

igroup limited
(Registered Number: 3389478)

Directors' Report and Financial Statements
Year ended 31 December 2005



Company Information

Directors

M R Bellora
A Punch
C J V Shave

Company Secretary

FN Secretary Limited

Registered Office

Malvern House
Croxley Business Park
Watford
WD18 8YF

Company Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' Report
Year ended 31 December 2005

The directors have pleasure in presenting their report and the financial statements for igroup limited ('the Company') for the year ended 31 December 2005.

Principal activities

Following the transfer of the trade, assets and liabilities of the Company to GE Money Servicing Limited, a former indirect subsidiary undertaking of the Company, on 1 July 2004, the principal activity of the Company is that of a holding company and this is expected to continue for the foreseeable future.

Review of the business and future prospects

The directors are satisfied with the result for the year and the future prospects of the Company.

On 3 October 2005, as part of the global GE Consumer Finance strategy to introduce "GE Money" as the single worldwide brand for the business, a number of legal entities within the group were renamed to incorporate the words "GE Money". The changes are reflected in these financial statements where appropriate.

Results and dividends

The results for the year are shown in the profit and loss account on page 5, which shows a profit for the financial year of £28,156,000 (2004: £806,498,000).

The directors do not recommend the payment of a dividend (2004: £Nil).

Directors

The directors who held office during the year and up to the date of this Directors' Report were:

M R Bellora	
A Punch	
C J V Shave	
J E Boakes	(resigned 28 January 2005)
J Harris	(resigned 10 November 2005)
S Webb	(resigned 31 December 2005)

Directors' interests

None of the directors who held office at the end of the financial year holds any interest in the issued share capital of the Company.

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 undertakings.

Donations

Contributions to charity amounted to £Nil (2004: £11,780).

There were no political donations (2004: £Nil).

Directors' Report (continued)
Year ended 31 December 2005**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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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.

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; and
- to appoint auditors annually.

KPMG Audit Plc will therefore continue in office.

By Order of the Board



For and on behalf of
FN Secretary Limited, Secretary
12 June 2006

Malvern House
Croxley Business Park
Watford
WD18 8YF

Independent auditors' report to the members of igroup limited

We have audited the financial statements of igroup limited for the year ended 31 December 2005, 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

As described in the Statement of Directors' Responsibilities on page 3, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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 2005 and of its profit 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
12 June 2006

1 The Embankment
Neville Street
Leeds
LS1 4DW

Profit and Loss Account
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	1	-	22,675
Administrative expenses		(140)	(24,000)
Other operating income		-	419
Operating loss		(140)	(906)
Interest receivable and similar income	2	32,883	17,602
Interest payable and similar charges	3	-	(12)
Profit before exceptional item		32,743	16,684
Exceptional profit on disposal of subsidiary undertakings and business	6	-	795,073
Profit on ordinary activities before taxation	4	32,743	811,757
Tax on profit on ordinary activities	7	(4,587)	(5,259)
Profit on ordinary activities after taxation		28,156	806,498
Profit for the financial year	12, 13	28,156	806,498

All income and expenditure derives from continuing operations.

There are no recognised gains and losses for the current and preceding financial year other than the results disclosed above. Accordingly, no statement of total recognised gains and losses has been prepared.

Balance Sheet
As at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	8	269,260	269,260
		269,260	269,260
Current assets			
Debtors	9	588,813	553,983
Cash at bank		412	7,086
		589,225	561,069
Creditors: amounts falling due within one year	10	(4,974)	(4,974)
Net current assets		584,251	556,095
Total assets		853,511	825,355
Net assets		853,511	825,355
Capital and reserves			
Called up share capital	11	24,363	24,363
Profit and loss account	12	829,148	800,992
Shareholder's funds	13	853,511	825,355

These financial statements were approved by the Board of Directors on 12 June 2006.

Signed on behalf of the Board of Directors



C J V Shave
Director

**Notes to the Financial Statements
Year ended 31 December 2005****1. Accounting policies**

The financial statements are prepared under the historical cost convention, in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

There have been no changes in accounting policies during the current year.

Consolidated financial statements

As the Company is a wholly owned subsidiary of GE Capital Bank Limited, a company registered in England and Wales, consolidated financial statements have not been prepared by virtue of the exemption permitted by Section 228 of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Turnover

Turnover in the prior year was intra-group management charges. This was recognised on an accruals basis, excluding any VAT.

Investments

The Company's investments in subsidiary companies are stated at cost less any necessary provision for impairment.

Current taxation

The charge for taxation is based on 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 taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Related party transactions

The Company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Parties", 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 15.

Notes to the Financial Statements (continued)

Year ended 31 December 2005

1. Accounting policies (continued)

Cash flow statement

Under FRS 1 (Revised 1996) the Company is exempt from the requirement to prepare a cash flow statement, 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 a parent company which are available to the public.

2. Interest receivable and similar income

	2005	2004
	£'000	£'000
Amount receivable from group undertakings	32,883	17,036
Bank interest	-	471
Other interest receivable	-	95
	32,883	17,602

3. Interest payable and similar charges

	2005	2004
	£'000	£'000
On bank overdraft	-	12

4. Profit on ordinary activities before taxation

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Staff costs (note 5)	-	9,154
Operating lease payments		
- property rents	-	882
- other leases	-	9
Depreciation - owned assets	-	546

Auditors remuneration in the current and prior year was borne by another group company on the Company's behalf.

Notes to the Financial Statements (continued)
Year ended 31 December 2005

5. Information regarding directors and employees

Employees

The employees employed by the Company were transferred to GE Money Servicing Limited as part of the transfer of the trade, assets and liabilities of the Company to GE Money Servicing Limited on 1 July 2004. As such, the figure below for the prior year reflects the staff costs and the average number of employees employed by the Company for the six month period to 1 July 2004. Subsequent to that date, the Company had no employees.

