Time Retail Finance Limited

Directors' report and financial statements

For the year ended 31 December 2003
Registered number: 2243231

Time Retail Finance Limited

Directors' report and financial statements

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Time Retail Finance Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company for the year was the provision of credit facilities through retailers.

On 13 August 2003 the Comet contract was legally assigned to GE Capital Bank Limited. The beneficial interest in the contract remains with the company.
The transfer of the beneficial interest in these contracts and the remaining receivables is currently being considered.

Results and dividend

The company made a loss before tax for the year of £14,747,000 *(11 month period ended 31 December 2002: £10,316,000).*

The directors do not recommend the payment of a final dividend *(11 month period ended 31 December 2002: £ nil).*

Directors and directors' interests

The persons who held office as directors during the year and up to the date of the directors' report were as follows:

J S MacPhail	
S W Sinclair	
I G Story	(resigned 1 July 2004)
L Perry	(appointed 15 July 2004)

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

Auditors

In accordance with Section 379A of the Companies Act 1985, the company has elected to dispense with the following obligations:

- to lay accounts and reports before general management
- to hold annual general meetings
- to appoint auditors annually

On behalf of the board

L Perry
Director

6 Agar Street
London
WC2N 4HR

22nd October 2004

Time Retail Finance Limited

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the independent auditors, KPMG Audit Plc, to the members of Time Retail Finance Limited

We have audited the financial statements on pages 4 to 13.

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's affairs as at 31 December 2003 and of its loss 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

1 The Embankment
Neville Street
Leeds
LS1 4DW

22 October 2004

Time Retail Finance Limited

Profit and loss account
for the year ended 31 December 2003

	Note	Year ended 31 December 2003 £000	11 months ended 31 December 2002 £000
Interest receivable and similar income	*5*	**42,659**	47,094
Interest payable and similar charges	*6*	**(39,155)**	(32,003)
Gross profit		**3,504**	15,091
Administrative expenses		**(18,251)**	(25,407)
Loss on ordinary activities before taxation	*2*	**(14,747)**	(10,316)
Tax on ordinary activities	*7*	**(19)**	393
Retained loss for the year/period	*15*	**(14,766)**	(9,923)

The notes on pages 6 to 13 form part of these financial statements.

The results in the above profit and loss account relate entirely to continuing operations.

The movement in reserves is shown in note 15 to these financial statements.

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The loss for the current year and preceding financial period calculated on a historical cost basis is not materially different to the loss disclosed above. Accordingly a note of historical cost profits and losses as required by paragraph 26 of FRS 3 has not been presented.

Time Retail Finance Limited

Balance sheet
at 31 December 2003

	Note	31 December 2003 £000	31 December 2003 £000	31 December 2002 £000	31 December 2002 £000
Fixed assets					
Tangible assets	*9*		**847**		1,437
Investments	*8*		**37,509**		37,509
			38,356		38,946
Current assets					
Debtors	*10*	**261,309**		323,371	
Cash at bank and in hand		-		12,635	
		261,309		336,006	
Creditors: amounts falling due within one year	*11*	(49,804)		(49,542)	
Net current assets			**211,505**		286,464
Total assets less current liabilities			**249,861**		325,410
Creditors: amounts falling due after more than one year	*12*		**(258,370)**		(319,153)
Net (liabilities)/assets			**(8,509)**		6,257
Capital and reserves					
Called up share capital	*14*		**13,800**		13,800
Capital redemption reserve	*15*		**500**		500
Profit and loss account	*15*		**(22,809)**		(8,043)
Equity shareholders' (deficit)/funds	*15*		**(8,509)**		6,257

The notes on pages 6 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 22nd October 2004 and were signed on its behalf by:

L Perry
Director

1. **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis since the immediate parent company has indicated that it will provide such resources as are necessary in order for the company to meet its liabilities as they fall due.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

(b) Income and cost recognition

Interest receivable and payable is recognised on an accruals basis.

Costs relating to opening of new accounts, being principally commissions, volume bonuses payable to intermediaries, retailers, or brokers, and other directly attributable account opening costs, are deferred. These costs are amortised to the profit and loss account in line with the recognition of income on the underlying products.

