

Time Retail Finance Limited

Directors' Report And Financial Statements

For The Year Ended 31 January 2002

Registered Number: 2243231



Time Retail Finance Limited

Directors' report and financial statements

Contents

	Pages
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheets	6
Cash flow statement	7
Notes to the financial statements	8 - 24

Directors' report

The directors present their report and the audited financial statements of the company and the group for the year ended 31 January 2002.

Principal Activity

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 consistent with expectations.

On 31 January 2002 the company was acquired by GE Capital Bank Limited. The directors are confident that this change of ownership will provide the support necessary for further development of the underlying business of the company and group.

Proposed dividends and transfer to reserves

The loss of the group for the year after taxation amounted to £ 7,470,000 (2001: Profit £2,269,000 as restated). A final dividend for the year of £55,000,000 has been declared and paid (2001: £Nil).

Directors and their interests

The directors who held office during the year under review are listed below, together with names of those directors who held office at the date of this report.

C C B Rogers	(Resigned 31 July 2001)
P E Rowley	(Resigned 9 March 2001)
H Weir	(Resigned 31 January 2002)
J P Mackin	(Resigned 31 January 2002)
M A Goldman	(Resigned 1 March 2002)
I Garden	(Resigned 28 November 2001)
K J Evans	(Appointed 19 April 2001, resigned 31 January 2002)
H J Harvey	(Appointed 26 September 2001, resigned 31 January 2002)
J A Graham	(Appointed 28 November 2001, resigned 14 June 2002)
S W Sinclair	(Appointed 31 January 2002)
I G Story	(Appointed 31 January 2002)
J S Macphail	(Appointed 31 January 2002)

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. Since the company meets the definition in S 736(2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company is exempt from the obligation to disclose directors' share interests and options in group companies.

Policy and practice on payment of creditors

The company 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 company's average creditor period at 31 January 2002 was 32 days (2001: 29 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.

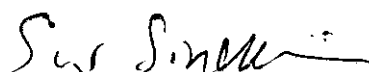
The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 January 2002. The directors also confirm that applicable accounting 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 previous auditors, PricewaterhouseCoopers, resigned during the year and KPMG Audit Plc have indicated their willingness to accept appointment to this office. A resolution confirming this appointment will be proposed at the Annual General Meeting.

By order of the board



S W Sinclair
Director

3 March 2003

6 Agar Street
London
WC2N 4HR

Independent auditors' report to the members of Time Retail Finance Limited

We have audited the financial statements on pages 4 to 24.

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 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 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 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 and group's affairs as at 31 January 2002 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

3 March 2003
1 The Embankment
Neville Street
Leeds, LS1 4DW

Consolidated profit and loss account for the year ended 31 January 2002

	Notes	2002 £'000	2001 £'000 (restated – note 2)
Turnover – group and share of joint venture		75,830	78,655
Less: share of joint venture's turnover		<u>(3,401)</u>	<u>(1,239)</u>
Group turnover	1	72,429	77,416
Cost of sales	4	<u>(68,193)</u>	<u>(68,269)</u>
Gross profit		4,236	9,147
Administrative expenses		(12,413)	(5,348)
Exceptional other operating income	4	<u>-</u>	<u>619</u>
Operating (loss) / profit		(8,177)	4,418
Share of operating loss of joint venture	12	<u>(393)</u>	<u>(1,007)</u>
(Loss) / profit on ordinary activities before taxation	8	(8,570)	3,411
Taxation on (loss)/profit on ordinary activities	9	<u>1,100</u>	<u>(1,142)</u>
(Loss) / profit for the financial year	22	(7,470)	2,269
Dividends	10	<u>(55,000)</u>	-
(Loss) sustained/profit retained for the financial year	21	<u>(62,470)</u>	<u>2,269</u>

All gains and losses derive from continuing operations.

The historical cost (loss)/profit is as stated in the consolidated profit and loss account above.