	2005	2004
	£'000	£'000
Staff costs		
Wages and salaries	-	8,060
Social security costs	-	669
Pension costs	-	425
	-	9,154

The average number of employees for the year was Nil (six month period to 30 June 2004: 464).

Directors' emoluments

C J V Shave, M R Bellora, J Harris, S Webb and A Punch are also directors of GE Money Home Lending Holdings Limited, a related entity, and disclosure regarding their emoluments can be found in the financial statements of that company.

J E Boakes is also director of GE Money Home Finance Limited, a related entity, and disclosure regarding his emoluments can be found in the financial statements of that company.

The emoluments in respect of the remaining directors are disclosed below:

	2005	2004
	£'000	£'000
Directors' emoluments		
Total emoluments	-	813
Pension contributions	-	18
	-	831
Remuneration of the highest paid director	-	255
Pension contributions	-	2

The directors qualify to participate in the Group's personal pension scheme, whereby the Company or fellow group undertakings will pay between 5 and 7.5% of basic salary to a designated personal pension policy. No further retirement benefits are accruing. During the year no directors have participated in the scheme (six month period to 30 June 2004: 2 directors).

No directors (2004: 3) have participated in the GE pension plan, a defined benefit scheme.

6. Exceptional profit on disposal of subsidiary undertakings and business

	2005	2004
	£'000	£'000
Profit on disposal of subsidiary undertakings	-	86,260
Profit on disposal of trade and certain assets and liabilities	-	708,813
	-	795,073

Profit on disposal of subsidiary undertakings

	2004 £'000
Consideration	91,260
Investment at cost	(5,000)
Profit on disposal	86,260

In 2004, the Company transferred ownership of two of its former subsidiary undertakings, GE Home Lending Introductions Limited (formerly igroup7 limited) and igroup8 limited and their subsidiary undertakings, to igroup holdings limited, a subsidiary company, in a share-for-share exchange. The Company received consideration in the form of additional shares in igroup holdings limited with a fair value of £91,260,000.

Profit on disposal of trade and certain assets and liabilities

	2004 £'000
Consideration	701,936
Net liabilities disposed	(6,877)
Profit on disposal	708,813

On 1 July 2004, the Company disposed of its trade and certain assets and liabilities to GE Money Servicing Limited (formerly igroup servicing limited), at market value, for cash consideration of £701,936,000.

No tax liability arose on the exceptional profit as intra-group transfers of this nature are non-taxable.

Notes to the Financial Statements (continued)
Year ended 31 December 2005
7. Tax on profit on ordinary activities

	2005	2004
	£'000	£'000
a) Analysis of the charge in the year at 30% (2004: 30%)		
Current tax at 30% (2004: 30%)	9,838	5,259
Adjustments in respect of prior years	(5,251)	-
Total current tax	4,587	5,259
Tax on profit on ordinary activities	4,587	5,259

b) Factors affecting the current tax charge in the year

Profit on ordinary activities before tax	32,743	811,757
Tax on profit on ordinary activities at the UK standard rate of 30% (2004: 30%)	9,823	243,527
Effects of:		
Depreciation in excess of capital allowances not recognised	-	91
Short term timing differences not recognised	-	73
Expenses not deductible for tax purposes	15	90
Adjustments in respect of prior years	(5,251)	-
Non taxable profit on disposal of business and subsidiary companies	-	(238,522)
Current tax charge for the year	4,587	5,259

c) There were no factors that may affect future tax charges.

8. Investments
Investment in subsidiary undertakings
£'000
Cost

At 1 January and 31 December 2005	269,260
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As at 31 December 2005, the Company's principal subsidiary undertakings, which are wholly owned, are set out below:

Company	Principal activity
igroup holdings limited	Investment holding company
igroup bda limited*	Group financing company
* indirect holding	

The issued share capital of the Company's subsidiaries undertakings consists of ordinary shares of £1 each. The companies are registered in England and Wales and operate in Great Britain.

Notes to the Financial Statements (continued)
Year ended 31 December 2005
9. Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	582,507	530,535
Corporation tax recoverable	6,306	22,534
Other debtors	-	914
	588,813	553,983

10. Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Amounts owed to group undertakings	4,974	4,974

11. Called up share capital

	2005	2004
	£'000	£'000
Authorised:		
24,363,394 Ordinary shares of £1 each	24,363	24,363
Allotted, issued and fully paid:		
24,363,394 Ordinary shares of £1 each	24,363	24,363

12. Reserves

Profit and loss account	2005	2004
	£'000	£'000
At 1 January	800,992	(5,506)
Profit for the financial year	28,156	806,498
At 31 December	829,148	800,992

13. Statement of movements in shareholders' funds

	2005	2004
	£'000	£'000
Profit for the financial year	28,156	806,498
Opening shareholder's funds	825,355	18,857
Closing shareholder's funds	853,511	825,355

Notes to the Financial Statements (continued)

Year ended 31 December 2005

14. Capital and financial commitments

The Company had no capital or financial commitments at 31 December 2005 or 31 December 2004.

15. Ultimate parent company and parent undertaking of larger group

The directors regard Malvern House Acquisition Limited as the immediate parent undertaking.

The smallest group in which the results of the Company are consolidated is that of GE Capital Bank Limited, incorporated in Great Britain. The consolidated financial statements of GE Capital Bank Limited 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 the ultimate parent company, General Electric Company, incorporated in the United States of America. The consolidated financial statements of General Electric Company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut 6431, USA or www.ge.com