

Company Registration No 2862551 (England and Wales)

**FIRST RETAIL FINANCE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2011**

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# FIRST RETAIL FINANCE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Waters on behalf of Capita Corporate Director Limited	(Appointed 29 June 2011)
	P C Braithwaite	(Appointed 31 May 2012)
	S J Davies	(Appointed 31 May 2012)
<b>Secretary</b>	Capita Group Secretary Limited	
<b>Company number</b>	2862551	
<b>Registered office</b>	17 Rochester Row London SW1P 1QT	
<b>Auditor</b>	KPMG Audit Plc 15 Canada Square London E14 5GL	

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# FIRST RETAIL FINANCE LIMITED

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# **FIRST RETAIL FINANCE LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE PERIOD ENDED 31 DECEMBER 2011***

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The directors present their report and financial statements for the period ended 31 December 2011

#### **Principal activities and review of the business**

On 1 July 2011 Capita Holdings Limited acquired the entire issued share capital of the company, for a consideration of £2,721,000

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operated within the group's Integrated Services division

The principal activity of the company continued to be that of the provision of finance and associated services. There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 4, the company's turnover has increased from £279,000 for the 12 months to 31 January 2011 to £340,000 for the 11 month period to 31 December 2011 and operating profit decreased from £304,000 to £183,000.

The balance sheet on page 5 of the financial statements shows the company's financial position at the year end. Net assets have increased from £2,792,000 to £2,929,000. Details of amounts owed to its parent company and fellow subsidiary undertakings are shown in note 6 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored at a divisional level. The performance of the Integrated Services division of Capita plc is discussed in the group's annual report which does not form part of this report.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk that the company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships.

Group risks are discussed in the group's annual report which does not form part of this report.

#### **Results and dividends**

The results for the period are set out on page 4.

During the 11 month period, no dividend was paid (12 months to 31 January 2011 £250,000).

#### **Environment**

Capita plc recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's annual report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

#### **Directors**

The following directors have held office since 1 February 2011

D W Keens	(Resigned 29 June 2011)
S A Wolfson	(Resigned 29 June 2011)
N N Bedford	(Appointed 29 June 2011 and resigned 4 May 2012)
V Gysin	(Appointed 29 June 2011 and resigned 31 May 2012)

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# FIRST RETAIL FINANCE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2011**

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C Waters on behalf of Capita Corporate Director Limited	(Appointed 29 June 2011)
P C Braithwaite	(Appointed 31 May 2012)
S J Davies	(Appointed 31 May 2012)

### **Auditor**

Ernst & Young LLP resigned as auditors during the year and KPMG Audit Plc were appointed in their place Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



C Waters on behalf of Capita Corporate Director Limited  
**Director**  
8 August 2012

# **FIRST RETAIL FINANCE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FIRST RETAIL FINANCE LIMITED**

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We have audited the financial statements of First Retail Finance Limited for the period ended 31 December 2011 set out on pages 4 to 10

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**J M Papasolomontos Senior Statutory Auditor**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

8 August 2012

# FIRST RETAIL FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE PERIOD ENDED 31 DECEMBER 2011*

		<b>11 Months ended 31 December 2011 £'000</b>	<b>Year ended 31 January 2011 £'000</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>2</b>	340	279
Administrative expenses		(157)	25
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	183	304
Tax on profit on ordinary activities	<b>4</b>	(46)	(85)
<b>Profit for the period</b>	<b>9</b>	137	219

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# FIRST RETAIL FINANCE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2011

		31 December 2011 £'000	31 January 2011 £'000
	Notes		
<b>Current assets</b>			
Debtors	6	3,813	3,723
Cash at bank and in hand		16	101
		<hr/>	<hr/>
		3,829	3,824
<b>Creditors' amounts falling due within one year</b>	7	(900)	(1,032)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<u>2,929</u>	<u>2,792</u>
 <b>Capital and reserves</b>			
Called up share capital	8	2,721	2,721
Profit and loss account	9	208	71
		<hr/>	<hr/>
<b>Shareholders' funds</b>	10	<u>2,929</u>	<u>2,792</u>

Approved by the Board and authorised for issue on 8 August 2012



C Waters on behalf of Capita Corporate Director Limited  
Director

Company Registration No. 2862551

# FIRST RETAIL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2011

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The company has not produced a cashflow statement on the basis that the ultimate parent undertaking, Capita plc, has prepared a group cashflow statement in accordance with FRS1 (revised).

##### **1.2 Changes in accounting policies**

As a result of the acquisition of the company by Capita plc, the directors have aligned accounting policies to those of other group subsidiaries, who prepare their financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP). The 11 months ended 31 December 2011 have therefore been presented under "UK GAAP" and the date of transition was 1 February 2010. No significant differences were identified between "IFRS" and "UK GAAP" at the date of transition.

The company has adopted the following new Financial Reporting Standards issued by the UK Accounting Standards Board (ASB):

**Amendment to FRS 25 (IAS 32) Financial Instruments - Presentation - classification of rights issues -** The amendment alters the definition of a financial liability to enable parties to classify rights issues (and certain options or warrants) as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment has had no impact on the financial statements of the company.