**Statement of group total recognised gains and losses
for the year ended 31 January 2002**

	2002 £'000	2001 £'000 (restated – note 2)
(Loss) / profit for the financial year	(7,470)	2,269
Prior year adjustment (note 2)	<u>11</u>	<u>-</u>
Total (losses)/gains recognised since last annual report	<u>(7,459)</u>	<u>2,269</u>

Balance sheets at 31 January 2002

	Notes	Group		Company	
		2002 £'000	2001 £'000 (restated – note 2)	2002 £'000	2001 £'000 (restated – note 2)
Fixed assets					
Tangible assets	11	1,985	2,772	1,985	2,772
Investments	12	-	-	37,509	37,509
Interests in joint ventures	12				
Share of gross assets		20,166	7,818	-	-
Share of gross liabilities		(22,203)	(8,833)	-	-
		<u>(2,037)</u>	<u>(1,015)</u>	<u>-</u>	<u>-</u>
		<u>(52)</u>	<u>1,757</u>	<u>39,494</u>	<u>40,281</u>
Current assets					
Debtors					
- amounts falling due within one year	13	266,272	72,517	335,607	134,023
- amounts falling due after more than one year	13	70,451	13,696	5,688	13,696
		<u>336,723</u>	<u>86,213</u>	<u>341,295</u>	<u>147,719</u>
Securitised credit receivables					
- amounts falling due within one year	14	-	179,770	-	-
- amounts falling due after more than one year	14	-	82,367	-	-
Less: limited recourse credit notes	14	-	(211,753)	-	-
		-	50,384	-	-
Current asset investments	15	396	383	-	-
Cash at bank and in hand		4,771	7	4,771	7
		<u>341,890</u>	<u>136,987</u>	<u>346,066</u>	<u>147,726</u>
Creditors: amounts falling due within one year	16	<u>(332,704)</u>	<u>(64,776)</u>	<u>(369,048)</u>	<u>(130,907)</u>
Net current assets/(liabilities)		<u>9,186</u>	<u>72,211</u>	<u>(22,982)</u>	<u>16,819</u>
Total assets less current liabilities		<u>9,134</u>	<u>73,968</u>	<u>16,512</u>	<u>57,100</u>
Creditors: amounts falling due after more than one year	17	<u>(332)</u>	<u>(2,696)</u>	<u>(332)</u>	<u>(2,696)</u>
Provisions for liabilities and charges	18	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets		<u>8,802</u>	<u>71,272</u>	<u>16,180</u>	<u>54,404</u>
Capital and reserves					
Called up share capital	20	13,800	13,800	13,800	13,800
Capital redemption reserve	21	500	500	500	500
Profit and loss account	21	(5,498)	56,972	1,880	40,104
Equity shareholders' funds	22	<u>8,802</u>	<u>71,272</u>	<u>16,180</u>	<u>54,404</u>

The financial statements on pages 4 to 24 were approved by the board of directors on
3 March 2003 and signed on its behalf by:



S W Sinclair
Director

**Consolidated cash flow statement
for the year ended 31 January 2002**

	Notes	2002 £'000	2001 £'000
Net cash inflow from operating activities	23	6,167	42,706
Dividends received from joint ventures		286	-
Taxation		(1,703)	(1,041)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,689)	(1,526)
Sale of tangible fixed assets		<u>101</u>	<u>46</u>
Net cash outflow for capital expenditure and financial investment		(1,588)	(1,480)
Equity dividends paid to shareholders		(55,000)	-
Net cash (outflow)/inflow before use of liquid resources and financing		<u>(51,838)</u>	<u>40,185</u>
Management of liquid resources			
Increase in short-term deposits with banks	25	(13)	(15)
Financing			
New borrowings	25	761,721	-
Repayment of borrowings	25	<u>(702,137)</u>	<u>(48,488)</u>
Increase/(reduction) in borrowings	25	59,584	(48,488)
Increase/(decrease) in net cash	24, 25	<u>7,733</u>	<u>(8,318)</u>

Notes to the financial statements for the year ended 31 January 2002

1 Principal accounting policies

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. 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.

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 2001, with unaudited management accounts available for January 2002.

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.

Income and cost recognition

Commissions receivable and payable that arise on the sale of consumer finance are recognised over the life of those underlying products on a rule of 78 basis. Fees for arrears letters applied to customer accounts are deferred in full until ultimate recoverability can be determined.

Certain costs relating to the opening of new customer accounts are deferred and released to the profit and loss account over the estimated economic life of the account, either on a rule of 78 or straight-line basis depending on the nature of the item involved.

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	4 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.

Deferred taxation

In accordance with the company's adoption of Financial Reporting Standard Number 19 "Deferred Taxation", deferred taxation is recognised in respect of all material timing differences that have originated but not reversed by the balance sheet date.

