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Registered no: NI 32565

Creation Consumer Finance Limited

(formerly Open and Direct Retail Services Limited)

Annual report

for the year ended 31 December 2006

Creation Consumer Finance Limited

Annual report
for the year ended 31 December 2006

Creation Consumer Finance Limited

Directors and advisers

Directors

Paul Elliott
Samuel Downey
Geoffrey Farmer
Jean-Pierre Charles (appointed 15/05/06)

Secretary

Geoffrey Farmer

Registered office

Royston House
34 Upper Queen Street
Belfast
BT1 6FD

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GS

Bankers

Barclays Bank Plc
Financial Markets Team
Level 28
1 Churchill Place
London
E14 5HP

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' report
for the year ended 31 December 2006

The directors present their report and the audited financial statements for the year ended 31 December 2006.

Change of name

Since the year end the company's name has been changed from Open and Direct Retail Services Limited to Creation Consumer Finance Limited.

Principal activities

The principal activities of the company during the year were the provision of point of sale credit facilities for retail clients, the provision of insurance premium financing facilities for insurance brokers through its Premium First trading division and the provision of personal loan and credit insurance to consumers.

Review of developments and future prospects

The result for the year as set out on page 6 was in line with the expectations of the Directors. No final dividend was proposed.

The Company saw an encouraging improvement in financial performance across all of its business activities during the year with operating profit pre exceptional items increasing to £4.1m (nine month period ended 31 December 2005: £2.7m), an increase of 53%. The retained profit for the year was £2.8m (period ended 31 December 2005: £1.0m).

The Company continues to follow a strategy of growth in both lending and profit. The addition of a number of significant new retailer contracts during the year should underpin this strategy.

The Directors do not consider it appropriate to present KPIs within this report as the company is managed and funded on a divisional basis.

Business risks

The principal risks associated with the lending activity carried out by the Company are credit risk and interest rate risk.

The Company is exposed to credit risk arising from the default of the Company's debtors. This risk is managed by the Company's Risk Management Committee.

Interest rate risk arises in the ordinary course of the Company's lending and borrowing activities through a mismatch between the interest rate applicable to the financial assets and liabilities of the Company. Interest rate risk is managed through the use of interest rate swaps. The Company does not enter into speculative derivative contracts.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all offices safe environments for employees and customers alike.

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Results and dividends

The profit for the financial year is £2,797,000 (2005: £983,000). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year are shown on page 1. None of the company's shares are held by directors.

Political and charitable donations

The company made charitable donations amounting to £1,140 (2005: £1,000) during the year. No donations for political purposes were made during the year.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the company.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing the financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 (Northern Ireland) Order 1986. 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 of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Creation Consumer Finance Limited

Auditors

The auditors, PricewaterhouseCoopers LLP, having succeeded KPMG during the period, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

G Farmer
Secretary
20 April 2007

Independent auditors' report to the shareholders of Creation Consumer Finance Limited

We have audited the financial statements of Creation Consumer Finance Limited for the year ended 31 December 2006, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for preparation of the financial statements in accordance with applicable Northern Ireland law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, 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.

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 (Northern Ireland) Order 1986. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
Date 30 April 2007

Creation Consumer Finance Limited

Profit and loss account
for the year ended 31 December 2006

	Notes	**Year ended 31 December 2006 £'000**	9 months ended 31 December 2005 £'000
Turnover	2	**48,388**	28,861
Administrative expenses – exceptional items	6	**(102)**	(1,490)
Administrative expenses – other		**(32,884)**	(17,609)
Total operating profit	3	**15,402**	9,762
Interest receivable and similar income	8	**37**	-
Interest payable and similar charges	7	**(11,374)**	(8,554)
Profit on ordinary activities before taxation		**4,065**	1,208
Taxation on profit on ordinary activities	9	**(1,268)**	(225)
Profit for the financial year	16	**2,797**	983

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The profit for the year is derived wholly from continuing operations. The movement in shareholders' funds is set out in note 17.

