

**Carmelite Property Management
Limited (formerly Thorn Limited)**

Directors' report and financial
statements

Registered number 3182775

31 December 2009



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Carmelite Property Management Limited (formerly Thorn Limited)	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Reconciliation of movements in shareholder's funds	9
Notes	10

Directors' report

The directors present their annual report and the audited financial statements for Carmelite Property Management Limited (formerly Thorn Limited) ("the company") for the year ended 31 December 2009

The company registered a change of name from Thorn Limited to Carmelite Property Management Limited on 16 April 2009. On the same date Thorn (IP) Limited, a subsidiary undertaking, acquired 100% of the issued share capital of Law 2468 Limited. Law 2468 Limited changed its name to Thorn Limited on the same date.

Principal activity

The principal activity of the company is the management of a portfolio of onerous property lease obligations.

Following the CCL Group's planned group simplification programme most of the company's former subsidiaries have either been sold or placed in Members Voluntary Liquidation ("MVL") since November 2007. Consequently the company now has only one immediate subsidiary undertaking and two subsidiary undertakings in the final stages of MVL prior to dissolution.

Business review

Financial overview

The company made a profit before taxation for the year of £1,205,000 (*nine months ended 31 December 2008 £10,036,000*).

In line with the reduction in activity, the company's operating expenditure reduced to £454,000 (*nine months ended 31 December 2008 £2,744,000*) and net interest received reduced to £591,000 (*nine months ended 31 December 2008 £4,549,000*). This was due to an amendment in the terms of the amount due from Carmelite Finance Limited (formerly Future Rentals Limited), the immediate parent undertaking, to make this loan interest free with effect from 1 January 2009 (see note 11).

The company reported net operating income of £546,000 (*nine months ended 31 December 2008 net operating expenditure of £2,744,000*) following a write back of certain provisions totalling £1,000,000 which are no longer required.

The balance of the profit before tax comprised income from shares in group undertakings of £368,000 (*nine months ended 31 December 2008 £399,486,000*), less the impairment of the company's investment in its subsidiary undertakings of £300,000 (*nine months ended 31 December 2008 £319,469,000*) following the receipt of the aforementioned distribution from one of the company's subsidiaries in MVL (see note 10).

During the year the company disposed of its leasehold interest in 2 (*nine months ended 31 December 2008 3*) properties by way of surrender to landlords. The company acquired the long leasehold interest in one property in January 2009. This property is still held as a fixed asset (see note 9).

Income from shares in group undertakings

On 15 December 2009 the company received a dividend of £368,000 from Consumer Electronics Insurance Company Limited ("CEICO"), a subsidiary undertaking. The directors do not expect any further distributions from the liquidators of the companies remaining in MVL.

Thorn Pension Fund (the "Fund")

On 5 December 2008 the trustee of the Fund agreed to insure the benefits of the Fund's members with Pension Insurance Corporation Limited, an insurance company authorised and regulated by the FSA and an affiliate of Pension Corporation Investments LP Inc, the ultimate parent company and ultimate controlling party of the company. In conjunction with this buyout the company agreed to wind up the Fund and consequently discharged its obligations as sponsoring employer.

Companies entered into MVL

During the year the liquidations of Thorn Executive Pension Trustees Limited and Scandinavian Consumer Technology Holdings plc were completed and the companies struck off.

The company has two subsidiaries remaining in MVL at the date of signing of these accounts, namely CEICO and Thorn Finance Limited. The directors expect the liquidation of these companies to be completed in 2010.

Directors' report *(continued)*

Business review *(continued)*

Loans to Co-Investment Limited ("CIL")

On 30 November 2009 the company made an interest bearing loan of £1,800,000 to CIL, a Guernsey incorporated limited company. The loan was scheduled for repayment in three equal tranches each of £600,000 on 15 March 2010, 15 June 2010 and 15 September 2010.

The company had previously loaned £32,800,000 to Pension Corporation Investments No 2 LP Inc ("PCI2"), a Guernsey incorporated limited partnership. On 31 March 2009 the repayment date of loan receivable from PCI2 was extended to 30 April 2009.