Commissions receivable from retailers on the opening of an account are recognised in the profit and loss account so as to give a constant yield over the life of the account.

(c) Provision for bad and doubtful debts

The provision is established by calculation of expected losses based upon impairment that has taken place before the balance sheet date in relation to each loan portfolio primarily through the application of provisioning models, or by specific identification of individual cases where practical.

The provisioning models applied use historical information on the arrears performance of each portfolio to predict the amount of the debt at the balance sheet date that will ultimately be irrecoverable.

Interest on doubtful debts ceases to be recognised when there is a reasonable doubt over the collectibility of principal and /or interest in accordance with the loan agreement.

All bad debts are written off against the provision in the period in which they are classified as irrecoverable. The amount necessary to bring the provisions to their assessed levels net of write offs and recoveries is charged to the profit and loss account.

(d) Investment in subsidiaries and joint ventures

Investments in subsidiary undertakings and joint ventures are stated at cost, with provision made where appropriate for any permanent diminution 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.

Notes
(continued)

1. **Accounting Policy** *(continued)*

(e) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Motor vehicles	four years straight-line basis
Fixtures and fittings	ten years straight-line basis
Computer hardware and office equipment	three to five years straight-line basis, dependent on type

Significant purchased software costs are capitalised and depreciated on a straight-line basis over their estimated useful life up to a maximum of five years.

(f) Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(g) Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that the directors consider those assets to be recoverable.

(h) Cash flow statement

Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public and can be obtained from the address mentioned in note 17.

(i) Transactions with related parties

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company in which the company is included are available to the public and can be obtained from the address given in note 17.

2. **Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2003 £000	11 months ended 31 December 2002 £000
Depreciation of tangible fixed assets	**590**	548
Operating lease rentals – land and buildings	**78**	441

The audit fee for the current year and prior period was met by the parent company, GE Capital Bank Limited, and as such no charge is reflected within these financial statements.

Notes
(continued)

3. Remuneration of directors

The directors did not receive any emoluments for their services to the company during the year *(11 month period ended 31 December 2002: £nil).*

4. Employee information

The average number of persons employed by the company (including directors) during the year/period, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2003	11 months ended 31 December 2002
Sales and administration	-	175

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2003 £000	11 months ended 31 December 2002 £000
Wages and salaries	**12**	2,429
Social security costs	-	150
Pension costs	-	167
	12	2,746

5. Interest receivable and similar income

This amount represents principally 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.

Also included is interest receivable from group undertakings during the year of £9,020,000 *(11 month period ended 31 December 2002: £12,006,000).*

6. Interest payable and similar charges

Included within this balance is interest payable to group undertakings during the year of £13,548,000 *(11 month period ended 31 December 2002: £14,171,000).*

Time Retail Finance Limited

Notes
(continued)

7. **Tax on loss on ordinary activities**

a) Analysis of credit in the year at 30% ***(11 month period ended 31 December 2002: 30%)***

	Year ended 31 December 2003 £000	11 months ended 31 December 2002 £000
UK corporation tax at 30% *(11 months ended 31 December 2002: 30%)*	-	-
Adjustment in respect of prior years	(484)	-
Total current tax	(484)	-
Deferred tax		
Origination and reversal of timing differences	50	(63)
Adjustment in respect of prior years	453	(330)
Total deferred tax	503	(393)
Tax charge / (credit) on loss on ordinary activities	19	(393)

b) Factors affecting current tax credit in year

	Year ended 31 December 2003 £000	11 months ended 31 December 2002 £000
Loss on ordinary activities before tax	(14,747)	(10,316)
Tax on loss on ordinary activities at UK standard rate of 30% *(2001: 30%)*	(4,424)	(3,095)
Effects of:		
Depreciation in excess of capital allowances	48	13
Expenses not deductible for tax purposes	-	232
Short term timing differences	(50)	50
Group relief not paid for	4426	2,800
Adjustments to tax charge in respect of previous periods	(484)	-
Total current tax credit for the year	(484)	-

Time Retail Finance Limited

Notes
(continued)

8. **Fixed asset investments**

	Joint ventures	Subsidiary undertakings	Total
	£000	£000	£000
At beginning and end of year	-	37,509	37,509

The company's subsidiaries are listed below. They are all wholly owned and registered in England and Wales.

