Future Rentals Limited

Directors' report and financial statements

Registered number 03561328

31 March 2007

Contents

Directors' report

The directors present their directors' report and the financial statements of Future Rentals Limited ("the company") for the year ended 31 March 2007

Principal activity

During the year ended 31 March 2007, the company continued to act as an intermediate holding company for certain subsidiary undertakings of the Carmelite Capital Limited ("CCL") Group located in the UK, Australia and New Zealand Its interest in these companies is managed through its two wholly owned subsidiary companies, Thorn Limited and Thorn International Holdings Limited ("TIHL") The company also owns a 50% interest in the ordinary share capital and subordinated loan notes (including accrued interest) of Boxclever Technology Limited

In November 2006 and December 2006 respectively, TIHL disposed of its entire interest in Thorn Rentals New Zealand and Thorn Asia Pacific Holdings Pty Limited and so completed the Group's withdrawal from operations in New Zealand and Australia, whilst in June 2007 Thorn Limited disposed of its entire interest in BrightHouse Limited, its principal UK operating business (see post balance sheet events for further details)

Business review

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

Financial overview

The company made a loss before taxation for the year of £42,185,000 *(2006 £48,653,000)* which included net interest payable of £42,150,000 *(2006 £48,599,000)*

Disposal of Thorn Rentals NZ Limited ("TRNZ") and Thorn Asia Pacific Holdings Pty Limited ("TAPH")

On 3 November 2006 and 8 December 2006 respectively, TIHL disposed of 100% of its ownership interest in TRNZ and the majority of its ownership interest in TAPH

Upon the disposal of TAPH (renamed RR Australia Limited) by way of an Initial Public Offering of the company's shares on the Australian Securities Exchange, its subsidiary undertaking Thorn Australia Pty Limited repaid a £15 1m interest bearing loan made available to it by Thorn Finance Ltd ("TFL") a subsidiary undertaking of Thorn Limited In addition, TIHL subsequently utilised the net proceeds arising from its disposal of TRNZ and TAPH to repay loans totalling £3 6m made available to it by TFL

On 2 January 2007, TFL utilised the proceeds from the loan repayments to purchase £19 0m of credit facilities provided by National Westminster Bank plc ("NWB") to Quadriga Holdings Limited ("QHL"), a fellow CCL group undertaking, in accordance with an undertaking given by the Group to NWB

Changes in equity

On 7 June 2006, RHCL subscribed for a further 377,472 ordinary shares of £1 each in the company

On 1 March 2007, RHCL subscribed for a further 500,000 ordinary shares of £1 each in the company

Companies struck off

During the year the indirect dormant subsidiary undertakings of the company, Tele Value Limited, Thorn Rental Australasia Limited, Crisp Collections Limited and Thorn International Finance BV, were struck off the company register, in their jurisdictions of incorporation

Strategy

The strategy adopted by the company during the year has been to maximise the value of the portfolio of investments that it holds in the operating subsidiaries of the CCL Group, provide finance to these operating companies where applicable and exercise corporate governance over their operations through two committees of the Board, the Finance Committee and the Remuneration Committee Following the disposal of its operating subsidiaries this strategy has largely been completed and the company is now focussed on ensuring its assets and those of its remaining subsidiary undertakings are realised and their liabilities settled

Directors' report *(continued)*

Financial risk management objectives and policies

The company's assets consist of investments in and amounts owed by fellow subsidiary undertakings within the CCL Group The company's liabilities consist of amounts owed to fellow subsidiary undertakings within the CCL Group and interest bearing loans from related parties

Credit Risk

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

Liquidity risk
The objective is to maintain a balance between continuity of funding and flexibility through a combination of cash pooling, shareholder funding and borrowing for the subsidiary companies Liquidity risk is monitored on an ongoing basis by undertaking cash flow forecasting procedures In order to ensure continuity of funding, the company seeks to arrange funding ahead of business requirements and maintain sufficient un-drawn committed borrowing facilities

Interest rate risk
The exposure of the company to interest rate fluctuations is managed by maintaining funding flexibility through a combination of cash pooling, shareholder funding and borrowings while obtaining a large degree of certainty in its commitments by borrowing extensively under fixed rates

