

Time Retail Finance Limited

Directors' report and financial statements

For the year ended 31 December 2005

Registered number: 2243231



Time Retail Finance Limited

Directors' report and financial statements

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Time Retail Finance Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

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

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

On 13 August 2003 the Comet contract was legally assigned to GE Capital Bank Limited. The beneficial interest in the contract remains with the company.

On 18 October 2005, the beneficial interest in the B&Q and Comet contracts and the remaining receivables and fixed assets were transferred to GE Capital Bank Limited. The consideration received was £46,420,659, with the carrying value of assets transferred being £478,002, generating a profit on disposal of £45,942,657 within the 2005 financial statements.

Results and dividend

The company made a profit before tax for the year of £46,992,000 (2004: loss of £31,481,000).

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

Directors and directors' interests

The persons who held office as directors during the year and up to the date of the directors' report were as follows:

J S MacPhail
L Perry
B J Cooper
G P Marshall

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

Auditors

In accordance with Section 379A of the Companies Act 1985, the company has elected to dispense with the following obligations:

- to lay accounts and reports before general management
- to hold annual general meetings
- to appoint auditors annually

and KPMG Audit Plc will therefore continue in office.

On behalf of the board


L Perry
Director

28 JUNE

2006

6 Agar Street
London
WC2N 4HR

Time Retail Finance Limited

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.

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.

Independent auditors' report to the members of Time Retail Finance Limited

We have audited the financial statements of Time Retail Finance 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 2, 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
28 June 2006

1 The Embankment
Neville Street
Leeds
LS1 4DW

Time Retail Finance Limited

Profit and loss account

for the year ended 31 December 2005

| | Note | 2005 £000 | 2004 £000 |
|---|------|---------------|-----------------|
| Interest receivable and similar income | 5 | 25,405 | 13,479 |
| Interest payable and similar charges | 6 | (22,087) | (16,632) |
| Gross profit/(loss) | | 3,318 | (3,153) |
| Administrative expenses | | (2,269) | (28,328) |
| Operating profit | | 1,049 | (31,481) |
| Profit on the sale of portfolio | | 45,943 | - |
| Profit/(loss) on ordinary activities before taxation | 2 | 46,992 | (31,481) |
| Tax on profit on ordinary activities | 7 | (1,782) | - |
| Profit/(loss) for the financial year | 15 | 45,210 | (31,481) |

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

The above amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The loss for the current and preceding financial year calculated on a historical cost basis is not materially different to the loss disclosed above. Accordingly a note of historical cost profits and losses as required by paragraph 26 of FRS 3 has not been presented.

Time Retail Finance Limited

Balance sheet

at 31 December 2005

| | Note | 2005 £000 | 2004 £000 |
|--|------|------------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 9 | - | 685 |
| Investments | 8 | 37,509 | 37,509 |
| | | <u>37,509</u> | <u>38,194</u> |
| Current assets | | | |
| Debtors | 10 | 79,805 | 143,378 |
| Cash at bank and in hand | | 516 | - |
| | | <u>80,321</u> | <u>143,378</u> |
| Creditors: amounts falling due within one year | 11 | <u>(112,610)</u> | <u>(66,539)</u> |
| Net current assets | | <u>(32,289)</u> | <u>76,839</u> |
| Total assets less current liabilities | | <u>5,220</u> | <u>115,033</u> |
| Creditors: amounts falling due after more than one year | 12 | - | (155,023) |
| Net (liabilities)/assets | | <u>5,220</u> | <u>(39,990)</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 13,800 | 13,800 |
| Capital redemption reserve | 15 | 500 | 500 |
| Profit and loss account | 15 | (9,080) | (54,290) |
| Shareholders' funds/(deficit) | 16 | <u>5,220</u> | <u>(39,990)</u> |

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

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

28 June

2006



L Perry
Director

Time Retail Finance Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

(b) Income and cost recognition

Interest receivable and payable is recognised on an accruals basis.

Costs relating to opening of new accounts, being principally commissions, volume bonuses payable to intermediaries, retailers, or brokers, and other directly attributable account opening costs, are deferred. These costs are amortised to the profit and loss account in line with the recognition of income on the underlying products.

Commissions receivable from retailers on the opening of an account are recognised in the profit and loss account so as to give a constant yield over the life of the account.

(c) Provision for bad and doubtful debts

The provision is established by calculation of expected losses based upon impairment that has taken place before the balance sheet date in relation to each loan portfolio primarily through the application of provisioning models, or by specific identification of individual cases where practical.

The provisioning models applied use historical information on the arrears performance of each portfolio to predict the amount of the debt at the balance sheet date that will ultimately be irrecoverable.

