

First Retail Finance Limited
Report and Accounts
Year Ended 31st January 2005

REGISTRATION NUMBER: 2862551



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First Retail Finance Limited
Directors' Report

The Directors submit their Report together with the audited accounts for the year ended 31st January 2005.

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 £929,000 (2004 – profit £1,298,000).

The outstanding customer debt, net of bad debt provision, has decreased to £4,618,000 (2004 - £6,747,000).

A final dividend of £900,000 has been proposed by the directors and will be paid after the year end.

Directors and Their Interests

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

D W Keens
S A Wolfson

Neither 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.

Both Directors were also Directors of the ultimate holding company, Next plc, and were paid by Next plc. The emoluments and interests of the Directors and their families in the shares of Next plc, including shares issued under the Next employee share schemes, are shown in that company's Annual Report.


Neither of the Directors had a beneficial interest in any contract to which the company was a party during the financial year.

Directors' Report (continued)

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 dark ink, appearing to read 'A J R Mckinlay', written in a cursive style.

A J R Mckinlay

Company Secretary

30th April 2005

***Statement of Directors' Responsibilities
In Respect of the Accounts of
First Retail Finance Limited***

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 its 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.

***Independent Auditors' Report
to the members of First Retail Finance Limited***

We have audited the company's financial statements for the year ended 31 January 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with 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 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.

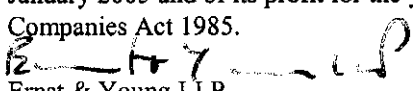
Basis of audit opinion

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 31 January 2005 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

29 Jan. 2005

First Retail Finance Limited
Profit and Loss Account
For the Year Ended 31st January 2005

	<i>Notes</i>	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Turnover	2	1,495	2,245
Administrative expenses		(177)	(221)
		<hr/>	<hr/>
Operating profit	3	1,318	2,024
Interest receivable	3	9	-
Interest payable	3	-	(170)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,327	1,854
Tax on profits on ordinary activities	4	(398)	(556)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		929	1,298
Dividends	9	(900)	(900)
		<hr/>	<hr/>
Retained profit for the financial year		29	398
		<hr/>	<hr/>

Statement of Total Recognised Gains and Losses

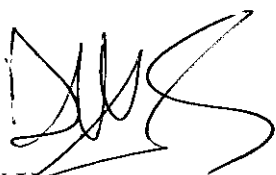
There are no recognised gains and losses other than the profit on ordinary activities after taxation of £929,000 in the year ended 31st January 2005 (2004: £1,298,000).

The notes on pages 8 to 15 form part of these accounts.

First Retail Finance Limited
Balance Sheet as at 31st January 2005

	<i>Notes</i>	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
<i>Current Assets</i>			
Debtors – amounts falling due within one year	6	4,325	4,650
Debtors – amounts falling due after one year	6	1,547	2,104
Cash at bank		145	65
		<hr/> 6,017	<hr/> 6,819
<i>Current Liabilities</i>			
Creditors - amounts falling due within one year	7	(2,547)	(3,378)
<i>Net Current Assets</i>		<hr/> 3,470	<hr/> 3,441
<i>Net Assets</i>			
		<hr/> 3,470	<hr/> 3,441
<i>Capital and Reserves</i>			
Called up share capital	8	2,721	2,721
Profit and loss account	10	749	720
Equity Shareholders' Funds		<hr/> 3,470	<hr/> 3,441

These accounts were approved by the Board of Directors on 30th April 2005.



D W Keens
Director

The notes on pages 8 to 15 form part of these accounts

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

1) Accounting Policies

a) Accounting Convention

The accounts have been 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.

c) Deferred Taxation

Full provision is generally 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 relates to services provided within the United Kingdom.

