

REGISTERED NUMBER: 03621089 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
FOR
CONSUMER FINANCE HOLDINGS LIMITED**

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CONSUMER FINANCE HOLDINGS LIMITED
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FOR THE YEAR ENDED 31 MARCH 2010

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CONSUMER FINANCE HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2010**

DIRECTORS:

M McDermott
J Traynor
Wilmington Trust SP Services
(London) Limited

COMPANY SECRETARY:

Wilmington Trust SP Services
(London) Limited

REGISTERED OFFICE:

Fifth Floor
6 Broad Street Place
London
EC2M 7JH

REGISTERED NUMBER:

03621089 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

CONSUMER FINANCE HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

The directors present their annual report with the audited financial statements of the company for the year ended 31 March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company for the British Credit Trust group, which is engaged in the provision of consumer and commercial finance and related services

REVIEW OF BUSINESS

The company has operated in its capacity as a holding company for the British Credit Trust Group and will continue to do so in the future

RESULTS AND DIVIDENDS

The company made a loss of £10,085 during the year (2009 loss £10,085) No dividends will be distributed for the year ended 31 March 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2009 to the date of this report

M McDermott
J Traynor
Wilmington Trust SP Services
(London) Limited

Wilmington Trust SP Services (London) Limited own 100% of the ordinary share capital of the company under a declaration of trust for charitable beneficiaries

None of the directors received any remuneration for their services to the company apart from Wilmington Trust SP Services (London) Limited under the terms of a Corporate Services Agreement, receiving £6,000 (2009 £6,000) for their services during the year

GOING CONCERN

For reasons more fully explained in note 1 to the financial statements, the directors no longer consider that the going concern basis remains appropriate

POST BALANCE SHEET EVENTS

The senior funders' facility agreements of certain SPE's previously controlled by the BCT group were amended after the financial year, on 1 April 2010, such that the maturity of funding was extended to 31 March 2011

The Group also sought to raise new investment to fund new business and to take advantage of the lack of market supply to UK non-prime motor consumers. The proposed new credit and market approach received interest from brokers, dealers, and funders alike. Whilst the exercise was successful in obtaining significant offers of interest from all classes of investor, the directors and the shareholders however decided not to pursue the investment given the final indicative terms, and in the interests of maximising shareholder value decided to transfer the servicing of existing SPE portfolios to a third party servicer. This transfer took place on 20 November 2010, and as a consequence the group downsized its operations, reducing its staffing levels by 80%.

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CONSUMER FINANCE HOLDINGS LIMITED

REPORT OF THE DIRECTORS- continued FOR THE YEAR ENDED 31 MARCH 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited
Director

Date 31 January 2011

REGISTERED NUMBER 03621089

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CONSUMER FINANCE HOLDINGS LIMITED**

We have audited the financial statements of Consumer Finance Holdings Limited for the year ended 31 March 2010 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

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.


Michael Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Date 31 January 2011

REGISTERED NUMBER 03621089

CONSUMER FINANCE HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
TURNOVER		-	-
Administrative expenses		<u>10,085</u>	<u>10,085</u>
OPERATING LOSS/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(10,085)	(10,085)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	8	<u>(10,085)</u>	<u>(10,085)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year 2010 and their historical cost equivalents

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year, and therefore no separate statement of total recognised gains and losses has been presented

REGISTERED NUMBER. 03621089

The notes form part of these financial statements

CONSUMER FINANCE HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2010**

	Note	2010 £	2009 £
FIXED ASSETS			
Investments	5	9	9
CURRENT ASSETS			
Cash at bank and in hand		-	1
Creditors: amounts falling due within one year	6	<u>100,878</u>	<u>90,794</u>
NET CURRENT LIABILITIES		<u>(100,878)</u>	<u>(90,793)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(100,869)</u>	<u>(90,784)</u>
CAPITAL AND RESERVES			
Called up share capital	7	10	10
Profit and loss account	8	<u>(100,879)</u>	<u>(90,794)</u>
TOTAL SHAREHOLDERS' DEFICIT	9	<u>(100,869)</u>	<u>(90,784)</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 31 January 2011 and were signed on its behalf by



Mignon Clarke for and on behalf of Wilmington Trust SP Services (London) Limited

Director

REGISTERED NUMBER: 03621089

The notes form part of these financial statements

CONSUMER FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the applicable accounting standards in the United Kingdom, the Statement of Recommended Accounting Practice (Accounting issues in the asset finance and leasing industry) and the Companies Act 2006. A summary of the more important accounting policies, which have been applied consistently unless otherwise stated, is set out below.

Basis of accounting

The financial statements are prepared under the non going concern (break-up) basis whereby all assets are stated at their net recoverable amounts, and provision made in respect of further liabilities arising from the discontinuance of trade.