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

Although Kingfisher plc ceased being the parent undertaking of the group on 31 January 2002, the group has continued to participate in Kingfisher Group pension schemes whilst arrangements are made to transfer employees to the GE Capital Pension scheme. The Kingfisher scheme is managed at an overall level and information is not available at 31 January 2002 to identify the group's share of the underlying assets and liabilities required to fulfil the full disclosure requirements of Financial Reporting Standard Number 17 "Retirement Benefits". As a result the group pension arrangements have been accounted for as a defined contribution scheme, as allowed by Financial Reporting Standard Number 17 for multi-employer schemes, with only the contributions payable in respect of the year recognised in these financial statements.

Further disclosures in respect of the multi-employer scheme are provided within note 19.

2 Prior Year Adjustments

The group and company have adopted Financial Reporting Standard Number 19 "Deferred Taxation" in the year, with the cumulative impact of material timing differences that had originated but not reversed by 31 January 2001 recognised in the accounts as a prior year adjustment and the comparative figures for 2001 restated accordingly. This introduction of a new accounting standard has decreased the tax charge for the year by £1,100,000 for the group and increased the tax charge for the year by £330,000 for the company (2001: £50,000 reduction for the group and £206,000 increase for the company) and has increased the value of reserves at 31 January 2001 by £1,026,000 for the group and by £440,000 for the company (2000: £976,000 for the group and £646,000 for the company).

The transitional arrangements of Financial Reporting Standard Number 17 "Retirement Benefits" have also been adopted in the year but, as detailed in note 1, the group participates in a multi-employer scheme and cannot separately identify the assets and liabilities relating to its employees. On this basis the group has only recognised the contributions payable in respect of the year and the implementation of this new accounting standard has had no financial impact.

Time Retail Finance Limited was acquired by GE Capital Bank Limited on 31 January 2002. A review was carried out of the accounting policies adopted by the joint venture company, Black Horse (TRF) Limited. This review highlighted a number of policies that were inconsistent with those of the new parent and related to the recognition of income and the deferral of certain costs. The effect of these policy changes is to reduce the net assets of the group by £1,015,000 as at 31 January 2001 and reduce profits after tax by £1,015,000 for the year ended 31 January 2001.

3 Profit & loss account of parent company

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

	2002 £'000	2001 £'000
Holding company's profit/(loss) for the financial year	<u>16,776</u>	<u>(1,073)</u>

4 Exceptional items

There are two exceptional items included within cost of sales for the year ended 31 January 2002:

- (a) £1,057,000 was incurred during the year and relates to the cost of terminating interest swap contracts in advance of the change of ownership; and
- (b) On 31 January 2002, the company was acquired by GE Capital Bank Limited. The company's accounting policies and methodologies have been reviewed and revised to bring them into line with those of the new parent. As a result the bad debt provisioning methodology has been amended resulting in an exceptional charge of £13,018,000.

Exceptional costs of sales in the year ended 31 January 2001 related to restructuring costs (£2,100,000) incurred by the group to prepare for bringing in-house certain facilities currently sourced from a third party provider.

The exceptional other operating income (£619,000) in the year ended 31 January 2001 represented input VAT recoverable following the group's re-entry into the Kingfisher VAT group in May 1998.

5 Directors' emoluments

	2002 £'000	2001 £'000
Aggregate emoluments	569	471
Amounts (excluding shares) receivable under long-term incentive schemes	83	41
Compensation for loss of office	-	96
	<u>652</u>	<u>608</u>

One director received compensation during the year ended 31 January 2001 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 that operated whilst the company was

within the Kingfisher group. Particulars of this long-term incentive scheme are given in the annual report of Kingfisher plc.

The emoluments (including retirement benefits) of all non-executive directors, other than Messrs Sinclair, Story and Macphail, were paid by Kingfisher plc or other subsidiary companies within the Kingfisher group. The emoluments of Messrs Sinclair, Story and Macphail were paid by GE Capital Bank Limited. There was no recharge for the services of any of these directors, who are also directors of other Kingfisher or GE Capital group companies.

Retirement benefits are accruing to the four directors who held executive positions during the year (2001: three directors) under the group's defined benefit scheme. No directors accrued any benefits under a defined contribution pension scheme during the year (2001: no directors).