Creation Consumer Finance Limited

Statement of total recognised gains and losses for the year ended 31 December 2006

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Profit for the financial year	**2,797**	983
Actuarial gain recognised in pension scheme	**34**	-
Movement on deferred tax relating to pension asset	**(10)**	-
Total gains and losses recognised since last annual report	**2,821**	983

Creation Consumer Finance Limited

Balance sheet at 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	10	**1,386**	1,211
Investments	11	**50**	50
		1,436	1,261
Current assets			
Debtors: amounts falling due after more than one year	12	**152,399**	114,954
Debtors: amounts falling due within one year	12	**109,285**	116,151
Cash at bank and in hand		**5,060**	2,830
		266,744	233,935
Creditors: amounts falling due within one year	13	**(253,239)**	(223,047)
Net current assets		**13,505**	10,888
Net assets excluding pension asset		**14,941**	12,149
Pension asset	20	**29**	-
Net assets including pension asset		**14,970**	12,149
Capital and reserves			
Called up share capital	15	**15,000**	15,000
Profit and loss account	16	**(30)**	(2,851)
Equity shareholders' funds	17	**14,970**	12,149

The financial statements on pages 6 to 19 were approved by the board on 20 April 2007 and were signed on its behalf by:

S Downey

G Farmer

Directors

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The principal accounting policies are set out below.

Cash flow statement

The company's ultimate holding company is SA Galleries Lafayette and the cash flows of the company are included in the consolidated cash flow statement. Consequently the company is exempt under the terms of FRS 1 'Cash Flow Statements' from publishing a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Fixtures and fittings	-	10 - 20
Computer equipment	-	20 - 33

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss account on an accruals basis.

Turnover

Subsidy income receivable and commission payable have been allocated on a straight line basis over the expected life of the related credit agreement.

Interest income receivable on credit finance agreements has been allocated to accounting periods using the actuarial method. The total value of the loan balances outstanding net of provision for doubtful debts and interest income relating to future periods is included within the "Credit Agreement Instalments not yet due" figure disclosed in Note 12, analysed between amounts due to be repaid within one year and after more than one year.

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. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements. Deferred tax assets and liabilities recognised have not been discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when receivable.

1 Accounting policies (continued)

Pension costs

The company's employees are members of either the Open and Direct Group Limited defined benefit pension scheme or the defined contribution scheme.

The company operates a defined benefit scheme for specific employees. The assets of the scheme are held separately from those of the company. The company has adopted FRS 17 in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the company's defined benefit pension scheme arising from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The company operates a defined contribution scheme for those employees not covered by the above scheme. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred.

2 Analysis of turnover

Turnover, which is stated net of value added tax, represents invoiced amounts, and is attributable to one continuing activity, being the provision of unsecured credit finance. Turnover relates to the company's main activity which is carried out in the United Kingdom and Republic of Ireland.

3 Operating profit

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
This is stated after charging/(crediting):		
Staff costs (Note 4)	**3,964**	2,668
Depreciation		
- owned assets	**474**	359
Hire of machinery and equipment	**122**	109
Other operating lease rentals	**150**	115
Auditors' remuneration		
- audit services	**43**	16
Revenue grants receivable	**-**	(32)

4 Employee information

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Staff costs		
Wages and salaries	3,443	2,290
Social security costs	380	300
Other pension costs	141	78
	3,964	2,668

	Number	Number
Average monthly number of persons employed by the company (including executive directors) during the year by activity		
Administration and sales	162	149

5 Directors' emoluments

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Aggregate emoluments	385	388
Company pension contributions to defined contribution schemes	14	9

Retirement benefits are accruing to one (2005: one) director under defined benefit schemes and to two (2005: two) directors under money purchase schemes.

