

Time Retail Finance Limited

Directors' report and financial statements

For the year ended 31 December 2004

Registered number: 2243231



Time Retail Finance Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors	3
Profit and loss account	4
Balance sheet	5
Notes	6-13

Time Retail Finance Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activity

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

On the 13 November 2002 the B&Q contract was legally assigned from Time Retail Finance Limited (TRF) to GE Capital Bank Limited. The beneficial interest in the contract remains with TRF.

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 beneficial interest in these contracts and the remaining receivables and fixed assets were transferred to GE Capital Bank Limited on 18 October 2005. The consideration received was £48,187,684, with the carrying value of assets transferred being £478,002, generating a profit on disposal of £47,709,682 within the 2005 financial statements.

Results and dividend

The company made a loss before tax for the year of £31,481,000 (2003: £14,747,000).

The directors do not recommend the payment of a final dividend (2003: £ 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	(resigned 5 November 2004)
I G Story	(resigned 1 July 2004)
L Perry	(appointed 15 July 2004)
B J Cooper	(appointed 13 December 2004)
G P Marshall	(appointed 13 December 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

and KPMG Audit Plc will therefore continue in office.

On behalf of the board



L Perry
Director

21 October

2005

6 Agar Street
London
WC2N 4HR

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.

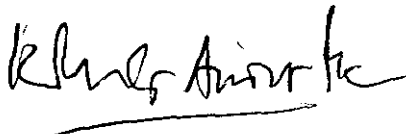
Basis of audit opinion

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

21 October 2005

1 The Embankment
Neville Street
Leeds
LS1 4DW

Time Retail Finance Limited

Profit and loss account for the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Interest receivable and similar income	5	13,479	42,659
Interest payable and similar charges	6	(16,632)	(39,155)
Gross (loss)/ profit		(3,153)	3,504
Administrative expenses		(28,328)	(18,251)
Loss on ordinary activities before taxation	2	(31,481)	(14,747)
Tax on loss on ordinary activities	7	-	(19)
Retained loss for the year	15	(31,481)	(14,766)

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 and preceding financial year 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 2004

	Note	31 December 2004		31 December 2003	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		685		847
Investments	8		37,509		37,509
			<u>38,194</u>		<u>38,356</u>
Current assets					
Debtors	10	143,378		261,309	
Cash at bank and in hand		-		-	
		<u>143,378</u>		<u>261,309</u>	
Creditors: amounts falling due within one year	11	<u>(66,539)</u>		<u>(49,804)</u>	
Net current assets			76,839		211,505
Total assets less current liabilities			<u>115,033</u>		<u>249,861</u>
Creditors: amounts falling due after more than one year	12		<u>(155,023)</u>		<u>(258,370)</u>
Net liabilities			<u>(39,990)</u>		<u>(8,509)</u>
Capital and reserves					
Called up share capital	14		13,800		13,800
Capital redemption reserve	15		500		500
Profit and loss account	15		<u>(54,290)</u>		<u>(22,809)</u>
Equity shareholders' deficit	15		<u>(39,990)</u>		<u>(8,509)</u>

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

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

21 October

2005



L Perry
Director

Time Retail Finance Limited

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 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.

Time Retail Finance Limited

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:

	2004 £000	2003 £000
Depreciation of tangible fixed assets	48	590
Operating lease rentals – land and buildings		78
	<hr/>	<hr/>

All expenses incurred in the current year were borne by another group undertaking and recharged to the company via a management charge, which the company paid on behalf of itself and Time Finance Limited, a fellow subsidiary undertaking.

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

Time Retail Finance Limited

Notes

(continued)

3. Remuneration of directors

The directors did not receive any emoluments for their services to the company during the year (2003: £nil).

4. Employee information

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

	Number of employees	
	2004	2003
Sales and administration	-	-

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£000	£000
Wages and salaries	-	12
Social security costs	-	-
Pension costs	-	-
	-	12

The company had no employees during the current or proceeding year.

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 £4,175,000 (2003: £9,020,000).

6. Interest payable and similar charges

Included within this balance is interest payable to group undertakings during the year of £9,442,000 (2003: £13,548,000).