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

	2002 £'000	2001 £'000
Aggregate emoluments, including benefits under long-term incentive schemes	381	237
Defined benefit pension scheme:		
Accrued pension at end of year	<u>5</u>	<u>3</u>

6 Employee information

The average monthly number of persons (including executive directors) employed by the group and company during the year was 83 (2001: 56).

	2002 £'000	2001 £'000
Staff costs (for the above persons)		
Wages and salaries	3,167	2,168
Social security costs	295	163
Other pension costs	<u>257</u>	<u>139</u>
	<u>3,719</u>	<u>2,470</u>

9 Taxation

	2002 £'000	2001 £'000 (restated – note 2)
Taxation for the year:		
Current tax on profits of the period at 30%	-	(1,494)
Share of joint venture's tax	-	302
Deferred taxation	<u>1,100</u>	<u>50</u>
	<u>1,100</u>	<u>(1,142)</u>

Factors affecting current tax charge in year

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before tax	<u>(8,570)</u>	<u>3,411</u>	<u>17,106</u>	<u>(1,769)</u>
Tax on profit on ordinary activities at 30%	2,571	(1023)	(5,132)	531
Effects of:				
Expenses not deductible	(31)	(19)	6,157	7
Depreciation in excess of capital allowances	(197)	1,041	(197)	1,041
Reduction in general reserves	528	(1,091)	528	(835)
Tax losses not recognised	(1,440)	(402)	(1,356)	(744)
Tax losses to be utilised in foreseeable future	(1,431)	-	-	-
Current tax charge for period.	<u>-</u>	<u>(1,494)</u>	<u>-</u>	<u>-</u>

The deferred taxation asset/(liability) is as follows. There is no unrecognised balance.

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Accelerated capital allowances	74	(124)	74	(124)
Other timing differences	<u>2,052</u>	<u>1,150</u>	<u>36</u>	<u>564</u>
	<u>2,126</u>	<u>1,026</u>	<u>110</u>	<u>440</u>

10 Dividends

During the year two dividends were declared of 253.62p per ordinary share and of 144.93p per ordinary share (2001: £Nil). These dividends were paid on 30 January 2002.

7 Interest payable and similar charges

	2002 £'000	2001 £'000
Interest payable to Kingfisher undertakings	2,724	1,117
Exceptional cost payable to Kingfisher undertakings on the early termination of interest swap contracts	1,057	-
Securitisation loan interest payable	9,514	14,312
Other interest payable to non-group undertakings	25	-
	<u>13,320</u>	<u>15,429</u>
Less: amounts disclosed within cost of sales	<u>(13,320)</u>	<u>(15,429)</u>
	<u>-</u>	<u>-</u>

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.

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.

8 (Loss)/profit on ordinary activities before taxation

	2002 £'000	2001 £'000
(Loss) / profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss on disposal of fixed assets	28	12
Depreciation charge for the year on tangible owned fixed assets	633	272
Impairment of fixed assets	718	-
Auditors' remuneration for audit services (group and company)	27	28
Remuneration to previous auditors for non-audit services to the company	28	7
Operating lease rentals -- assets other than plant and machinery	391	101
ESOP contributions	<u>-</u>	<u>200</u>

All audit fees in respect of the group of companies headed by Time Retail Finance Limited are borne by the company, with no specific recharge made in respect of these services.

During the year ended 31 January 2001, a £200,000 voluntary contribution was made to the Kingfisher ESOP trust in respect of options exercised by employees of the group. The group's relationship with the Kingfisher ESOP trust ceased with the change of ownership on 31 January 2002 and there is no outstanding obligation to finance costs in respect of options previously granted to employees over the shares of Kingfisher plc.

11 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 2001	758	499	1,521	294	3,072
Reclassification	26	26	(52)	-	-
Additions	174	21	430	68	693
Disposals	-	(13)	(185)	(69)	(267)
At 31 January 2002	958	533	1,714	293	3,498
Depreciation					
At 1 February 2001	-	10	213	77	300
Reclassification	-	(9)	9	-	-
Impairment of assets	371	347	-	-	718
Charge for the year	142	53	370	68	633
Disposals	-	(1)	(88)	(49)	(138)
At 31 January 2002	513	400	504	96	1,513
Net book value					
At 31 January 2002	445	133	1,210	197	1,985
Net book value					
At 31 January 2001	758	489	1,308	217	2,772