On 30 April 2009 PCI 2 assigned its liability to CIL and the repayment date was further extended to 31 December 2014 to coincide with the latest termination date of the leases in the company's property portfolio. The interest rate remains unchanged at LIBOR plus 1% and the company still has the right to demand full or part repayment of the loan at any time before the repayment date. This loan remained outstanding at the balance sheet date with a value, including accrued interest, of £38,599,000.

Strategy

The strategy adopted by the company during the year has been to assist to continue to manage the property portfolio and seek opportunities for early termination of existing leases where terms are commercially acceptable. The company has also continued in the execution of the CCL group simplification programme by ensuring its remaining assets and those of its remaining subsidiary undertakings are realised and their liabilities settled.

Dividends

The directors do not recommend the payment of any dividends *(nine months ended 31 December 2008 £339,100,000)*.

Financial risk management objectives and policies

The company's assets consist of investments in fellow subsidiary undertakings within the CCL Group, trade debtors and prepayments, cash and interest bearing loans to related parties. The company's liabilities consist of trade creditors and accruals and amounts due under onerous property lease obligations.

Credit risk

The risk of impairments in value being required against these assets and policy for repayment of intra group loans is managed as part of the overall financial strategy for the CCL Group.

Liquidity risk

The objective is to maintain a balance between continuity of funding and flexibility through detailed cash management in conjunction with management of the debt due from its shareholder. Liquidity risk is monitored on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the company seeks to arrange debt repayments by its shareholder ahead of business requirements.

Interest rate risk

The exposure of the company to interest rate fluctuations is managed through variable rate shareholder funding which matches the interest rate profile of its commitments.

Post balance sheet events

On 15 March 2010 the directors agreed to defer to 15 June 2010 the repayment of the first instalment of the loan made to CIL on 30 November 2009. On 26 May 2010 the directors agreed to further defer repayment of both the first and second instalments due on 15 June 2010 until 15 September 2010. The total balance of £1,800,000 is now repayable on 15 September 2010.

Directors' report *(continued)*

Directors

The directors who held office during the year, and subsequently, were as follows

K Gozzett (appointed 14 January 2009)
A D Gurnham (resigned 31 March 2009)
A J Spillane (resigned 31 March 2009)
D M Thomson (appointed 1 April 2009)

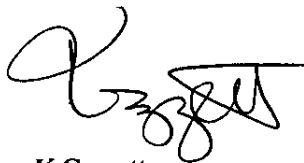
Disclosure of information to auditors

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 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in the office

By order of the board



K Gozzett
Director

17 June 2010

5 New Street Square
London
EC4A 3TW

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).

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 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 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 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.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Carmelite Property Management Limited (formerly Thorn Limited)

We have audited the financial statements of Carmelite Property Management Limited for the year ended 31 December 2009 set out on pages 7 to 25. 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 sections 495 and 496 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year 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

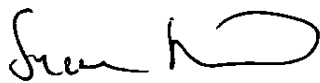
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Carmelite Property Management Limited (formerly Thorn Limited) (continued)

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



9 July 2010

Simon Baxter (Senior Statutory Auditor)

for and on behalf of KPMG Audit plc, Statutory Auditor

Chartered Accountants

Profit and loss account

for the year ended 31 December 2009

	<i>Note</i>	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Operating expenditure	2-4	546	(2 744)
Impairment of investments	10	(300)	(319 469)
Impairment of amounts due from fellow group undertakings	11	-	(71 821)
Operating loss		246	(394 034)
Income from shares in group undertakings		368	399 486
Interest receivable and similar income	5	820	5 536
Interest payable and similar charges	6	(229)	(987)
Other finance income	7	-	35
Profit on ordinary activities before taxation		1,205	10 036
Tax credit/(charge) on profit on ordinary activities	8	-	(7 174)
Profit for the year / period	15	1,205	2 862