Consolidated accounts

Consolidated accounts of the company and its directly and indirectly held subsidiaries have not been presented as although the company holds all of the issued equity shares in its subsidiaries, the directors consider that there are severe long term restrictions over the ability to exercise the rights to manage these companies as subsidiaries such that the company does not have effective control over its subsidiaries. Citigroup Capital UK Limited holds warrants to subscribe for ordinary shares in Consumer Finance Acquisitions Co. Limited, the direct subsidiary of the company, and the intermediate parent of the other companies indirectly held by the company. On exercise these warrants would make Citigroup Capital UK Limited the majority shareholder, and the directors consider this gives it effective control of the company's subsidiaries as detailed in note 5.

Cash flow statement

The company is a small company and has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

CONSUMER FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2010

1 ACCOUNTING POLICIES - continued

Going concern basis of preparation

The financial statements have not been prepared on the going concern basis. The company has net liabilities of £100.869 at 31 March 2010 with no realistic means of repaying its primary creditor. All expenses are funded by a subsidiary company and included in the "Amounts owed to group undertakings within Creditors". The directors have received confirmation from British Credit Trust Holdings Limited, the subsidiary of the Company to which an amount of £100.878 is owed as 31 March 2010. It is their present intention that this balance will be waived without charge to the company and that no further charges be made in the future in relation to expense of the company borne by the British Credit Trust Holdings Limited for a period of not less than one year from the date of approval of these financial statements. The directors have considered this confirmation in arriving in the conclusion that the company is solvent.

The directors also note that the directors of the company's direct subsidiary, Consumer Finance Acquisitions Co. Limited ("CFAC group"), have made the following disclosure regarding its going concern status, including its subsidiaries British Credit Trust Holdings Limited (BCTH) and British Credit Trust Limited (BCT).

"As highlighted in the directors' report, the Group's funders continued with their intentions to de-lever. Funds for New Business were not provided after January 2010 to enable discussions on funding extensions of the three SPE's to take place, which were ultimately executed in April 2010 with a maturity of 31 March 2011. This consequently placed the portfolios into 'run-off'. During the previous 12 months the level of bank funding had been significantly reduced by some £90m. We expect this trend to continue.

The terms of that refinancing removed the repurchase recourse obligation on receivables that become ineligible for funding within the SPE's with effect from 31 March 2010. As a result any cash collected on such receivables which were subsequent to that refinancing agreement were applied to the SPE rather than BCT, as the SPE continued to hold those assets. This had the impact of accelerating the payments made to the SPE funders and balances due to funders have significantly reduced accordingly. At this point BCTH's costs were significantly reduced to ensure the business remained cash generative.

The funders and directors also reached agreement that in the event that new investment was not obtained, the best alternative action would be to place the majority of receivables with a third party service provider. Consequently the Directors sought to maximise shareholder value by delivering strategies to identify and then realise the value of the existing receivables. This was by focussed collection activity, making significant cost reductions in the group, and by realising a 'known cost' collection platform with the third party provider. A successful transfer to the third party servicer took place on 20 November 2010. Customers who fall into late arrears and shortfall however continue to be serviced by BCTH by the highly experienced residual team. All cash flows from these collections will still flow to the senior lenders until they are fully repaid. At 31 March 2011 we expect the outstanding senior borrowing to be in the region of £35m subject to the cash flow projections and general economic environment.

With the Group now in 'run off' status the directors have to decide whether to use the going concern basis in preparing these financial statements, including

- i) cash flow projections for the next 12 months from the date of approval of these financial statements
- ii) the continued support provided by Citigroup Capital UK Limited (via letters of Comfort to the Board)

Whilst these two factors are strong, as the Group is now in a 'run off' situation with significant downsizing of infrastructure and personnel, the directors have decided that a 'non going concern' basis would be the most suitable. Hence then accounts are prepared on that basis.

In compiling the financial statements on a non going concern (break-up) basis the directors have recognised c £1.6m of exit costs incurred or forecast to be incurred after the year end. The group also re-valued certain assets to their net realisable amount, including an impairment of £466,440 to fixed assets, £2.3m to its subordinated debt in its non consolidated SPE accounts, and an increase in its valuation of the Group's self funded portfolio in BCT Ltd of £4.6m. Although, these latter two are dependent upon the third party servicer collection performance being at least on a par with BCTH previously, the success of the facility renegotiations of the SPEs that expire on 31 March 2011, and the macro economic climate as there is a degree of uncertainty involved in estimating future cash flows and there remains a risk that these values would not be realised.

The directors also note that the Group has net liabilities as at 31 March 2010 of £83.9m and, while the Group has sufficient funds to be able to continue to trade for at least the next 12 months, it is currently unlikely that the loan note of £104m payable to Citigroup Capital, the controlling party of the Group, will ultimately be capable of being fully repaid. The directors note that repayment of the loan notes is deferred to 31 March 2011 under the terms of the Restructuring Agreement with the funders, including Citigroup Capital, and they have a reasonable expectation that this loan will be restructured in due course allowing the orderly 'run off' of the portfolio and repayment of bank facilities from the cash reserves of the relevant SPE's.