Foreign exchange risk
Currency exposure is managed on a group basis with the aim of minimising the risk from currency fluctuations This is considered to be low risk as foreign currency holdings are not significant The group has intra-group assets and liabilities in currencies other than its sterling reporting currency, which are not hedged

Dividends

The directors do not recommend the payment of a dividend *(2006 £nil)*

Post balance sheet events

Disposal of Thorn Rentals NZ Limited ("TRNZ") and Thorn Asia Pacific Holdings Pty Limited ("TAPH")

On 19 June 2007, following negotiation with the underwriter, TIHL disposed of its remaining 10% stake in RR Australia Limited and on 22 June 2007 it received net disposal proceeds of £4 3m (A$10 1m)

On 6 August 2007, TIHL and TFL received a waiver from NWB which permanently released them from their obligations to utilise the proceeds from the disposal of the its remaining 10% stake in RR Australia Limited and any future proceeds from the disposal of TRNZ and TAPH to purchase further credit facilities provided by NWB to QHL

On 17 August 2007 the TIHL received notification that the £2 0m ($A5 0m) of TAPH sale proceeds that it placed in escrow to support an indemnity it had given in connection with the IPO of TAPH had been formally released and TIHL subsequently used these funds to further part repay an interest bearing loan made available to it by TFL on 11 September 2007

Changes in ownership

On 27 May 2007, Terra Firma Investments (GP) Limited, a wholly owned subsidiary of TFCP Holdings Limited, the ultimate controlling party of the company, agreed to dispose of its entire interest in CCL, the company's parent undertaking to Co-Investment Acquisition No 2 LP Inc and to dispose of its entire interest in the unsecured zero coupon subordinated loan notes issued by the company to TFCPI to Co-Investment Acquisition No 4 LP Inc These disposals subsequently completed on 19 July 2007

Directors' report *(continued)*

Post balance sheet events *(continued)*

Caversham Finance Limited (BrightHouse)

On 2 April 2007, Thorn Limited acquired the entire issued share capital of BrightHouse Limited, a company incorporated in England & Wales, for consideration of £2

On 3 April 2007, Thorn Limited transferred its investment in Caversham Finance Limited to BrightHouse Limited, in exchange for 60,000,000 ordinary shares of £1 each in BrightHouse Limited

On 9 June 2007, Co-Investment Acquisition No 2 LP Inc agreed to dispose of BrightHouse Limited to B Haig Acquisition Limited This transaction subsequently completed on 19 July 2007 for a total gross consideration of £150 0m

Dividends

Following receipt of the proceeds from the disposal of BrightHouse Limited, Thorn Limited paid a dividend of £20 0m to the company on 30 July 2007 The company utilised the dividend proceeds to repay £20 0m of its unsecured zero coupon subordinated loan notes

The company received a further dividend of £3 1m from Thorn Limited on 11 September 2007 which it also utilised to repay a further £3 1m of its unsecured zero coupon subordinated loan notes

Guarantee obligations

On 19 July 2007 Caversham Finance Limited repaid its credit facility to NWB and the company was released from its guarantee and security obligations with respect to this credit facility On 14 September 2007 the company was permanently released from its guarantee and security obligations in respect of credit facilities provided to QHL by NWB (see note 14)

Quadriga credit facilities

On 22 August 2007, CCL disposed of its interest in Interactive Hotel Services Limited and its subsidiaries ("the Quadriga Group"), including QHL, to Co-Investment Acquisition No 10 LP Inc In order to allow the disposal to complete and to facilitate the release of the company, TFL and other companies within the CCL Group from any further obligations to the Quadriga Group, TFL agreed to novate the debt owed to it by QHL of £20 3m to Co-Investment Acquisitions No 2 LP Inc for £1 0m on 23 August 2007

Eurobonds

On 3 September 2007, TFL redeemed the 8% Eurobonds at par value plus accrued interest in accordance with the Trust Deed The company received £10 9m in respect of its holding on the same date and subsequently used these proceeds to repay £10 9m of its unsecured zero coupon subordinated loan notes

Dormant subsidiary undertakings

On 30 September 2007 the company's two remaining indirect Australian subsidiary undertakings, Thorn Direct Credit Pty Limited and Thorn Australia Superannuation Plan Pty Limited were deregistered Both of these entities had been dormant for a number of years prior to their removal from the Australian companies register