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

12 Fixed asset investments

Group	Joint Venture	
	2002 £'000	2001 £'000 (restated - note2)
Net book value		
At 1 February (as restated)	(1,015)	-
Investment in year	-	-
Share of (loss) / profit before taxation	(393)	443
Prior year adjustment (note 2)	-	(1,450)
Share of taxation charge for year	-	(133)
Tax effect of prior year adjustment (note 2)	-	435
Share of proposed dividends	(629)	(310)
At 31 January	(2,037)	(1,015)

Company	Joint Venture £'000	Subsidiary Undertakings £'000	Total £'000
Cost and net book value			
At 1 February 2001	-	37,509	37,509
Investment in year	-	-	-
At 31 January 2002	-	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
Time Group Business Services Limited (formerly Kingfisher Group Business Services Limited)	Great Britain	100
Time Retail Services Limited (formerly Kingfisher Retail Services Limited)	Great Britain	100

TRF Factors Limited, Time Group Business Services Limited and Time Retail Services Limited have not traded during the year and are dormant. 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 (TRF) 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 Black Horse (TRF) Limited (formerly known as Chartered Trust (TRF) Limited), the joint venture company, but has effective joint control. These shares were acquired at their nominal value, with no goodwill arising on the transaction.

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

13 Debtors

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
		(as restated – note 2)		(as restated – note 2)
Amounts falling due within one year:				
Credit receivables	249,891	52,807	25,311	52,807
Amounts owed by group undertakings	-	-	295,931	62,092
Amounts owed by joint venture	12	-	12	-
Amounts receivable for group relief	-	519	-	519
Other debtors	2,407	4,866	2,407	4,866
Prepayments	11,183	12,989	11,183	12,989
Deferred taxation	2,126	1,026	110	440
Dividend receivable from joint venture	653	310	653	310
	266,272	72,517	335,607	134,023
Amounts falling due after more than one year:				
Credit receivables	70,451	12,780	5,688	12,780
Amounts owed by group undertakings	-	916	-	916
	70,451	13,696	5,688	13,696
	336,723	86,213	341,295	147,719

Included within amounts owed by group undertakings in the company balance sheet is a loan account balance of £295,931,000 (2001: £60,606,000) due from Time Finance Limited, a subsidiary undertaking of Time Retail Finance Limited. This loan account bears interest at 0.35% above the LIBOR monthly rate. At 31 January 2001 this loan was subordinated to the claims of other creditors in accordance with the terms of the securitisation agreement entered into by Time Finance Limited. However, this securitisation agreement was terminated during the year and therefore the outstanding debt at 31 January 2002 is no longer subordinated.

Amounts owed by group undertakings falling due after more than one year at 31 January 2001 consisted of advances to the Kingfisher ESOP Trust in respect of employee options exercisable outside one year. This balance was settled during the year in advance of the change of ownership of the company.

14 Securitised credit receivables

The company sold certain consumer credit receivables to Time Finance Limited, a subsidiary undertaking, which until 29 January 2002 issued loan notes secured on those assets. On 29 January 2002 the securitisation agreements entered into by Time Finance Limited were terminated and therefore at 31 January 2002 the amount of securitised receivables was £Nil (2001: £262,137,000) raising funds of £Nil (2001: £211,753,000) by way of a limited recourse facility. In accordance with FRS 5 "Reporting the substance of transactions", the securitised debt and related borrowings at 31 January 2001 is shown on the balance sheet using the linked presentation method.

15 Current asset investments

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

16 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank overdrafts	288	3,257	288	3,257
Trade creditors	2,054	1,885	2,054	1,885
Amounts owed to group undertakings	307,337	40,989	344,852	108,684
Corporation tax payable	588	2,810	588	1,253
Other creditors	6,623	219	6,616	212
Accruals and deferred income	15,814	15,616	14,650	15,616
	<u>332,704</u>	<u>64,776</u>	<u>369,048</u>	<u>130,907</u>

None of the amounts owed to group undertakings are secured and all balances at 31 January 2002 are repayable on demand, bearing interest at 1.1% above the three month LIBOR rate.

Included within amounts owed to group undertakings in the consolidated balance sheet at January 2001 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 repayable on demand and bearing interest at 0.35% above the LIBOR monthly rate

Interest at 0.35% above the LIBOR monthly rate was also payable on an additional £30.8 million current account balance included within amounts owed to group undertakings in the company balance sheet at 31 January 2001.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	-	2,000	-	2,000
Accruals and deferred income	332	696	332	696
	<u>332</u>	<u>2,696</u>	<u>332</u>	<u>2,696</u>

Amounts owed to group undertakings, at 31 January 2001 were originally repayable during 2002, bearing interest at a rate of 5.75% per annum. However, this balance was settled in advance of the change of ownership of the company that occurred during the year.