All results relate to continuing operations

There is no material difference between the result on a historical cost basis and that described in the profit and loss account

Balance sheet
at 31 December 2009

	<i>Note</i>	31 December 2009		31 December 2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		500		45
Investments	10		-		300
			<hr/>		<hr/>
			500		345
Current assets					
Debtors (including £36,799 (2008 £nil) due after more than one year)	11	40,045		38,783	
Cash at bank and in hand		2,606		7,479	
		<hr/>		<hr/>	
		42,651		46,262	
Creditors: amounts falling due within one year	12	(1,398)		(1,717)	
		<hr/>		<hr/>	
Net current assets			41,253		44,545
			<hr/>		<hr/>
Total assets less current liabilities			41,753		44,890
Provisions for liabilities and charges	13	(5,260)		(9,602)	
		<hr/>		<hr/>	
Net assets			36,493		35,288
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14	26,509		26,509	
Capital redemption reserve	15	86,779		86,779	
Profit and loss account	15	(76,795)		(78,000)	
		<hr/>		<hr/>	
Shareholder's funds			36,493		35,288
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 17 June 2010 and were signed on its behalf by



D M Thomson
Director

Statement of total recognised gains and losses
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Profit for the year / period	1,205	2,862
Actuarial loss recognised in the pension fund (see note 18)	-	(7,651)
Decrease in unrecognised surplus in the pension fund (see note 18)	-	7,651
	<hr/>	<hr/>
Total recognised gains relating to the financial year	1,205	2,862
	<hr/>	<hr/>

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Profit for the financial year / period	1,205	2,862
Dividends on shares classified in shareholder's funds	-	(339,146)
	<hr/>	<hr/>
Net increase/(decrease) in shareholder's funds	1,205	(336,284)
Opening shareholder's funds	35,288	371,572
	<hr/>	<hr/>
Closing shareholder's funds	36,493	35,288
	<hr/>	<hr/>

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 financial statements

Basis of preparation

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

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Carmelite Capital Limited ('CCL'), the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the CCL group (or investees of the group qualifying as related parties). The consolidated financial statements of CCL, within which this company is included, can be obtained from the address given in note 21.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Tangible fixed assets and depreciation

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

Fixtures and fittings	-	2 to 4 years
Computer equipment	-	1 to 3 years
Vehicles	-	4 years
Long leasehold property	-	term of the lease

No depreciation is provided on freehold land.

Taxation

The charge for taxation is based on the result 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 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'.

Leases

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

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

Post retirement benefits

The company was the sponsoring employer and participated in the Thorn Fund. Following the buyout of the Thorn Fund on 5 December 2008, the company ceased to operate any pension schemes.

For the period prior to the buyout, the company followed the full provisions of FRS17 'Retirement Benefits' when accounting for post retirement benefits.

The company operated a number of pension schemes, principally the Thorn Fund, which provided benefits based on final pensionable pay. The assets of the schemes were held separately from those of the company. Contributions to the schemes were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Pension scheme assets were measured using market values. Pension scheme liabilities were measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

In accordance with FRS 17, where the pension scheme is in surplus, the asset recognised on the balance sheet was limited to the lower of the actuarial surplus as defined above and the present value of the contribution holiday which results from the surplus assuming that the number of employees at the balance sheet date remains the same in perpetuity and their associated salary cost increases in line with inflation. Consequently the surplus recognised was subject to significant variation in accordance with changes in the number of employees in the scheme.

The Group also operated defined contribution pension schemes. The assets of these schemes were held separately from those of the Group in independently administered funds. The amount charged against profits represented the contributions payable to the scheme in respect of the accounting period.

2 Auditors remuneration

The fees for the audit of these financial statements were £12,500 (*nine months ended 31 December 2008 £30,000*). The company also bore audit fees amounting to £13,500 (*nine months ended 31 December 2008 £18,000*) in respect of other members of the CCL Group.