Company	**Class of shares held**	**Principal activities**
Time Finance Limited	Ordinary	Provision of retail credit facilities
TRF Factors Limited	Ordinary	Did not trade during the year
Time Group Business Services Limited	Ordinary	Did not trade during the year
Time Retail Services Limited	Ordinary	Did not trade during the year

Investment in joint ventures

On 1 February 2000 the company entered into a joint venture with Black Horse (TRF) Limited to provide finance products to customers of Time Retail Finance Limited. Time Retail Finance Limited holds 49% of the £100 nominal value of the issued shares of Black Horse (TRF) Limited, the joint venture company, but has effective joint control. These shares are acquired at their nominal value, with no goodwill arising on the transactions.

Black Horse (TRF) Limited is incorporated in England and Wales.

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

9. **Tangible assets**

	Office equipment fixtures and fittings £000	Motor vehicles £000	Total £000
Cost			
At beginning and end of year	**3,205**	**293**	**3,498**
Depreciation			
At beginning of year	1,900	161	2,061
Charge for year	534	56	590
At end of year	**2,434**	**217**	**2,651**
Net book value			
At 31 December 2003	**771**	**76**	**847**
At 31 December 2002	1,305	132	1,437

Time Retail Finance Limited

Notes
(continued)

10. Debtors

	31 December 2003 £000	31 December 2002 £000
Amounts falling due within one year		
Trade debtors	**11,119**	22,888
Amounts owed by group undertakings	**212,816**	277,650
Other debtors	**26,743**	2,735
Prepayments	**5,440**	11,047
Corporation tax	**1,870**	398
Deferred taxation (note 13)	**-**	503
	257,988	315,221
Amounts falling due after more than one year		
Trade debtors	**3,321**	8,150
	261,309	323,371

11. Creditors: amounts falling due within one year

	31 December 2003 £000	31 December 2002 £000
Bank loans and overdraft	**469**	-
Amounts owed to group undertakings	**33,972**	38,774
Other taxes and social security	**1**	378
Accruals and deferred income	**15,332**	9,364
Other creditors	**30**	1,026
	49,804	49,542

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.

12. Creditors: amounts falling due after more than one year

	31 December 2003 £000	31 December 2002 £000
Amounts owed to group undertakings	**258,024**	318,852
Accruals and deferred income	**346**	301
	258,370	319,153

Time Retail Finance Limited

Notes
(continued)

13. Deferred taxation

The movement in the deferred tax and during the year was as follows:

	Total
	£000
At beginning of year	**503**
Charge for the year	**(503)**
At end of year	**-**

The amounts recognised as deferred taxation assets are set out below:

	2003 Potential £000	2003 Provided £000	2002 Potential £000	2002 Provided £000
Accelerated capital allowances	**135**	-	-	87
Short term timing differences	-	-	-	416
	135	-	-	503

14. Called up share capital

	2003 £000	2002 £000
Authorised		
20,500,000 ordinary shares of £1 each	**20,500**	20,500
500,000 8% cumulative redeemable preference shares of £1 each	**500**	500
	21,000	21,000
Allotted, called up and fully paid:		
13,800,002 ordinary shares of £1 each	**13,800**	13,800

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Notes
(continued)

15. Reconciliation of movements in equity shareholders' (deficit)/funds

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	31 December 2003 Equity shareholders' deficit £000	31 December 2002 Equity shareholders' funds £000
At beginning of year	13,800	500	(8,043)	6,257	16,180
Retained loss for the year	-	-	(14,766)	(14,766)	(9,923)
At end of year	**13,800**	**500**	**(22,809)**	**(8,509)**	6,257

16. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2003 Land and buildings £000	31 December 2002 Land and buildings £000
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
Over five years	**586**	586
	586	586

17. Parent undertaking

The company's immediate parent undertaking is GE Capital Bank Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by GE Capital Bank Limited, a company registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 6 Agar Street, London, WC2N 4HR.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements for this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connectdicut, 06431, USA or at www.ge.com