Although there is a material uncertainty in relation to renegotiating the Group funding facilities which expire on 31 March 2011, should the facilities be renewed to match the portfolio run off, the directors are of the opinion that the Group will be able to meet all of its non group related financial obligations based on current forecasts and assumptions. The directors are unaware of any reason why the facilities should not be renewed. Such projections forecast net cash generated from the portfolio net of any costs of collection, however, there is a degree of uncertainty involved in estimating future cash flows and

CONSUMER FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

1 ACCOUNTING POLICIES - continued

Going concern basis of preparation- continued

there is always, given the macro economic climate, a risk primary lenders may not be repaid in full. The funding subsidiaries as structured vehicles are bankruptcy remote and in such a case the Group is forecast to still be able to pay its obligations as they fall due. The directors have recently received confirmation from the banks that there is every likelihood that they will discuss an extension in the near future, albeit there is no certainty to the success or otherwise of those discussions."

2 STAFF COSTS

There were no staff costs for the year ended 31 March 2010 (2009: £nil). The company has no employees.

3 OPERATING LOSS

None of the directors received any remuneration for their services to the company apart from Wilmington Trust SP Services (London) Limited. Under the terms of a Corporate Services Agreement, fees of £6,000 (2009: £6,000) accrued to Wilmington Trust SP Services (London) for their services during the year. Audit fees of £3,050 (2009: £3,050) for the company are accrued but paid on behalf of the company by a subsidiary company.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2010 nor for the year ended 31 March 2009.

CONSUMER FINANCE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010

5 INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2009	
and 31 March 2010	<u>9</u>
NET BOOK VALUE	
At 31 March 2010	<u>9</u>
At 31 March 2009	<u>9</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Consumer Finance Acquisitions Company Limited

Nature of business Holding company

	%		
Class of shares	holding		
Ordinary shares	75 00		
		2010	2009
		£	£
Aggregate capital and reserves		(59,529,601)	(81,205,864)
Profit (2009 Loss) for the year		<u>21,676,264</u>	<u>(74,609,477)</u>

Consumer Finance Acquisitions Company Limited is the holding company of a group of unlisted companies, details of which are as follows

British Credit Trust Holdings Limited

Nature of business Servicer

	%
Class of shares	holding
Ordinary	100 00

British Credit Trust Limited

Nature of business Consumer auto loan provider

	%
Class of shares	holding
Ordinary	100 00

British Credit Trust Finance Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

British Credit Trust Collections Limited

Nature of business Debt collection

	%
Class of shares	holding
Ordinary	100 00

Swiftarrow Limited

Nature of business Non-trading

	%
Class of shares	holding
Ordinary	100 00

CONSUMER FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

5 INVESTMENTS - continued

British Credit Trust Conduit Limited

Nature of business Non-trading

Class of shares	%
Ordinary	holding 100 00

British Credit Trust Management Limited

Nature of business Consumer credit finance funder

Class of shares	%
Ordinary	holding 100 00

There is a charge over the shares held by the company in British Credit Trust Management Limited ("BCTM") to secure the warehouse facility in BCTM

On 1 April 2010, all of the shares in BCTM were transferred to Barclays Nominees (Branches) Limited, a company registered in England and Wales

The results and reserves of these companies are included in the consolidated accounts of Consumer Finance Acquisitions Co Limited ("CFAC Group") with the exception of BCTM

This is because during the year under review, BCTM had no realistic alternative sources of financing, and was primarily dependent on the funding provided by its primary lender, Barclays Bank plc. The terms of the borrowing imposed restrictions on BCTM, including on new lending and transfer of surplus deferred consideration to the subordinated lender, British Credit Trust Limited, such that the Directors consider that until the senior debt has been repaid in full then as all cash flows are being directed to pay off such debt, control for accounting purposes rests with BCTM itself rather than the CFAC Group. As a result BCTM is not being consolidated into the financial statements of Consumer Finance Acquisitions Co Limited for the year ended 31 March 2010, and consequently, the directors consider Barclays Bank plc to be the ultimate controlling party of BCTM.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Amounts owed to group undertakings	80,708	80,709
Accrued expenses	<u>20,170</u>	<u>10,085</u>
	<u>100,878</u>	<u>90,794</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

7 CALLED UP SHARE CAPITAL

Allotted and fully paid			2010	2009
Number	Class	Nominal value	£	£
10	Share capital 1	£1	<u>10</u>	<u>10</u>

8 PROFIT AND LOSS ACCOUNT

	£
At 1 April 2009	(90,794)
Loss for the financial year	<u>(10,085)</u>
At 31 March 2010	<u>(100,879)</u>

CONSUMER FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2010**

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2010 £	2009 £
Loss for the financial year	<u>(10,085)</u>	<u>(10,085)</u>
Net increase in shareholders' deficit	(10,085)	(10,085)
Opening shareholders' deficit	<u>(90,784)</u>	<u>(80,699)</u>
Closing shareholders' deficit	<u>(100,869)</u>	<u>(90,784)</u>

10 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

All of the shares in the company are held by Wilmington Trust SP Services (London) Limited, a company registered in England and Wales, under a Declaration of Trust for Charitable beneficiaries

Ultimate control of the Company rests with the directors and shareholders

Copies of its financial statements can be obtained from its Registered Office at Wilmington Trust SP Services (London) Limited, Fifth Floor, 6 Broad Street Place, London, EC2M 7JH