3 Remuneration of directors

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Directors' emoluments	152	311
Compensation for loss of office	651	-
	<u>803</u>	<u>311</u>

The aggregate of emoluments and compensation for loss of office of the highest paid director was £527,000 (*nine months ended 31 December 2008 £156,000*) and company pension contributions of £nil (*nine months ended 31 December 2008 £nil*) were made to a money purchase scheme on his behalf.

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	Year ended 31 December 2009	9 months ended 31 December 2008
Management and administration	2	8

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Wages and salaries	66	673
Social security costs	8	72
Other pension costs	10	-
	<u>84</u>	<u>745</u>

Payroll costs include £nil (*nine months ended 31 December 2008 £76,840*) in respect of potential payments to employees in relation to retention and redundancy schemes operated by the company

5 Interest receivable and similar income

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Bank interest and investment income	31	375
On amounts receivable from fellow group undertakings	-	3,366
On amounts receivable from related parties	789	1,795
	<u>820</u>	<u>5,536</u>

Interest receivable from fellow group undertakings was accrued in the previous period on an interest bearing loan issued to Thorn Finance Limited ("TFL"), which was repaid in full on 29 April 2008 and on a loan to Carmelite Finance Limited (formerly Future Rentals Limited) ("CFL") acquired from TFL in settlement of a dividend paid to the company by TFL on 21 April 2008 (see note 11). The terms of the loan were amended on 1 January 2009 to make it interest free.

Notes (continued)

6 Interest payable and similar charges

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
On amounts payable to fellow group undertakings	-	567
Reversal of discounting of provision for onerous property leases (see note 13)	226	418
On other loans	3	2
	<u>229</u>	<u>987</u>

7 Other finance income

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
Expected return on pension scheme assets (see note 18)	-	37,315
Interest on pension scheme liabilities (see note 18)	-	(37,280)
	<u>-</u>	<u>35</u>

8 Taxation

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
<i>UK corporation tax</i>		
Adjustments in respect of prior years	-	7,174
	<u>-</u>	<u>7,174</u>
Current tax charge on profit on ordinary activities	-	7,174

Notes (continued)

8 Taxation (continued)

The current tax charge for the year is lower (*nine months ended 31 December 2008 higher*) than the standard rate of corporation tax in the United Kingdom of 28% (*nine months ended 31 December 2008 28%*). The differences are explained below

	Year ended 31 December 2009 £000	9 months ended 31 December 2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	1,205	10,036
	<hr/>	<hr/>
Current tax at 28% (2008 28%)	337	2,810
<i>Effects of</i>		
Expenses not deductible for tax purposes	(59)	110,281
Capital allowances for year in excess of depreciation	(17)	(14)
Inter group dividends	(104)	(111,856)
Profits covered by brought forward tax losses	(301)	(1,733)
Tax losses unable to be offset	144	512
Adjustments in respect of prior years	-	7,174
	<hr/>	<hr/>
Total current tax charge (see above)	-	7,174
	<hr/>	<hr/>

In the nine months ended 31 December 2008, the adjustment in respect of prior periods relate to payments to CFL for group relief surrendered to TFL in respect of TFL's tax liability for the year ended 31 March 2008

Factors that may affect future tax charge

The group has the following timing differences which may give rise to reduced tax charges in the future

Tax losses

The company has the following losses carried forward

	Losses		Tax value	
	31 December 2009 £000	31 December 2008 £000	31 December 2009 £000	31 December 2008 £000
Trading	18,783	16,454	5,259	4,607
Loan relationships	10,058	10,649	2,816	2,982
Property	8,386	8,872	2,348	2,484
	<hr/>	<hr/>	<hr/>	<hr/>
	37,227	35,975	10,423	10,073
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Freehold land £000	Long leasehold £000	Fixtures, equipment and vehicles £000	Total £000
Cost				
At beginning of year	20	-	154	174
Additions	-	2,144	-	2,144
Disposals	-	-	(154)	(154)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	20	2,144	-	2,164
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	-	-	129	129
Charge for year	-	-	5	5
Impairment	20	1,644	-	1,664
Eliminated on disposal	-	-	(134)	(134)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	20	1,644	-	1,664
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2009	-	500	-	500
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	20	-	25	45
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the directors considered the value of a strip of freehold land which had been rented for the erection of advertising hoardings. Following the withdrawal of consent for continued use for this purpose, the directors have concluded that this small strip of freehold land has no value. Consequently an impairment charge of £20,000 was recorded in the profit and loss account.