**Improvements to Financial Reporting Standards (2010) -** In May 2010 the International Accounting Standards Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments were adopted by the ASB and issued in June 2010. The adoption of these amendments, which are effective from 1 January 2011, did not have any impact on the financial position or performance of the company.

**FRS 30 Heritage Assets -** In June 2010 the ASB issued this standard on the accounting treatment of heritage assets which is effective for annual periods beginning on or after 1 April 2010. This standard did not have any impact on the financial position or performance of the company.

**UITF 47 (IFRIC 19) Extinguishing Financial Liabilities with Equity Instruments -** This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration in accordance with paragraph 41 of FRS26 (IAS 39). The equity instruments issued are measured at fair value (unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished) with gain or loss being immediately recognised in profit or loss. The adoption of this interpretation had no effect on the financial position or performance of the company.

**UITF 48 Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits -** In December 2010 the UITF issued guidance on the accounting treatment consequent to the UK Government's announcement to replace RPI with CPI for the statutory minimum increase in pensions in defined benefit schemes. This UITF abstract did not have any impact on the financial position or performance of the company.

# FIRST RETAIL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2011**

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### 1 Accounting policies (continued)

#### 1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### 1.6 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions entered into between two or more members of Capita plc, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

### 2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom

	11 months ended 31 December 2011 £'000	Year ended 31 January 2011 £'000
3 Operating profit		

Operating profit is stated after charging

Fees payable to the company's auditor for the audit of the company's annual accounts

3	5
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After the company was acquired by Capita Holdings Limited 1 July 2011 audit fees were borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000. The current and prior year auditors remuneration disclosed above were paid to the company's previous auditor's, this is not inclusive of the £1,000 due to the current auditors. The company has taken advantage of the exemption provided by regulation 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006

# FIRST RETAIL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2011

	11 months ended 31 December 2011 £'000	Year ended 31 January 2011 £'000
<b>4 Taxation</b>		
<b>Domestic current year tax</b>		
U K corporation tax	48	85
Adjustment for prior years	(2)	-
<b>Total current tax</b>	<u>46</u>	<u>85</u>
<b>Factors affecting the tax charge for the period</b>		
Profit on ordinary activities before taxation	<u>183</u>	<u>304</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2011 - 28.00%)	48	85
Effects of Adjustments to previous periods	(2)	-
<b>Current tax charge for the period</b>	<u>46</u>	<u>85</u>

The UK corporation tax rate decreased from 26% to 24% from 1 April 2012 and changes to writing down allowances also took effect from this date. There has been no impact on the tax charge in the current period as a result of this change.

	11 months ended 31 December 2011 £'000	Year ended 31 January 2011 £'000
<b>5 Dividends</b>		
Ordinary final paid	<u>-</u>	<u>250</u>

# FIRST RETAIL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2011**

	<b>31 December 2011 £'000</b>	<b>31 January 2011 £'000</b>
<b>6 Debtors</b>		
Trade debtors	663	702
Amounts owed by parent and fellow subsidiary undertakings	3,150	3,021
	<u>3,813</u>	<u>3,723</u>

Amounts falling due after more than one year and included in the debtors above are

	<b>31 December 2011 £'000</b>	<b>31 January 2011 £'000</b>
Trade debtors	-	121
	<u>-</u>	<u>121</u>

	<b>31 December 2011 £'000</b>	<b>31 January 2011 £'000</b>
<b>7 Creditors' amounts falling due within one year</b>		
Trade creditors	64	43
Corporation tax	46	85
Other creditors	471	904
Accruals and deferred income	319	-
	<u>900</u>	<u>1,032</u>

	<b>31 December 2011 £'000</b>	<b>31 January 2011 £'000</b>
<b>8 Share capital</b>		
Allotted, called up and fully paid		
2,721,000 ordinary shares at £1 each	2,721	2,721
	<u>2,721</u>	<u>2,721</u>

# FIRST RETAIL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2011**

### 9 Statement of movements on profit and loss account

	Profit and loss account
	£'000
Balance at 1 February 2011	71
Profit for the period	137
	<hr/>
Balance at 31 December 2011	208
	<hr/>

	31 December 2011 £'000	31 January 2011 £'000
<b>10 Reconciliation of movements in shareholders' funds</b>		
Profit for the financial period	137	219
Dividends	-	(250)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	137	(31)
Opening shareholders' funds	2,792	2,823
	<hr/>	<hr/>
Closing shareholders' funds	2,929	2,792
	<hr/>	<hr/>

### 11 Employees

#### Number of employees

There were no employees during the period apart from the directors, none of whom received remunerations from the company for their services during the year

### 12 Control

The company's immediate parent is Capita Holdings Limited, a company incorporated in England and Wales. The company's ultimate parent is Capita plc. The financial statements of Capita plc are available from the registered office at 71 Victoria Street, London SW1H 0XA.