Time Retail Finance Limited

Directors' report and financial Statements
For the year ended 31 December 2006
Registered number: 2243231

## Contents

# Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2006

**Principal activity**

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

On 1 February 2007, all B&Q trade accounts, receivables and related assets were sold to HFC Bank Limited The consideration received to date is £11 8m, with a remaining contingent consideration in discussion The carrying value at 1 February 2007 of the assets transferred was £13 9m

**Results and dividend**

The company made a profit for the financial year of £3,671,000 *(2005 £45,210 000)*

**Directors**

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

| | |
|---|---|
| J S MacPhail | |
| G P Marshall | |
| D M Levine | Appointed 31 May 2007 |
| R Harvey | Appointed 31 May 2007 |
| E D Cameron | Appointed 31 May 2007 |
| J M De Boer | Appointed 31 May 2007 |
| L Perry | Resigned 31 May 2007 |
| B J Cooper | Resigned 15 December 2006 |

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**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 meetings,
- to hold annual general meetings,
- to appoint auditors annually

and KPMG Audit Plc will therefore continue in office

On behalf of the board

E D Cameron
*Director*

6 Agar Street
London
WC2N 4HR

25 June 2007

## Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments and 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

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

We have audited the financial statements of Time Retail Finance Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on Page 2

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

**KPMG Audit Plc**
*Chartered Accountants*
*Registered Auditor*

1 The Embankment
Neville Street
Leeds
LS1 4DW

25 June 2007

# Profit and Loss Account

***for the year ended 31 December 2006***

| | Note | 2006 £000 | 2005 £000 |
|---|---|---|---|
| Turnover | 2 | **5,064** | 4,001 |
| **Gross profit** | | **5,064** | 4,001 |
| Administrative expenses | | **(1,268)** | (2,269) |
| **Operating profit** | | **3,796** | 1,732 |
| Profit on the sale of portfolio | | **-** | 45,943 |
| Interest receivable and similar income | 6 | **1,449** | 21,404 |
| Interest payable and similar charges | 7 | **-** | (22,087) |
| **Profit on ordinary activities before taxation** | 8 | **5,245** | 46,992 |
| Tax on profit on ordinary activities | 9 | **(1,574)** | (1,782) |
| **Profit for the financial year** | 15,16 | **3,671** | 45,210 |

Analysis of the profit and loss account relating to the prior year has been re-analysed to better reflect the nature of the underlying balances

The above amounts relate to continuing operations

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

## Balance sheet
***at 31 December 2006***

| | Note | 2006 £000 | 2005 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | - | - |
| Investments | 11 | - | 37,509 |
| | | - | 37,509 |
| **Current assets** | | | |
| Debtors | 12 | 44,175 | 79,805 |
| Cash at bank and in hand | | 3,296 | 516 |
| | | 47,471 | 80,321 |
| **Creditors** amounts falling due within one year | 13 | (38,580) | (112,610) |
| **Net current assets** | | 8,891 | (32,289) |
| **Net Assets** | | 8,891 | 5,220 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 13,800 | 13,800 |
| Capital redemption reserve | 15 | 500 | 500 |
| Profit and loss account | 15 | (5,409) | (9,080) |
| **Shareholders' funds** | 16 | 8,891 | 5,220 |

These financial statements were approved by the board of directors on 25 June 2007 and were signed on its behalf by

**E D Cameron**
*Director*

# Notes
*(forming part of the financial statements)*

## 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 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 policies *(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

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

#### *(f) Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes 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

#### *(g) Cash flow statement*

Under FRS 1 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 18

#### *(h) 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 18

### 2 Turnover

Turnover includes subsidy revenues from clients for providing financing facilities to their trade customers

### 3 Employee information

The company had no employees during the current or preceding year

### 4 Directors' remuneration

The emoluments of the directors in relation to their services to the company are borne by other subsidiaries of General Electric Company They are directors and employees of other group companies and do not specifically receive any remuneration in respect of their services to the company and it was not possible to determine an appropriate proportion of their services on behalf of the company Consequently their emoluments are not disclosed within these financial statements

## Notes *(continued)*

### 5 Auditors' remuneration

Remuneration received by the auditors during the current year and the previous year for audit services was borne by fellow group undertakings The audit fee in respect of the company was

| | 2006 | 2005 |
|---|---|---|
| | **£000** | £000 |
| Audit of these financial statements | **6** | 6 |

### 6 Interest receivable and similar income

| | 2006 | 2005 |
|---|---|---|
| | **£000** | £000 |
| Receivable from group undertakings | **1,437** | 21,404 |
| Bank interest | **12** | - |
| | **1,449** | 21,404 |