The long leasehold interest acquired during the year expires on 24 March 2063. It was bought to avoid rental charges and onerous repairing obligations through to the expiry of the company's lease in April 2016 and with a view to resale. The directors estimate the current market value of the property is £500,000. Consequently an impairment charge of £1,644,000 was recorded in the profit and loss account.

Notes (continued)

10 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	332,346
Provisions	
At beginning of year	332,046
Impairment during the year	300
At end of year	332,346
Net book value	
At 31 December 2009	-
At 31 December 2008	300

Impairment of investments

Following the dividends received from CEICO during the year, the directors conducted an impairment review of the company's investments. They concluded that no future distributions are anticipated from those subsidiaries still in the MVL process. Consequently, the carrying value of the investment in these companies should be impaired by a further £300,000 to £nil.

The undertakings in which the company has an interest at the year end are as follows

	Country of incorporation	Principal activity	Shares	Percentage of shares held
Consumer Electronics Insurance Company Limited *#	England	Insurance	Ordinary	100
Thorn Finance Limited *#	England	Finance	Ordinary	100
Thorn (IP) Limited *	England	Holder of intellectual property rights	Ordinary	100
Carmelite Pension Trustees Limited *	England	Pension Trustee	Ordinary	100
Thorn Limited	England	Dormant	Ordinary	100

* denotes investment held directly by the company at 31 December 2009

denotes investment entered into Members Voluntary Liquidation at 31 December 2009

Notes (continued)

11 Debtors

	31 December 2009 £000	31 December 2008 £000
Trade debtors	225	1 165
Amounts due from related parties (including £36 799 (2008: £nil) due in more than one year)	38,599	36 010
Other debtors	46	128
Prepayments	1,175	1 480
	40,045	38 783

In addition to the amounts shown above, the company is also owed £71,821,000 by CFL. The loan is repayable on demand with no fixed maturity date and on 1 January 2009 it was re-designated as interest free. Following the assignment of this loan by TFL to the company on 21 April 2008, the directors have performed an impairment review to assess the recoverable amount. This was assessed at 31 December 2009 to be £nil.

Amounts due from related parties comprise an interest bearing loan of £32,800,000 made on 6 August 2007 to PCI2 (later assigned to Co-Investment Limited ("CIL")) and an interest bearing loan of £1,800,000 made on 30 November 2009 to CIL plus interest accrued to the balance sheet date. The former loan has a maturity date of 31 December 2014 while the latter is repayable in instalments during 2010 (see notes 19 and 20). Both loans are repayable on demand and earn interest at LIBOR plus 1%.

12 Creditors: amounts falling due within one year

	31 December 2009 £000	31 December 2008 £000
Trade creditors	142	74
Amounts owed to fellow group undertakings	26	82
Other taxes and social security	-	12
Other creditors	260	209
Accruals and deferred income	970	1 340
	1,398	1 717

Amounts owed to fellow group undertakings at 31 December 2009 comprise unsecured interest free short term loan with Thorn (IP) Limited with a value of £26,000 (31 December 2008: £14,000 plus amount owed to CEICO of £68,000).

