisable on varying dates through to 2005 at prices between 447p and 577p share.

(b) Exercisable on varying dates through to 2005 at prices between 450p and 500p share.

Changes in fixed assets

There were no significant changes in fixed assets during the year.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 January 1996. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the year ended 31 January 1996 Price Waterhouse resigned as auditors and Coopers & Lybrand were appointed in their place. A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



J Ferguson
Company secretary
22 May 1996

Report of the auditors to the members of Time Retail Finance Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 2 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.

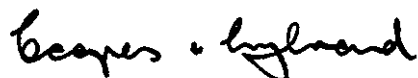
Basis of opinion

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 company as at 31 January 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors

Leeds

22 May 1996

**Profit and loss account
for the year ended 31 January 1996**

	Notes	1996 £'000	1995 £'000
Turnover		42,512	32,867
Interest payable		(11,906)	(7,854)
Gross margin		<u>30,606</u>	<u>25,013</u>
Administrative expenses		(23,230)	(17,633)
Profit on ordinary activities before taxation	4	<u>7,376</u>	<u>7,380</u>
Taxation on ordinary activities	5	(2,691)	(2,490)
Profit on ordinary activities after taxation		<u>4,685</u>	<u>4,890</u>
Dividends proposed		-	-
Retained profit for the year	15	<u><u>4,685</u></u>	<u><u>4,890</u></u>

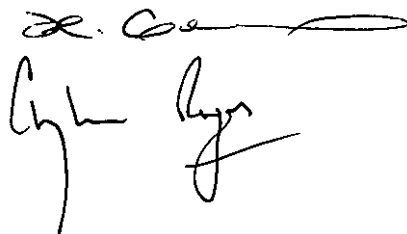
The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet at 31 January 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	6	454	353
Investments	7	37,509	37,509
		<u>37,963</u>	<u>37,862</u>
Current assets			
Debtors falling due within one year	8	154,746	174,508
Debtors falling due after more than one year	9	47,804	54,710
Cash at bank and in hand		684	5
		<u>203,234</u>	<u>229,223</u>
Creditors: amounts falling due within one year	10	(216,899)	(247,563)
Net current liabilities		<u>(13,665)</u>	<u>(18,340)</u>
Total assets less current liabilities		<u>24,298</u>	<u>19,522</u>
Creditors: amounts falling due after more than one year			
Accruals and deferred income	11	(846)	(755)
Net assets		<u>23,452</u>	<u>18,767</u>
Capital and reserves			
Called up share capital	14	13,800	13,800
Profit and loss account	15	9,652	4,967
Equity shareholders' funds	16	<u>23,452</u>	<u>18,767</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 22 May 1996 and were signed on its behalf by:

J R Gould
C C B Rogers
Directors



Notes to the financial statements for the year ended 31 January 1996

1 Principal accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

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.

Turnover

Turnover principally represents interest charges on credit facilities provided to customers and subsidies received from retailers in respect of interest free credit transactions.

Interest payable

Interest payable principally represents interest charges on amounts owed to the company's parent undertaking.

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 2 to 5 years.

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.

1 Principal accounting policies (continued)

Pension costs

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

The group operates defined benefit and 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 group's assets.

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 Directors' emoluments

	1996 £'000	1995 £'000
Fees as directors	-	-
Other emoluments	253	363
Pension contributions	27	34
Compensation for loss of office:		
Paid by the company	38	-
Paid by Next plc	89	-
	<u>407</u>	<u>397</u>

Emoluments (excluding pension contributions) include amounts paid to:

	1996 £	1995 £
The Chairmen	<u>Nil</u>	<u>Nil</u>
The highest paid director	<u>85,280</u>	<u>87,382</u>

2 Directors' emoluments (continued)

The numbers of directors (including the chairmen and the highest paid director) who received emoluments (excluding pension contributions) within the following ranges were:

	1996 Number	1995 Number
0 - £5,000	7	4
£30,001 - £35,000	3	-
£60,001 - £65,000	-	1
£65,001 - £70,000	-	2
£70,001 - £75,000	1	-
£75,001 - £80,000	-	1
£80,001 - £85,000	1	-
£85,001 - £90,000	-	1

3 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was 27 (1995: 31).

	1996 £'000	1995 £'000
Staff costs (for the above persons)	882	866
Wages and salaries	77	108
Social security costs	41	48
Other pension costs	-	-
	<u>1,000</u>	<u>1,022</u>

4 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of fixed assets	<u>9</u>	<u>4</u>
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	260	168
Auditors' remuneration for:		
Audit	30	30
Other services to the company	5	-
Hire of other assets - operating leases	<u>32</u>	<u>63</u>

5 Taxation

	1996 £'000	1995 £'000
Corporation tax on the profit for the year at 33%	2,696	2,614
Overprovision in respect of previous years	(5)	(124)
	<u>2,691</u>	<u>2,490</u>

The current year tax charge has been increased by approximately £303,000 (1995: £252,000) principally due to short term timing differences on which, in accordance with the company's accounting policy, no deferred taxation has been provided.

There was no potential deferred taxation liability at 31 January 1996 or 31 January 1995.

