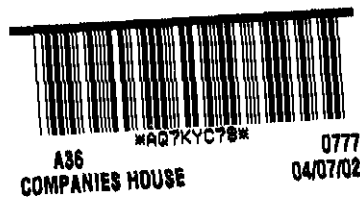


First Retail Finance Limited
REPORT and ACCOUNTS
YEAR ENDED 31st JANUARY 2002

REGISTRATION NUMBER: 2862551



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First Retail Finance Limited
Report of the Directors
For the Year Ended 31st January 2002

The Directors submit their Report together with the audited accounts for the year ended 31st January 2002.

Principal Activity

The company's principal activity continues to be the provision of finance and associated services.

Review of Operations

The accounts of the company show a profit after taxation for the year of £397,000 (2001 - loss £127,000).

Outstanding customer debt has decreased to £16.4m (2001 - £26.1m). FRF ceased writing new debt for Shermin and SSC during the year and the remaining debtor book is now being collected out.

Directors and Their Interests

The Directors who served on the board throughout the period were as follows:

David Jones
David Keens

None of the Directors had an interest in the share capital of the company during the financial period. The Articles of Association do not provide for the retirement of Directors by rotation.

Prior Year Adjustment

During the year, FRS 19 Deferred Taxation became applicable to the company for the first time. On implementation of the standard the deferred tax position has been restated in accordance with FRS 19, and a prior year adjustment recognised in the financial statements.

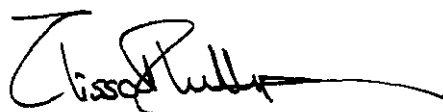
The impact of the change in accounting policy was to increase the loss for the year ended 31st January 2001 by £62,000, and the impact on the year ended 31st January 2002 was to reduce the profit by £295,000.

First Retail Finance Limited
Report of the Directors
For the Year Ended 31st January 2002

Auditors

Ernst & Young LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'E. Phillips', with a long horizontal flourish extending to the right.

E. PHILLIPS

Company Secretary

Desford Road, Enderby, Leicester
30th April 2002

First Retail Finance Limited
STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company, for that period. In preparing those accounts, the directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

First Retail Finance Limited
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FIRST RETAIL FINANCE LIMITED

We have audited the company's financial statements for the year ended 31st January 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholder's Funds, and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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's is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

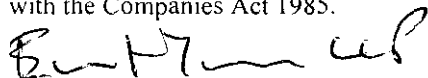
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31st January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Leeds

10 May, 2002

First Retail Finance Limited
Profit and Loss Account
For the Year Ended 31st January 2002

	<i>Notes</i>	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>As Restated</i> <i>£'000</i>
<i>Turnover</i>	2	3,116	3,423
Finance and trading costs		(686)	(1,392)
		<hr/>	<hr/>
<i>Gross Profit</i>		2,430	2,031
Administrative Expenses		(1,863)	(2,223)
		<hr/>	<hr/>
<i>Profit/(Loss) on Ordinary Activities Before Taxation</i>	3	567	(202)
Tax on profit/(loss) on ordinary activities	4	(170)	75
<i>Profit/(Loss) on Ordinary Activities after Taxation and Retained Profit/(Deficit) for the Financial Year</i>	10	<hr/> 397 <hr/>	<hr/> (127) <hr/>

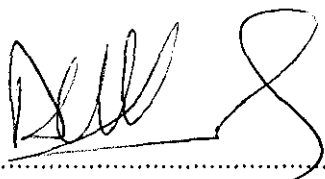
The notes on pages 10 to 17 form part of these accounts.

First Retail Finance Limited
Balance Sheet as at 31st January 2002

	Notes	2002 £'000	2001 As Restated £'000
Fixed Assets			
Tangible assets	6	-	-
Current Assets			
Debtors - amounts falling due within one year	7	8,361	11,912
Debtors - amounts falling due after one year	7	5,659	12,110
		<u>14,020</u>	<u>24,022</u>
Current Liabilities			
Creditors - amounts falling due within one year	8	<u>9,823</u>	<u>19,580</u>
Net Current Assets		<u>4,197</u>	<u>4,442</u>
Total Assets Less Current Liabilities		4,197	4,442
Creditors - amounts falling due after one year	8	321	963
Net Assets		<u>3,876</u>	<u>3,479</u>
Capital and Reserves			
Called up share capital	9	2,721	2,721
Profit and loss account	10	<u>1,155</u>	<u>758</u>
Equity Shareholders Funds		<u>3,876</u>	<u>3,479</u>

These accounts were approved by the Board of Directors on 30th April 2002

David Keens



Director

The notes on pages 10 to 17 form part of these accounts

First Retail Finance Limited
Statement of Total Recognised Gains and Losses
For the Year Ended 31st January 2002

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>As Restated</i> <i>£'000</i>
Profit/(Loss) for the year	397	(127)
Prior Year Adjustment	657	-
	<hr/>	<hr/>
Total Gains and Losses recognised since last annual report	<u>1054</u>	<u>(127)</u>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Provision For Bad Debts

Provision is made for doubtful debts using an arrears based method, which is designed to provide fully for those debts which will probably prove to be irrecoverable net of any income and associated costs from debts which are likely to be recoverable.

c) Deferred Taxation

In accordance with Financial Reporting Standard (FRS) 19 Deferred Tax, full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted. No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a commitment to the disposal of the assets at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

2. Turnover

Turnover represents finance and other associated charges on credit facilities together with commission therein, net of commissions paid. All turnover and pre-tax profits relate to services provided within the United Kingdom.