Notes (continued)

13 Provisions for liabilities and charges

	Contractual obligations to employees £000	Onerous leases £000	Other £000	Total £000
At beginning of year	495	8,107	1,000	9,602
Utilised during the year	(489)	(2,484)	-	(2,973)
Released unutilised	(6)	(1,231)	(1,000)	(2,237)
Charge for the year	-	642	-	641
Reversal of discounting of provision for onerous property leases	-	226	-	226
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	5,260	-	5,260
	<hr/>	<hr/>	<hr/>	<hr/>

Contractual obligations to employees

Contractual obligations to employees included amounts due under long term incentive plans and retention schemes

The final two payments were made under these schemes on 31 March 2009

Onerous leases

The company was guarantor to 109 property lease agreements that were previously disposed of as part of the sale of the UK rental businesses in June 2000 to Box Clever Technology Limited ("BCTL"). During the year to 31 March 2004, certain BCTL subsidiaries entered into administrative receivership, and claims have subsequently been received in relation to certain of these guarantees

As at 31 December 2009, the company has taken an assignment of 55 (31 December 2008: 55) leases from certain subsidiaries of BCTL, in order to gain managerial control of these leases. As at the balance sheet date the leases on 6 properties (31 December 2008: 6) have expired

Of the remaining 49 leases, the company has acquired and subsequently sold the freehold interest in 3 properties (31 December 2008: 3), acquired and still holds the long leasehold of 1 property (31 December 2008: nil), assigned the lease of 8 properties (31 December 2008: 8) to third parties, surrendered the lease of 19 properties (31 December 2008: 17) and the leases on 18 properties (31 December 2008: 21) remain an obligation of the company

Of the other 54 leases (31 December 2008: 54), 31 have expired as at the balance sheet date (31 December 2008: 28), 12 (31 December 2008: 12) were assigned and 11 (31 December 2008: 11) were surrendered before the leases reverted to the company under the guarantee

In accordance with FRS 12 'Provisions, contingent liabilities and assets', a provision has only been recognised for the net cost after adjusting for sub-tenant income and deducting an amount for repairs and dilapidations of the 18 (31 December 2008: 21) leases assigned to the company, which have not been disposed of as at the balance sheet date. No provision has been made for the 20 leases (31 December 2008: 23) that have been assigned but have not yet expired and in respect of which the company has a contingent liability under the Landlord and Tenant Act (Covenants) 1995, as it remains guarantor of the obligations and covenants transferred to the assignee for the remainder of the lease term. As of the date of approval of these financial statements, no landlords have sought to enforce their guarantee rights in respect of the leases assigned to third parties

Notes (continued)

14 Called up share capital

	31 December 2009 £000	31 December 2008 £000
<i>Allotted, called up and fully paid</i>		
461,030,115 ordinary shares of 5 75 pence each	26,509	26,509
	<u>26,509</u>	<u>26,509</u>

15 Profit and loss account and other reserves

	Capital redemption reserve £000	Profit and loss account £000
At beginning of year	86,779	(78,000)
Profit for the year	-	1,205
	<u>86,779</u>	<u>(76,795)</u>
At end of year	<u>86,779</u>	<u>(76,795)</u>

16 Contingent assets and liabilities

Property lease guarantees

The company has a contingent liability under the Landlord and Tenant Act (Covenants) 1995 (see note 13)

The company does not expect that the assignees of these leases will fail and consequently no provision has been made for any liability that may arise under these guarantees as it is unlikely that the landlords will have to enforce their contractual rights against the company

17 Commitments

Annual commitments under non-cancellable operating leases for land and buildings are as follows

	31 December 2009 £000	31 December 2008 £000
Company		
Operating leases which expire		
Within one year	56	-
Between one and two years	40	75
In the second to fifth years inclusive	3,311	1,260
Over five years	-	1,725
	<u>3,407</u>	<u>3,060</u>

The majority of leases of land and buildings are subject to rent reviews

Notes (continued)

18 Pension scheme

The company was the sponsoring employer and participated in the Thorn Pension Fund ("the Fund") The Fund provided benefits based on final pensionable pay, and for new employees joining the company after 31 October 1999, benefits based on defined contributions