6 Tangible fixed assets

	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost			
At 1 February 1995	244	482	726
Additions	263	243	506
Disposals	(322)	(23)	(345)
	<u>185</u>	<u>702</u>	<u>887</u>
At 31 January 1996			
Depreciation			
At 1 February 1995	141	232	373
Charge for the year	102	158	260
Disposals	(186)	(14)	(200)
	<u>57</u>	<u>376</u>	<u>433</u>
At 31 January 1996			
Net book value			
At 31 January 1996	<u>128</u>	<u>326</u>	<u>454</u>
Net book value			
At 31 January 1995	<u>103</u>	<u>250</u>	<u>353</u>

7 Fixed asset investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 February 1995 and 31 January 1996	<u>37,509</u>

8 Fixed asset investments (continued)

Interests in subsidiary undertakings

The following information relates to the subsidiary undertakings controlled by the company:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held by the company %
Time Finance Limited	England	"A" and "B" ordinary shares of £1 each	100
TRF Factors Limited	England	Ordinary shares of £1 each	100
Kingfisher Group Business Services Limited	England	Ordinary shares of £1 each	100
Kingfisher Retail Services Limited	England	Ordinary shares of £1 each	100

Kingfisher Group Business Services Limited and Kingfisher Retail Services Limited have not traded since they were incorporated in October 1994. The principal business activities of Time Finance Limited and TRF Factors Limited are the provision of retail finance facilities.

8 Debtors: amounts falling due within one year

	1996 £'000	1995 £'000
Credit receivables	152,862	228,559
Amounts owed by parent and fellow subsidiary undertakings	12	-
Amounts owed by subsidiary undertakings	48,059	-
Amounts owed by shareholders - Kingfisher Group undertakings	-	512
Other debtors and prepayments	868	147
Deferred expenditure	749	-
	<u>202,550</u>	<u>229,218</u>
Less: credit receivables due after one year	(47,804)	(54,710)
	<u>154,746</u>	<u>174,508</u>

9 Debtors: amounts falling due after more than one year

	1996 £	1995 £
Credit receivables	<u>47,804</u>	<u>54,710</u>

10 Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Bank overdrafts	206	355
Trade creditors	1,328	36
Amounts owed to parent and fellow subsidiary undertakings	127,066	-
Amounts owed to subsidiary undertakings	37,515	37,515
Amounts owed to shareholders:		
Kingfisher Group undertakings	-	161,209
Next Group undertakings	-	1,091
Corporation tax	2,695	2,872
Other taxation and social security	39,995	37,252
Other creditors	132	-
Accruals and deferred income	7,962	7,233
	<u>216,899</u>	<u>247,563</u>

11 Creditors: amounts falling due after more than one year

	1996 £'000	1995 £'000
Accruals and deferred income	846	755
	<u>846</u>	<u>755</u>

This relates to subsidies received from retailers in respect of future costs of financing existing credit agreements with more than one year to run.

12 Securitised credit receivables

In January 1996, the company sold credit receivables totalling £97,289,492 to its subsidiary undertaking, Time Finance Limited. Time Finance Limited entered into an agreement to securitise £60,146,668 of those receivables partly by issuing a note which raised £49,496,778, the balance of £10,649,890 remaining on a loan account (subordinated to the claim of other creditors) from Time Finance Limited to the company. Neither the company nor any other group undertaking is obliged or intends to support any losses in respect of the sold receivables in excess of the amount of the subordinated loan. Principal and interest are repayable from, and secured solely on, the credit receivables.

13 Pension obligations

The company participates in group pension schemes operated by Kingfisher plc, being defined contribution and funded benefit schemes. Their 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's review the continuing appropriateness of the rates. The latest valuation of the scheme was at 31 March 1995. Particulars of the valuation are contained in the financial statements of Kingfisher plc.

The total pension cost for the company was £41,000 (1995: £48,000).

14 Called up share capital

	1996 £'000	1995 £'000
Authorised		
20,000,002 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
13,800,002 ordinary shares of £1 each	13,800	-
6,900,000 "A" ordinary shares of £1 each	-	6,900
6,900,002 "B" ordinary shares of £1 each	-	6,900
	<u>13,800</u>	<u>13,800</u>

On 26 September 1995 the company passed a special resolution to re-designate the "A" ordinary shares and "B" ordinary shares as ordinary shares.

15 Profit and loss account

	£'000
At 1 February 1995	4,967
Retained profit for the year	<u>4,685</u>
At 31 January 1996	<u>9,652</u>

16 Reconciliation of the movement in shareholders' funds

	1996 £'000	1995 £'000
Retained profit for the year	4,685	4,890
Additional share capital	-	3,800
Opening shareholders' funds	<u>18,767</u>	<u>10,077</u>
Closing shareholders' funds	<u>23,452</u>	<u>18,767</u>

17 Financial commitments

At 31 January 1996 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	1996 £'000	1995 £'000
Expiring within one year	64	64
Expiring between two and five years inclusive	27	91
	<u>91</u>	<u>155</u>

18 Ultimate parent company

The company's ultimate parent company is Kingfisher plc, a company registered in England and Wales. 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.