The accruals and deferred income balance relates 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.

18 Provisions for liabilities and charges

Group and company

There are no provisions for liabilities and charges at 31 January 2002 (2001: £Nil).

19 Pension obligations

The group participates in a multi-employer pension scheme established by Kingfisher plc and is unable to separately identify the assets and liabilities relating to its employees. For the scheme as a whole the Financial Reporting Standard Number 17 valuation at 1 February 2001 amounted to a net pension surplus of £25 million (after deducting potential deferred taxation of 30%). However, primarily as a result of the adverse return on assets experienced during the year this valuation moved to a net pension deficit of £112 million as at 31 January 2002 (after the benefit of potential deferred tax of 30% amounting to £48 million). The share of this deficit relating to the group has not been quantified, but this change in valuation principally relates to the actuarial loss that would have been recognised through the Statement of Total Recognised Gains and Losses if Financial Reporting Standard Number 17 had been fully implemented.

Further disclosures in respect of the multi-employer pension scheme in which the group participates are contained in the financial statements of Kingfisher plc, North West House, 119 Marylebone Road, London NW1 5PX.

The total pension cost for the group was £257,000 (2001: £139,000). There are no prepaid or accrued pension contributions at 31 January 2002 (2001: £Nil).

20 Called up share capital

	2002 £'000	2001 £'000
Authorised		
20,500,000 ordinary shares of £1 each	20,500	20,500
500,000 8% cumulative redeemable preferences shares of £1 each	<u>500</u>	<u>500</u>
	<u>21,000</u>	<u>21,000</u>
Allotted, called up and fully paid		
13,800,002 ordinary shares of £1 each	<u>13,800</u>	<u>13,800</u>

21 Reserves

Group	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 February 2001 as previously stated	500	56,961	57,461
Prior year adjustment (note 2)	-	11	11
At 1 February 2001 as restated	500	56,972	57,472
Loss sustained for the financial year	-	(62,470)	(62,470)
At 31 January 2002	<u>500</u>	<u>(5,498)</u>	<u>(4,998)</u>

Company	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 February 2001 as previously stated	500	39,664	40,164
Prior year adjustment (note 2)	-	440	440
At 1 February 2001 as restated	500	40,104	40,604
Loss sustained for the financial year	-	(38,224)	(38,224)
At 31 January 2002	<u>500</u>	<u>1,880</u>	<u>2,380</u>

22 Reconciliation of movements in equity shareholders' funds

	2002 £'000	2001 £'000 (restated – note 2)
Opening equity shareholders' funds	71,272	69,003
Sustained (loss) / retained profit for the financial year	(7,470)	2,269
Dividends	<u>(55,000)</u>	-
Closing equity shareholders' funds	<u>8,802</u>	<u>71,272</u>

23 Cash flow from operating activities

Reconciliation of operating (loss) / profit to net cash in flow/(out flow) from continuing operating activities.

	2002 £'000	2001 £'000
Operating (loss) / profit	(8,177)	4,418
Depreciation charge	633	272
Loss on disposal of fixed assets	28	12
Impairment of fixed assets	718	-
(Increase)/decrease in debtors	(249,586)	7,017
Decrease in securitised receivables	262,137	37,777
Increase/(decrease) in creditors	414	(6,790)
	<u>6,167</u>	<u>42,706</u>

In accordance with the group's accounting policies, 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 and are therefore included with the reported cash flow from operating activities.