With effect from 6 December 2008, the legal obligation for the provision of the Fund's liabilities (valued at £730.3m) was transferred to Pension Insurance Corporation Limited ("PIC") by means of a bulk annuity purchase The purchase price of the bulk annuity policy was equal to the assets held in the Fund at that date of £1,047.1m This transaction resulted in a net settlement loss of £316.7m which for accounting purposes was been extinguished by the unrecognised nature of the surplus, equal in value to the net settlement loss, that would have, but for the settlement event, been present at the year end

A full actuarial valuation of the Fund's liabilities was carried out at 31 March 2005 and the results have been updated and adopted for FRS17 purposes by a qualified independent actuary The Fund provides retirement benefits on both defined benefit and defined contribution terms

The comparative figures were calculated in accordance with FRS 17 by an independent actuary, using the following main actuarial assumptions

Assumptions used to determine benefit obligation at	31 December 2009	31 December 2008	6 December 2008
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pensions payments and deferred pensions	n/a	2.6%	2.6%
Discount rate applied to scheme liabilities	n/a	6.4%	6.4%
Inflation assumption	n/a	2.6%	2.6%
Male life expectancy for member currently aged 65	n/a	20.7	20.7
Male life expectancy from 65 for member currently aged 45	n/a	22.5	22.5
Female life expectancy for member currently aged 65	n/a	23.8	23.8
Female life expectancy from 65 for member currently aged 45	n/a	25.7	25.7

Assumptions used to determine net pension cost for year ended:	31 December 2009	31 December 2008
Expected long term return on assets	n/a	5.1%
Rate of increase in salaries	n/a	5.6%
Rate of increase in pensions in payment and deferred pensions	n/a	3.6%
Discount rate applied to scheme liabilities	n/a	6.6%
Inflation assumption	n/a	3.6%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Notes (continued)

18 Pension scheme (continued)

Scheme assets

The fair value of the company's share of the Fund's assets and the present value of the company's share of the Fund's liabilities were

	31 December 2009 £000	31 December 2008 £000
Equities	-	214,485
Bonds	-	951,535
Cash and other assets	-	5,430
	<hr/>	<hr/>
Total market value of assets	-	1,171,450
Present value of the Fund liabilities	-	(847,060)
	<hr/>	<hr/>
Surplus in the Fund	-	324,390
Unrecognised surplus under FRS 17	-	(324,390)
	<hr/>	<hr/>
Net pension asset recognised under FRS 17	-	-
	<hr/>	<hr/>

The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund. The expected rates of return on the assets in the Fund were

Long term expected rate of return at	31 December 2009	31 December 2008
Equities	n/a	7.7%
Bonds	n/a	4.5%
Cash and other assets	n/a	5.1%

Notes (continued)

18 Pension scheme (continued)

The change in the company's benefit obligation in respect of the Fund and the change in the fair value of Fund assets can be reconciled as follows

	1 January 2009 to 31 December 2009 £000	1 April 2008 to 31 December 2009 £000
Change in benefit obligation		
At beginning of year	-	847,060
Current service cost	-	35
Interest cost	-	37,280
Plan members' contributions	-	11
Actuarial gains	-	(114,381)
Settlement gain	-	(730,314)
Benefits paid	-	(39,691)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>
Change in fair value of Fund assets		
At beginning of year	-	1,171,450
Expected return on Fund assets	-	37,315
Actuarial (losses)/gains	-	(122,032)
Member contributions	-	11
Settlement loss	-	(1,047,053)
Benefits paid	-	(39,691)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>

Notes (continued)

18 Pension scheme (continued)

The components of the pension cost in the year were as follows

	1 January 2009 to 31 December 2009 £000	1 April 2008 to 31 December 2009 £000
Other finance income		
Expected return on assets	-	37,315
Interest cost	-	(37,280)
	<u>-</u>	<u>35</u>
Operating charge		
Current service cost	-	(35)
	<u>-</u>	<u>(35)</u>
Settlement loss	-	(316,739)
Decrease in unrecognised surplus	-	316,739
	<u>-</u>	<u>316,739</u>
Total pension cost	-	-
	<u>-</u>	<u>-</u>

Analysis of amount recognised in the statement of total recognised gains and losses ('STRGL')