Interest on doubtful debts ceases to be recognised when there is a reasonable doubt over the collectibility of principal and/or interest in accordance with the loan agreement.

All bad debts are written off against the provision in the period in which they are classified as irrecoverable. The amount necessary to bring the provisions to their assessed levels net of write offs and recoveries is charged to the profit and loss account.

(d) Investment in subsidiaries and joint ventures

Investments in subsidiary undertakings and joint ventures are stated at cost, with provision made where appropriate for any permanent diminution in value. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

Time Retail Finance Limited

Notes

(continued)

1. Accounting policies (continued)

(e) Tangible fixed assets and depreciation

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

| | |
|--|--|
| Motor vehicles | four years straight-line basis |
| Fixtures and fittings | ten years straight-line basis |
| Computer hardware and office equipment | three to five years straight-line basis, dependent on type |

Significant purchased software costs are capitalised and depreciated on a straight-line basis over their estimated useful life up to a maximum of five years.

(f) Operating Leases

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

(g) Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that the directors consider those assets to be recoverable.

(h) Cash flow statement

Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public and can be obtained from the address mentioned in note 18.

(i) Transactions with related parties

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosures", in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements of General Electric Company in which the company is included are available to the public and can be obtained from the address given in note 18.

2. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

| | 2005 £000 | 2004 £000 |
|---------------------------------------|--------------|--------------|
| Management charge | 1,242 | 27,271 |
| Depreciation of tangible fixed assets | 262 | 48 |
| | <hr/> | <hr/> |

All expenses incurred in the current year were borne by another group undertaking and recharged to the company via a management charge.

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

Time Retail Finance Limited

Notes

(continued)

3. Remuneration of directors

The directors did not receive any emoluments for their services to the company during the year (2004: £nil).

4. Employee information

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

5. Interest receivable and similar income

This amount represents principally interest charges on credit facilities provided to customers and subsidies received from retailers in respect of interest free credit transactions and is all derived in the United Kingdom.

Also included is interest receivable from group undertakings during the year of £21,404,000 (2004: £4,175,000).

6. Interest payable and similar charges

Included within this balance is interest payable to group undertakings during the year of £22,087,000 (2004: £9,442,000).

Time Retail Finance Limited

Notes

(continued)

7. Taxation

a) Analysis of charge in the year

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| UK corporation tax at 30% (2004: 30%) | - | - |
| Adjustment in respect of prior years | 1,782 | - |
| Total current tax | 1,782 | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 4,050 | - |
| Movement in deferred tax not provided | (4,050) | - |
| Total deferred tax | - | - |
| Tax charge on profit(loss) on ordinary activities | - | - |

b) Factors affecting current year tax charge

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Profit/(loss) on ordinary activities before tax | 46,992 | (31,481) |
| Tax on profit/(loss) on ordinary activities at UK standard rate of 30% (2004: 30%) | 14,097 | (9,445) |
| Effects of: | | |
| Depreciation in excess of capital allowances | 15 | (50) |
| Profit on sale of business | (13,783) | - |
| Short term timing differences | (4,065) | - |
| Group relief not paid for | 3,736 | 9,495 |
| Adjustments to tax charge in respect of previous periods | 1,782 | - |
| Total current tax charge for the year | 1,782 | - |

Time Retail Finance Limited

Notes

(continued)

8. Fixed asset investments

| | Joint ventures £000 | Subsidiary undertakings £000 | Total £000 |
|------------------------------|---------------------------|------------------------------------|---------------|
| At beginning and end of year | - | 37,509 | 37,509 |

The company's subsidiaries are listed below. They are all wholly owned and registered in England and Wales.

| Company | Class of shares held | Principal activities |
|---------------------------------------|----------------------|---------------------------------------|
| Time Finance Limited | Ordinary | Provision of retail credit facilities |
| TRF Factors Limited* | Ordinary | Liquidated |
| Time Group Business Services Limited* | Ordinary | Liquidated |
| Time Retail Services Limited* | Ordinary | Liquidated |

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

Investment in joint ventures

On 1 February 2000 the company entered into a joint venture with Black Horse (TRF) Limited to provide finance products to customers of Time Retail Finance Limited. Time Retail Finance Limited holds 49% of the £100 nominal value of the issued shares of Black Horse (TRF) Limited, the joint venture company, but has effective joint control. These shares are acquired at their nominal value, with no goodwill arising on the transactions.

Black Horse (TRF) Limited is incorporated in England and Wales.