### 7 Interest payable and similar charges

Interest comprises interest payable to group undertakings during the year of £nil *(2005 £22,087,000)*

### 8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | 2006 | 2005 |
|---|---|---|
| | **£000** | £000 |
| Management charge | - | 1,242 |
| Depreciation of tangible fixed assets | - | 262 |

All expenses in the prior year were borne by another group undertaking and recharged to the company via a management charge

## Notes *(continued)*

### 9 Taxation

**a) Analysis of charge in the year**

| | 2006 £000 | 2005 £000 |
|---|---|---|
| UK corporation tax at 30% *(2005 30%)* | 1,574 | - |
| Adjustment in respect of prior years | - | 1,782 |
| Total current tax | 1,574 | 1,782 |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 4,050 |
| Movement in deferred tax not provided | - | (4,050) |
| Total deferred tax | - | - |
| Tax charge on profit on ordinary activities | 1,574 | - |

**b) Factors affecting current year tax charge**

| | 2006 £000 | 2005 £000 |
|---|---|---|
| Profit on ordinary activities before tax | 5,245 | 46,992 |
| Tax on profit on ordinary activities at UK standard rate of 30% *(2005 30%)* | 1,574 | 14,097 |
| *Effects of* | | |
| Depreciation in excess of capital allowances | - | 15 |
| Profit on sale of business | - | (13,783) |
| Short term timing differences | - | (4,065) |
| Group relief not paid for | - | 3,736 |
| Adjustments to tax charge in respect of previous periods | - | 1,782 |
| Total current tax charge | 1,574 | 1,782 |

**c)** Any future tax charges may be impacted by the announced change in the rate of corporation tax from 30% to 28%, effective from 1 April 2008 The impact of this has not been quantified in the financial statements, as the directors do not consider it practicable to do so

## Notes *(continued)*

### 10 Tangible assets

| | Office equipment fixtures and fittings £000 |
|---|---|
| ***Cost*** | |
| At beginning and end of year | 115 |
| ***Depreciation*** | |
| At beginning and end of year | 115 |
| ***Net book value*** | |
| **At 31 December 2006** | **-** |
| At 31 December 2005 | - |

### 11 Investments

| | Joint ventures £000 | Subsidiary undertakings £000 | Total £000 |
|---|---|---|---|
| At beginning of year | - | 37,509 | 37,509 |
| Companies liquidated in the year | - | (37,509) | (37,509) |
| At end of year | - | - | - |

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 |
| The following subsidiaries were liquidated on 21 July 2006 | | |
| TRF Factors Limited | Ordinary | - |
| Time Group Business Services Limited | Ordinary | - |
| The following subsidiary was liquidated on 24 July 2006 | | |
| Time Retail Services Limited | Ordinary | - |

**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.

## Notes *(continued)*

### 12 Debtors

| | 2006 £000 | 2005 £000 |
|---|---|---|
| ***Amounts falling due within one year*** | | |
| Trade debtors | **12,936** | 11,038 |
| Amounts owed by group undertakings | **29,533** | 50,359 |
| Other debtors | **1,009** | 14,892 |
| Prepayments and accrued income | **320** | 80 |
| Corporation tax | **377** | 89 |
| | **44,175** | 76,458 |
| ***Amounts falling due after more than one year*** | | |
| Trade debtors | **-** | 3,347 |
| | **44,175** | 79,805 |

### 13 Creditors amounts falling due within one year

| | 2006 £000 | 2005 £000 |
|---|---|---|
| Amounts owed to group undertakings | **37,794** | 93,046 |
| Other creditors | **738** | 19,346 |
| Accruals and deferred income | **48** | 218 |
| | **38,580** | 112,610 |

### 14 Called up share capital

| | 2006 £000 | 2005 £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 |

## Notes *(continued)*

### 15 Reserves

| | Capital redemption reserve £000 | Profit and loss account £000 |
|---|---|---|
| At beginning of year | 500 | (9 080) |
| Profit for the year | - | 3,671 |
| At end of year | **500** | **(5,409)** |

### 16 Reconciliation of movements in shareholders' funds

| | **2006** **£000** | 2005 £000 |
|---|---|---|
| Profit for the financial year | 3,671 | 45,210 |
| Opening shareholders' funds | 5,220 | (39,990) |
| Closing shareholders' funds | **8,891** | 5,220 |

### 17 Commitments

Annual commitments under non-cancellable operating leases are as follows

| | **2006 Land and buildings £000** | 2005 Land and buildings £000 |
|---|---|---|
| Over five years | - | 586 |

On 26 June 2006 the lease for Tempus House was transferred to GE Capital Bank Limited

### 18 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, Connecticut, 06828, USA or at www ge com