	1 January 2009 to 31 December 2009 £000	1 April 2008 to 31 December 2009 £000
Net surplus in Fund recognised on 23 August 2007 when the multi-employer exemption ceased to be appropriate	-	-
Actual return less expected return on Fund assets	-	(122,032)
Changes in assumptions underlying the present value of Fund liabilities	-	114,381
	<u>-</u>	<u>(7,651)</u>
Actuarial (loss)/gain	-	(7,651)
Decrease/(increase) in unrecognised surplus	-	7,651
	<u>-</u>	<u>-</u>
Actuarial gain recognised in STRGL	-	-
	<u>-</u>	<u>-</u>
Cumulative amount of actuarial gains immediately recognised	-	-
	<u>-</u>	<u>-</u>

As a result of the settlement event on 5 December 2008, the Company will not pay any further contributions towards the Thorn Pension Fund

Notes (continued)

18 Pension scheme (continued)

History of experience gains and losses

	1 January 2009 to 31 December 2009 £000	1 April 2008 to 31 December 2009 £000
Benefit obligation at end of year	-	-
Fair value of assets at end of year	-	-
	<hr/>	<hr/>
Unrecognised surplus	-	-
	<hr/>	<hr/>
Difference between the expected and actual return on Fund assets	-	(122,032)
	<hr/>	<hr/>
Experience gains and losses on Fund liabilities	-	-
	<hr/>	<hr/>

19 Post balance sheet events

On 15 March 2010 the directors agreed to defer to 15 June 2010 the repayment of the first instalment of the loan made to CIL on 30 November 2009. On 26 May 2010 the directors agreed to further defer repayment of both the first and second instalments due on 15 June 2010 until 15 September 2010. The total balance of £1,800,000 is now repayable on 15 September 2010.

20 Related party transactions

As at 31 December 2009, Pension Corporation Investments No 2 LP Inc ("PCI2"), a Guernsey incorporated limited partnership acting through its general partner Pension Corporation GP Limited ("PC GP"), a Guernsey incorporated limited company, held 100% of the issued share capital of CCL, the largest group of which the company is a member and for which group financial statements are prepared. PCI 2 is a wholly owned subsidiary of Co-Investment Limited ("CIL").

The directors regard Pension Corporation Investments LP Inc ("PCI LP"), a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

The directors therefore consider PC GP, PCI LP, CIL and PCI2 to be related parties for the year ended 31 December 2009.

The company had no significant transactions during the year or balances with PCI LP and PC GP.

The company had the following transactions during the year and balances with CIL and PCI2 at 31 December 2009.

On 6 August 2007 the company provided an interest bearing loan of £32,800,000 to PCI2. The date of repayment for this loan was 31 March 2009. On 31 March 2009 the repayment date of loan receivable from PCI2 was extended to 30 April 2009.

On 30 April 2009 PCI2 assigned its liability to CIL and the repayment date was further extended to 31 December 2014 to coincide with the latest termination date of the leases in the company's property portfolio. The interest rate remains unchanged at LIBOR plus 1% and the company still has the right to demand full or part repayment of the loan at any time before the repayment date. This loan remained outstanding at the balance sheet date with a value, including accrued interest, of £38,599,000.

On 30 November 2009 the company made an interest bearing loan of £1,800,000 to CIL, a Guernsey incorporated limited company. The loan is scheduled for repayment in three equal tranches each of £600,000 on 15 March 2010, 15 June 2010 and 15 September 2010. The repayment date for the first tranche was extended to 15 June 2010 on 15 March 2010, with a further extension for the first and second tranche to 15 September 2010 agreed on 26 May 2010 (see note 19).

Interest accrued on the above loans during the year was £789,000 (nine months ended 31 December 2008 £1,795,000).

Notes *(continued)*

21 Ultimate parent and parent undertakings of larger group

The directors regard Pension Corporation Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party

CCL is the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of the financial statements are available to the public and may be obtained from 14 Cornhill, London, EC3V 3ND