Time Retail Finance Limited

Notes

(continued)

7. Tax on loss on ordinary activities

a) Analysis of charge in the year at 30% (2003: 30%)

	2004 £000	2003 £000
UK corporation tax at 30% (2003: 30%)	-	-
Adjustment in respect of prior years	-	(484)
Total current tax	-	(484)
Deferred tax		
Origination and reversal of timing differences	-	50
Adjustment in respect of prior years	-	453
Total deferred tax	-	503
Tax charge on loss on ordinary activities	-	19

b) Factors affecting current tax credit in year

	2004 £000	2003 £000
Loss on ordinary activities before tax	(31,481)	(14,747)
Tax on loss on ordinary activities at UK standard rate of 30% (2003: 30%)	(9,445)	(4,424)
<i>Effects of:</i>		
Depreciation in excess of capital allowances not recognised	(5)	48
Expenses not deductible for tax purposes	-	-
Short term timing differences	-	(50)
Group relief not paid for	9,49	4,426
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	Dormant
Time Group Business Services Limited*	Ordinary	Dormant
Time Retail Services Limited*	Ordinary	Dormant

*These subsidiaries were placed into Members Voluntary Liquidation on 22 June 2005.

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
Disposals	(831)	(14)	(845)
At end of year	2,374	279	2,653
Depreciation			
At beginning of year	2,434	217	2,651
Charge for year	20	28	48
Disposals	(717)	(14)	(731)
At end of year	1,737	231	1,968
Net book value			
At 31 December 2004	637	48	685
At 31 December 2003	771	76	847

Time Retail Finance Limited

Notes

(continued)

10. Debtors

	2004 £000	2003 £000
<i>Amounts falling due within one year</i>		
Trade debtors	10,337	11,119
Amounts owed by group undertakings	110,642	212,816
Other debtors	12,740	26,743
Prepayments	3,933	5,440
Corporation tax	1,870	1,870
	<hr/>	<hr/>
	139,522	257,988
<i>Amounts falling due after more than one year</i>		
Trade debtors	3,856	3,321
	<hr/>	<hr/>
	143,378	261,309
	<hr/>	<hr/>

11. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Trade creditors	30	-
Bank loans and overdraft	-	469
Amounts owed to group undertakings	65,449	33,972
Other taxes and social security	-	1
Accruals and deferred income	960	15,332
Other creditors	100	30
	<hr/>	<hr/>
	66,539	49,804
	<hr/>	<hr/>

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 2004 £000	31 December 2003 £000
Amounts owed to group undertakings	155,023	258,024
Accruals and deferred income	-	346
	<hr/>	<hr/>
	155,023	258,370
	<hr/>	<hr/>

Time Retail Finance Limited

Notes (continued)

13. Deferred taxation

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

	2004 Potential £000	2004 Recognised £000	2003 Potential £000	2003 Recognised £000
Losses	922	-	922	-
Accelerated capital allowances	84	-	135	-
Short term timing differences	4,065	-	-	-
	<u>5,071</u>	<u>-</u>	<u>1,057</u>	<u>-</u>

14. Called up share capital

	2004 £000	2003 £000
<i>Authorised</i>		
20,500,000 ordinary shares of £1 each	20,500	20,500
500,000 8% cumulative redeemable preference shares of £1 each	500	500
	<u>21,000</u>	<u>21,000</u>
<i>Allotted, called up and fully paid:</i>		
13,800,002 ordinary shares of £1 each	<u>13,800</u>	<u>13,800</u>

Time Retail Finance Limited

Notes

(continued)

15. Reconciliation of movements in equity shareholders' deficit

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	31 December 2004 Equity shareholders' deficit £000	31 December 2003 Equity shareholders' funds £000
At beginning of year	13,800	500	(22,809)	(8,509)	6,257
Retained loss for the year	-	-	(31,481)	(31,481)	(14,766)
At end of year	<u>13,800</u>	<u>500</u>	<u>(54,290)</u>	<u>(39,990)</u>	<u>(8,509)</u>

16. Commitments

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

	31 December 2004 Land and buildings £000	31 December 2003 Land and buildings £000
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
Over five years	586	586
	<u>586</u>	<u>586</u>

The operating lease cost is borne by another group undertaking and recharged via a management charge.

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, Connecticut, 06431, USA or at www.ge.com

18. Post Balance Sheet Event

On 18 October 2005, the beneficial interest in the B&Q and Comet contracts and the remaining receivables and fixed assets were transferred to GE Capital Bank Limited. The consideration received was £48,187,684, with the carrying value of assets transferred being £478,002, generating a profit on disposal of £47,709,682 within the 2005 financial statements.