Highest paid director	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Aggregate emoluments	148	150
Company pension contributions to defined contribution schemes	14	9

6 Exceptional items

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Contributions into final salary pension scheme	-	727
Repayment of VAT plus interest	102	399
Bank facility fees	-	283
Other	-	81
	102	1,490

7 Net interest payable

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
On bank loans and overdraft	-	8,456
On intercompany loans	11,377	98
Interest payable and similar charges	11,377	8,554
Interest receivable	(3)	-
Net interest payable	11,374	8,554

8 Other finance income

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Expected return on pension scheme assets	114	-
Interest on pension scheme liabilities	(77)	-
Net return	37	-

9 Taxation

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Current tax:		
UK corporation tax at 30%	-	-
Adjustment in respect of previous periods:		
- UK corporation tax	27	-
Total current tax	27	-
Deferred tax:		
Accelerated capital allowances and other timing differences	1,246	225
Adjustment in respect of previous periods	(8)	-
Pension contribution relief in excess of pension cost charge	3	-
Total deferred tax	1,241	225
Tax on profit on ordinary activities	1,268	225

9 Taxation (continued)

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 31 December 2006 £'000	9 months ended 31 December 2005 £'000
Profit on ordinary activities before tax	**4,065**	1,208
Profit on ordinary activities multiplied by standard rate in the UK 30% (2005: 30%)	**1,219**	362
Effects of:		
Expenses not deductible for tax purposes	**30**	(137)
Accelerated capital allowances and other timing differences	**(1,246)**	(225)
Pension contribution relief in excess of pension cost charge	**(3)**	-
Adjustment in respect of previous periods	**27**	-
Current tax charge for the year	**27**	-

10 Tangible fixed assets

	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2006	3,163	341	3,504
Additions	649	-	649
At 31 December 2006	**3,812**	**341**	**4,153**
Accumulated depreciation			
At 1 January 2006	1,957	336	2,293
Charge for the year	469	5	474
At 31 December 2006	**2,426**	**341**	**2,767**
Net book value			
At 31 December 2006	**1,386**	**-**	**1,386**
At 31 December 2005	1,206	5	1,211

11 Investments

	Investment in subsidiaries £'000
Cost	
At 1 January 2006 and **31 December 2006**	**50**
Amounts written off	
At 1 January 2006 and **31 December 2006**	-
Net book value	
At 31 December 2006	**50**
At 31 December 2005	50

Investments relate to shares held in the following subsidiaries.

Name	Principal activities	Country of incorporation or registration	Proportion of ordinary shares held
Clandeboye Limited	Dormant	England	100%
Consumer Collection Limited	Dormant	Northern Ireland	100%

12 Debtors

	2006 £'000	2005 £'000
Amounts falling due within one year		
Credit agreement instalments not yet due	**99,538**	108,018
Other debtors	**1,080**	24
Prepayments and accrued income	**960**	784
Corporation tax recoverable	**-**	14
Deferred tax asset (Note 14)	**789**	2,027
Prepaid commission payable	**6,918**	5,284
	109,285	116,151

	2006 £'000	2005 £'000
Amounts falling due after more than one year		
Credit agreement instalments not yet due	**152,399**	114,954

13 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Bank borrowings	**-**	190,452
Trade creditors	**8,216**	11,286
Amounts owed to group undertakings	**241,186**	14,597
Other tax and social security	**111**	112
Other creditors	**427**	2,521
Accruals and deferred income	**1,509**	1,672
Deferred subsidy receivable	**1,790**	2,407
	253,239	223,047

14 Deferred tax asset

	£'000
At 1 January 2006	2,027
Charged to the profit and loss account	(1,238)
At 31 December 2006 (Note 12)	**789**

Total deferred tax comprises:

	2006	2005
	£'000	£'000
Accelerated capital allowances	**252**	326
Tax losses	**29**	1,211
Short term timing differences	**508**	490
Deferred tax excluding that relating to pension asset (Note 12)	**789**	2,027
Deferred tax relating to pension asset (Note 20)	**(13)**	-
Total deferred tax asset	776	2,027

15 Called up share capital

	2006	2005
	£'000	£'000
Authorised		
20,000,000 ordinary shares of £1 each	**20,000**	20,000
Allotted and fully paid		
15,000,000 ordinary shares of £1 each	**15,000**	15,000