In the opinion of the directors, the investments in the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

9. Tangible assets

| | Office equipment fixtures and fittings £000 | Motor vehicles £000 | Total £000 |
|---------------------------------------|---|---------------------------|---------------|
| Cost | | | |
| At beginning of year | 2,374 | 279 | 2,653 |
| Additions | 58 | - | 58 |
| Transfers to other group undertakings | (2,317) | (279) | (2,596) |
| At end of year | 115 | - | 115 |
| Depreciation | | | |
| At beginning of year | 1,737 | 231 | 1,968 |
| Charge for year | 232 | 30 | 262 |
| Transfers to other group undertakings | (1,854) | (261) | (2,115) |
| At end of year | 115 | - | 115 |
| Net book value | | | |
| At 31 December 2005 | - | - | - |
| At 31 December 2004 | 637 | 48 | 685 |

Time Retail Finance Limited

Notes (continued)

10. Debtors

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year</i> | | |
| Trade debtors | 11,038 | 10,337 |
| Amounts owed by group undertakings | 50,359 | 110,642 |
| Other debtors | 14,892 | 12,740 |
| Prepayments and accrued income | 80 | 3,933 |
| Corporation tax | 89 | 1,870 |
| | <hr/> | <hr/> |
| | 76,458 | 139,522 |
| <i>Amounts falling due after more than one year</i> | | |
| Trade debtors | 3,347 | 3,856 |
| | <hr/> | <hr/> |
| | 79,805 | 143,378 |
| | <hr/> | <hr/> |

11. Creditors: amounts falling due within one year

| | 2005 £000 | 2004 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | - | 30 |
| Amounts owed to group undertakings | 93,046 | 65,449 |
| Accruals and deferred income | 218 | 960 |
| Other creditors | 19,346 | 100 |
| | <hr/> | <hr/> |
| | 112,610 | 66,539 |
| | <hr/> | <hr/> |

The accruals and deferred income balance relates to subsidies received from retailers in respect of future costs of financing existing credit agreements with more than one year to run, which are deferred and released to the profit and loss account over the lives of the underlying agreements. None of these agreements extend beyond five years.

12. Creditors: amounts falling due after more than one year

| | 2005 £000 | 2004 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | - | 155,023 |
| | <hr/> | <hr/> |
| | - | 155,023 |
| | <hr/> | <hr/> |

Time Retail Finance Limited

Notes

(continued)

13. Deferred taxation

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

| | 2005 | 2005 | 2004 | 2004 |
|--------------------------------|------------------|-------------------|------------------|-------------------|
| | Potential | Recognised | Potential | Recognised |
| | £000 | £000 | £000 | £000 |
| Losses | - | - | 922 | - |
| Accelerated capital allowances | - | - | 84 | - |
| Short term timing differences | - | - | 4,065 | - |
| | <u>-</u> | <u>-</u> | <u>5,071</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

14. Called up share capital

| | 2005 | 2004 |
|---|----------------------|---------------|
| | £000 | £000 |
| <i>Authorised</i> | | |
| 20,500,000 ordinary shares of £1 each | 20,500 | 20,500 |
| 500,000 8% cumulative redeemable preference shares of £1 each | 500 | 500 |
| | <u>21,000</u> | <u>21,000</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| 13,800,002 ordinary shares of £1 each | 13,800 | 13,800 |
| | <u>13,800</u> | <u>13,800</u> |

15. Reserves

| | Capital redemption reserve | Profit and loss account |
|-------------------------------|-----------------------------------|--------------------------------|
| | £000 | £000 |
| At beginning of year | 500 | (54,290) |
| Profit for the financial year | - | 45,210 |
| At end of year | <u>500</u> | <u>(9,080)</u> |

Time Retail Finance Limited

Notes

(continued)

16. Reconciliation of movements in shareholders' funds/(deficit)

| | 2005 | 2004 |
|--------------------------------------|--------------|-----------------|
| | £000 | £000 |
| Profit/(loss) for the financial year | 45,210 | (31,481) |
| Opening shareholders' funds | (39,990) | (8,509) |
| Closing shareholders' funds | 5,220 | (39,990) |

17. Commitments

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

| | 2005 | 2004 |
|--------------------------------|----------------------------|----------------------------|
| | Land and buildings £000 | Land and buildings £000 |
| Operating leases which expire: | | |
| Within one year | - | - |
| Within two to five years | - | - |
| Over five years | 586 | 586 |
| | 586 | 586 |

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

18. Parent undertaking

The company's immediate parent undertaking is GE Capital Bank Limited, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by GE Capital Bank Limited, a company registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 6 Agar Street, London, WC2N 4HR.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company incorporated in the United States of America. The consolidated financial statements for this company are available to the public and may be obtained from 3135 Easton Turnpike, Fairfield, Connecticut, 06431, USA or at www.ge.com