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

3. Profit/(Loss) on Ordinary Activities Before Taxation

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
This is stated after charging:		
Auditors' remuneration: Audit Fee	8	8
Interest payable to parent undertaking on loans repayable within 5 years	677	1,386

The company has no direct employees. It uses the services of employees on joint contracts between First Retail Finance Ltd and Club 24 Ltd for which management charges are made.

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

4. Tax on Profit/(Loss) on Ordinary Activities

	2002 £'000	2001 £'000
The tax (charge) credit based on the profit/(loss) for the year is made up as follows		
UK corporation tax	125	125
Corporation tax over-provided in previous years	<u>-</u>	<u>12</u>
Current tax	125	137
Deferred taxation (note 5)	<u>(295)</u>	<u>(62)</u>
Total tax (charge)/credit	<u>(170)</u>	<u>75</u>

The tax rate for the current year varied from the standard rate of corporation tax in the UK due to the following factors:

	2002 %	2001 %
UK corporation tax rate	30.0	30.0
Non-deductable expenses/(non-taxable income/gains)	(1.2)	0.0
Prior year corporation tax	0.0	6.1
Origination and reversal of timing differences	<u>(50.8)</u>	<u>31.7</u>
Effective current tax rate on ordinary activities	<u>22.0</u>	<u>67.8</u>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

5. Deferred Taxation

The amount of deferred tax assets recognised in the accounts is stated below. There were no amounts of unprovided deferred tax.

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>As Restated £'000</i>
Advance capital allowances	2	3
Other timing differences	360	654
	<hr/>	<hr/>
Total deferred tax asset	362	657
	<hr/>	<hr/>

The movements in deferred taxation assets during the current and previous years are as follows:

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>As Restated £'000</i>
At start of the year	657	719
Origination and reversal of timing differences (see Note 4)	(295)	(62)
	<hr/>	<hr/>
At end of the year	362	657
	<hr/>	<hr/>

Prior Year Adjustment

During the year, FRS 19 Deferred Taxation became applicable to the company for the first time. On implementation of the standard, the deferred tax position has been restated in accordance with FRS 19 and a prior year adjustment recognised in the financial statements.

The impact of the change in accounting policy was to increase the loss for the year ended 31st January 2001 by £62,000, whilst the impact on the year ended 31st January 2002 was to reduce the profit by £295,000.

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

6. Tangible Fixed Assets

	<i>Total</i> <i>£'000</i>
<i>Cost</i>	
At 1 February 2001	52
Additions at cost	-
	<hr/> 52
At 31 January 2002	<hr/>
<i>Depreciation</i>	
At 1 February 2001	52
Charge for period	-
	<hr/> 52
At 31 January 2002	<hr/>
<i>Net Book Amount</i>	
At 31 January 2002	-
	<hr/>
At 1 February 2001	-
	<hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

7. Debtors

	2002	2001
	£'000	As Restated £'000
Debtors:-		
<i>Amounts falling due within one year</i>		
Prepayments & accrued income	9	113
Finance debtors	7,865	10,489
Other debtors	-	545
Corporation tax	125	108
Deferred taxation (Note 5)	362	657
	<u>8,361</u>	<u>11,912</u>
<i>Amounts falling due after one year</i>		
Finance debtors	5,659	11,770
Other debtors	<u>-</u>	<u>340</u>
	<u>5,659</u>	<u>12,110</u>

8. Creditors

	2002	2001
	£'000	£'000
<i>Amounts falling due within one year</i>		
Amount owed to parent undertaking	8,444	17,146
Trade creditors	9	63
Other creditors	1,252	1,831
Bank overdraft	<u>118</u>	<u>540</u>
	<u>9,823</u>	<u>19,580</u>
<i>Amounts falling due after one year</i>		
Other creditors	<u>321</u>	<u>963</u>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

9. Share Capital

Ordinary shares of £1 each

	2002	2001
<i>Authorised</i>		
	£	£
"A" shares	5,000,000	5,000,000
"B" shares	5,000,000	5,000,000
	<hr/>	<hr/>
	10,000,000	10,000,000
	<hr/>	<hr/>
 <i>Allotted, Called Up and Fully Paid</i>		
"A" shares	1,360,500	1,360,500
"B" shares	1,360,500	1,360,500
	<hr/>	<hr/>
	2,721,000	2,721,000
	<hr/>	<hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2002

10. Reconciliation of Shareholders' Funds and Movements on Reserves

	<i>Share Capital £'000</i>	<i>Profit & Loss Account £'000</i>	<i>Total £'000</i>
At 1 February 2000			
As previously reported	2,721	166	2,887
Prior year adjustment	-	719	719
At 1 February 2000 as restated	2,721	885	3,606
Loss on ordinary activities after taxation as restated	-	(127)	(127)
At 31 January 2001 as restated	2,721	758	3,479
Profit on ordinary activities after taxation	-	397	397
At 31 January 2002	2,721	1,155	3,876

11. Cash Flow Statement

As the company is a wholly owned subsidiary undertaking of Next plc, a company registered in England and Wales, which prepares a consolidated cash flow statement, the company has taken advantage of the exemption provided by FRS 1 not to prepare a cash flow statement.

12. Ultimate Parent Undertaking

The ultimate parent undertaking is Next plc, a company registered in England. A copy of that company's accounts may be obtained from its Company Secretary at the registered office: Desford Road, Enderby, Leicester, LE9 5AT.