16 Reserves

	Profit and loss account £'000
At 1 January 2006	(2,851)
Profit for the financial year	2,797
Actuarial gain recognised in pension scheme	34
Movement on deferred tax relating to pension asset	(10)
At 31 December 2006	**(30)**

17 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year	**2,797**	983
Actuarial gain recognised in pension scheme	**34**	-
Movement on deferred tax relating to pension asset	**(10)**	-
Opening shareholders' funds	**12,149**	11,166
Closing shareholders' funds	**14,970**	12,149

18 Capital commitments

	2006 £'000	2005 £'000
Capital expenditure		
Contracted for but not provided in the financial statements	-	-

19 Financial commitments

At 31 December the company had annual commitments under non-cancellable operating leases expiring as follows:

	Motor vehicles 2006 £'000	Motor vehicles 2005 £'000	**Property 2006 £'000**	Property 2005 £'000
Within one year	**39**	40	-	-
In more than one year, but not more than five years	**79**	80	-	-
After five years	-	-	**160**	150
	118	120	**160**	150

20 Pension commitments

The company operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds. The company also operates a defined contribution pension scheme.

The company was unable to identify its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reasonable basis for the previous periods and therefore, as required by FRS 17 "Retirement benefits", accounted for the scheme in those years as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account for comparative periods represented the contributions payable to the scheme in respect of those periods.

The defined contribution charge for the year ended 31 December 2006 amounted to £67,000 (2005 £78,000).

An actuarial valuation of the scheme using the projected unit basis was carried out at 1 April 2006. The valuation was carried out by Scottish Widows, professionally qualified actuaries.

For the purposes of FRS 17 "Retirement benefits", the following financial assumptions were used by the actuaries in updating the full valuation to 31 December 2006.

	2006
Rate of increase in salaries	3.0%
Rate of increase in pensions in payment	3.0%
Discount rate	4.8%
Inflation assumption	3.0%

The market value of assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31.12.06 %	**Value at 31.12.06 £'000**
Equities	7.4%	1,681
Other	4.6%	39
		1,720

The following amounts at 31 December 2006 were measured in accordance with the requirements of FRS 17:

	2006 £'000
Total market value of assets	1,720
Present value of scheme liabilities	(1,678)
Surplus in the scheme	42
Related deferred tax liability	(13)
Net pension asset	29

Creation Consumer Finance Limited

20 Pension commitments (continued)

Analysis of amount charged to operating profit in respect of defined benefit scheme

	2006 £'000
Operating profit	
Current service cost	74
Past service cost	-
	74
Analysis of amount charged to other finance income	
Expected return on pension scheme assets	114
Interest on pension scheme liabilities	(77)
Net return	37
Statement of total recognised gains and losses (STRGL)	
Actual return less expected return on pension scheme assets	(13)
Experience gains and losses arising on the scheme liabilities	7
Changes in assumptions underlying the present value of the scheme liabilities	40
Actuarial gain recognised in STRGL	34

	2006 £'000
Movement in surplus during the year	
Surplus in scheme at beginning of the year	-
Movement in year:	
Current service cost	(74)
Contributions	45
Past service cost	-
Other finance income	37
Actuarial gain	34
Surplus in scheme at end of the year	42

Details of experience gains and losses	**2006**
Difference between the expected and actual return on scheme assets:	
Amount (£'000)	(13)
Percentage of scheme assets (%)	(0.8%)
Experience gains and losses on scheme liabilities:	
Amount (£'000)	7
Percentage of the present value of the scheme liabilities (%)	0.4%
Total amount recognised in statement of total recognised gains and losses:	
Amount (£'000)	34
Percentage of the present value of the scheme liabilities (%)	2.0%

The agreed contribution rate for the current year and for the next three years is 24.2%.

21 Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 "Related party disclosures" not to disclose related party transactions with other related parties that are members of the SA Galleries Lafayette group of companies.

22 Ultimate controlling party

The ultimate parent company at the year end was Laser Cofinoga SA, a company registered in France. There is no one ultimate controlling party.