24 Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Net debt at 1 February	(250,620)	(290,805)
Increase/(decrease) in net cash	7,733	(8,318)
Movement in deposits	13	15
Movement in borrowings	(59,584)	48,488
Net debt at 31 January	<u>(302,458)</u>	<u>(250,620)</u>

25 Reconciliation of movement in net debt

	1 February 2001 £'000	Cash flow £'000	31 January 2002 £'000
Net cash			
Cash at bank and in hand	7	4,764	4,771
Overdrafts	(3,257)	2,969	(288)
	<u>(3,250)</u>	<u>7,733</u>	<u>4,483</u>
Debt			
Borrowings due within one year			
- securitised	(211,753)	211,753	-
- group (Kingfisher)	(34,000)	34,000	-
- group (GE Capital)	-	(307,337)	(307,337)
	<u>(245,753)</u>	<u>(61,584)</u>	<u>(307,337)</u>
Borrowings due after one year			
- group (Kingfisher)	(2,000)	2,000	-
	<u>(247,753)</u>	<u>(59,584)</u>	<u>(307,337)</u>
Liquid resources	383	13	396
Net debt	<u>(250,620)</u>	<u>(51,838)</u>	<u>(302,458)</u>

Movement in borrowings

	New borrowings £'000	Repayment £'000	Movement £'000
Borrowings due within one year			
- securitised	232,564	(444,317)	(211,753)
- group (Kingfisher)	221,820	(255,820)	(34,000)
- group (GE Capital)	307,337	-	307,337
	<u>761,721</u>	<u>(700,137)</u>	<u>61,584</u>
Borrowings due after one year			
- group (Kingfisher)	-	(2,000)	(2,000)
Cash inflow	<u>761,721</u>	<u>(702,137)</u>	<u>59,584</u>

26 Cash flow relating to exceptional items

Operating cash flows include within continuing operations an outflow of £1,057,000, which relates to the termination costs of the early exit of interest rate swap contracts entered into by the group. In the year ended 31 January 2001 operating cash flows included an outflow of £2,100,000 in respect of restructuring costs and an inflow of £619,000 arising from a VAT settlement.

27 Capital and other commitments

Contracted capital commitments for which no provision has been made in the accounts total £80,000 (2001: £322,000).

At 31 January 2002 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2002 £'000	2001 £'000
Expiring between five and ten years	<u>586</u>	<u>586</u>

28 Related party transactions

The company and its subsidiary undertakings were, until 31 January 2002, part of the group of companies controlled by Kingfisher plc and therefore transactions and balances with those companies have to be disclosed.

During the years ended 31 January 2001 and 2002 the company and its subsidiary undertakings provided credit products to customers of retail outlets within the Kingfisher group, with the retailer subsidies and commission charges arising on these transactions calculated on normal commercial terms. The value of credit supplied to these customers, together with the resulting net retailer subsidy paid to Time Retail Finance Limited and its subsidiary undertakings, are summarised below.

	2002		2001	
	Sales value £'000	Net Subsidy £'000	Sales value £'000	Net Subsidy £'000
Comet Group plc	319,333	1,862	307,123	1,599
B&Q plc	147,675	4,207	118,466	3,156
Other Kingfisher companies	10,371	126	11,680	141

Included within other Kingfisher companies are Woolworths, MVC and Superdrug, which all formed part of the Kingfisher group until their respective de-mergers and disposals during the year ended 31 January 2002.

These transactions resulted in the following balances that were due from the company and its subsidiary undertakings at 31 January 2001 and 2002.

	2002 £'000	2001 £'000
Comet Group plc	4,995	3,605
B&Q plc	2,245	3,216
Other Kingfisher companies	46	56

In addition, until 31 January 2002 the company and its subsidiary undertakings obtained funding and arranged interest rate swap transactions through Kingfisher plc and its subsidiary undertaking Halcyon Finance Limited. Interest and other charges in respect of these arrangements of £2,724,000 was incurred in the year ended 31 January 2002 (2001: £1,117,000), together with an exceptional swap contract termination cost of £1,057,000 (2001: £Nil). Borrowings of £Nil from Kingfisher plc were included within creditors at 31 January 2002 (2001: £35,593,272).

Funding was obtained from GE Capital International Holdings, a subsidiary of General Electric Company, on 31 January 2002, following the acquisition of Time Retail Finance Limited by GE Capital Bank Limited. These borrowings of £307,336,966 are included within creditors at 31 January 2002 (2001: £Nil). No finance costs were incurred in the year ended 31 January 2002 in respect of these borrowings.

29 Ultimate and immediate parent undertaking

The ultimate parent undertaking of the company is the General Electric Company, incorporated in the United States of America. The immediate parent undertaking of the company is GE Capital Bank Limited incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements of the General Electric Company are available to the public and may be obtained from the General Electric Company, 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA. The consolidated financial statements of GE Capital Bank Limited are available to the public and may be obtained from 6 Agar Street, London, WC2N 4HR.