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>

3) Profit on Ordinary Activities Before Taxation

This is stated after charging:

Auditors' remuneration	8	8
-audit services		
Interest receivable from parent undertaking	9	-
on loans outstanding		
Interest payable to parent undertaking		
on loans outstanding	-	170

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 2005

4) Taxation on Profits on Ordinary Activities

The taxation charge based on the profit for the year is made up as follows:

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Current tax:		
UK corporation tax on profits of the period	397	491
Deferred taxation (note 5)	1	65
	<hr/>	<hr/>
Taxation on profit on ordinary activities	398	556
	<hr/>	<hr/>

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

	<i>2005</i> <i>%</i>	<i>2004</i> <i>%</i>
UK corporation tax rate	30.0	30.0
Origination and reversal of timing differences	(0.1)	(3.5)
	<hr/>	<hr/>
Effective current tax rate on ordinary activities	29.9	26.5
	<hr/>	<hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

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>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Advance capital allowances	1	1
Other timing differences	-	1
	<hr/>	<hr/>
Total deferred tax asset	1	2
	<hr/>	<hr/>

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

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
At start of the year	2	67
Origination and reversal of timing differences (see Note 4)	(1)	(65)
	<hr/>	<hr/>
At end of the year	1	2
	<hr/>	<hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

6) Debtors

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
<i>Amounts falling due within one year</i>		
Finance debtors	3,071	4,643
Amount due from parent undertaking	1,233	-
Prepayments and accrued income	20	5
Deferred taxation (see Note 5)	1	2
	<hr/> 4,325 <hr/>	<hr/> 4,650 <hr/>
 <i>Amounts falling due after one year</i>		
Finance debtors	<hr/> 1,547 <hr/>	<hr/> 2,104 <hr/>

7) Creditors

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
<i>Due within one year</i>		
Amount owed to parent undertaking	-	869
Trade creditors	55	57
Other creditors	1,149	1,361
Corporation tax	443	491
Proposed dividend	900	600
	<hr/> 2,547 <hr/>	<hr/> 3,378 <hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

8) Share Capital

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
<i>Authorised</i>		
5,000 "A" Ordinary shares of £1 each	5,000	5,000
5,000 "B" Ordinary shares of £1 each	5,000	5,000
	<hr/> 10,000 <hr/>	<hr/> 10,000 <hr/>
<i>Allotted, Called up and Fully Paid</i>		
1,360 "A" Ordinary shares of £1 each	1,360	1,360
1,361 "B" Ordinary shares of £1 each	1,361	1,361
	<hr/> 2,721 <hr/>	<hr/> 2,721 <hr/>

There are no differences in rights attached to each class of share in relation to the distribution of dividends, voting rights and any distribution of capital which may result from winding up of the Company.

9) Dividends

	<i>2005</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Interim dividend paid in the year	-	300
Final dividend proposed for the year	900	600
	<hr/> 900 <hr/>	<hr/> 900 <hr/>

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

10) Reconciliation of Shareholders' Funds and Movements on Reserves

	<i>Share Capital £'000</i>	<i>Profit & Loss Account £'000</i>	<i>Shareholders' Funds £'000</i>
At 1st February 2003	2,721	322	3,043
Profit on ordinary activities after taxation	-	1,298	1,298
Dividend paid/proposed	-	(900)	(900)
	<hr/>	<hr/>	<hr/>
At 1st February 2004	2,721	720	3,441
Profit on ordinary activities after taxation	-	929	929
Final proposed dividend	-	(900)	(900)
	<hr/>	<hr/>	<hr/>
At 31st January 2005	2,721	749	3,470

First Retail Finance Limited
Notes to the Accounts
For the Year Ended 31st January 2005

11) Related Parties

The company has financed a retail credit facility of £620,000 (2004: £882,000) for Cotton Traders Ltd and earned commission of £16,000 (2004: £22,000) on this activity. Cotton Traders Ltd is a subsidiary of Cotton Traders Holdings Ltd, an associate of Next plc. The amount owed to Cotton Traders Ltd at 31st January 2005 was £5,000 (2004 £16,000).

The company has taken advantage of the FRS 8 exemption available not to disclose transactions with Next plc and its 90% subsidiary undertakings.

12) Cash Flow Statement

The company is exempt from the obligation to prepare a cash flow statement under FRS 1, as it is a wholly owned subsidiary which is included in the consolidated audited accounts of the ultimate parent company, Next plc.

13) Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is Next plc, a company registered in England. A copy of its report and accounts, which include the company, may be obtained from its Company Secretary at its registered office: Desford Road, Enderby, Leicester, LE19 4AT. The immediate parent undertaking is Club 24 Limited, a company registered in England.