Loan Notes

Following their acquisition of all the unsecured zero coupon subordinated loan notes issued by the company on 19 July 2007, Co-Investment Acquisition No 4 LP Inc agreed on 7 December 2007 to extend the repayment date of these zero coupon subordinated loan notes to 31 March 2009

Directors' report *(continued)*

Directors

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

A P Chadd	(resigned 19 July 2007)
L Cooklin	(resigned 22 November 2007)
F S Duncan	(resigned 19 July 2007)
A G Jones	(resigned 5 October 2007)
Q R Stewart	(resigned 19 July 2007)
K Gozzett	(appointed 19 July 2007, resigned 31 July 2007)
A D Gurnham	(appointed 19 July 2007)
A J Spillane	(appointed 19 July 2007)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to section 386 of the Companies Act 1985, elective resolutions are in place to dispense with the obligation to appoint auditors annually and KPMG Audit Plc will therefore remain in office

On behalf of the board

R J Walter
Secretary

12 December 2007

Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

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 (UK Generally Accepted Accounting Practice)

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

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Future Rentals Limited

We have audited the financial statements of Future Rentals Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of movements in shareholders funds 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we 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 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

Independent auditors' report to the members of Future Rentals Limited

In our opınıon

- the financıal statements gıve a true and faır vıew, ın accordance wıth UK Generally Accepted Accountıng Practıce, of the state of the company's affaırs as at 31 March 2007 and of ıts loss for the year then ended,
- the financıal statements have been properly prepared ın accordance wıth the Companıes Act 1985, and
- the ınformatıon gıven ın the Dırectors' Report ıs consıstent wıth the financıal statements

KPMG Audit Plc

21 December 2007

KPMG Audit Plc
Chartered Accountants
Regıstered Audıtor

Profit and loss account
for the year ended 31 March 2007

	Note	2007 £000	2006 £000
Operating expenditure	2-4	**(35)**	(54)
Other interest receivable and similar income	5	**811**	826
Interest payable and similar charges	6	**(42,961)**	(49,425)
Loss on ordinary activities before taxation		**(42,185)**	(48,653)
Tax on loss on ordinary activities	7	**116**	14,347
Loss for the financial year	13	**(42,069)**	(34,306)

All results relate to continuing operations

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

The company has no recognised gains or losses other than the loss for the financial year

Balance sheet
at 31 March 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Investments	8		565,574		565,574
Current assets					
Debtors	9	6,274		43,446	
Cash at bank and in hand		5		2	
		6,279		43,448	
Creditors: amounts falling due within one year	10	(18)		(9)	
Net current assets			6,261		43,439
Total assets less current liabilities			571,835		609,013
Creditors: amounts falling due after more than one year	11		(549,401)		(545,387)
Net assets			22,434		63,626
Capital and reserves					
Called up share capital	12		255,750		254,873
Profit and loss account	13		(233,316)		(191,247)
Shareholder's funds			22,434		63,626

These financial statements were approved by the board of directors on 12 December 2007 and were signed on its behalf by

A J Spillane
Director

Reconciliation of movements in shareholder's funds
for the year ended 31 March 2007

	2007 £000	2006 £000
Loss for the financial year	**(42,069)**	(34,306)
New share capital issued	**877**	254,860
Net (decrease)/increase in shareholder's funds	**(41,192)**	220,554
Opening shareholders' funds/(deficit)	**63,626**	(156,928)
Closing shareholder's funds	**22,434**	63,626

Notes
(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

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

As the company is a wholly owned subsidiary of Carmelite Capital Limited ('CCL"), the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the CCL Group (or investees of the group qualifying as related parties) The consolidated financial statements of CCL, within which this company is included, can be obtained from the address given in note 16

Investments

Investments in subsidiary undertakings and financial instruments held as a long term investment are stated at cost less any provision for impairment calculated as the lower of the sale value of the investment less costs and the value in use

Foreign currencies

Transactions in foreign currencies are recorded using the contracted rate or the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

Notes *(contınued)*

1 Accounting polıcıes *(contınued)*

Classıfıcatıon of financıal ınstruments ıssued by the company (contınued)

To the extent that thıs definıtıon ıs not met, the proceeds of ıssue are classıfied as a financıal lıabılıty Where the ınstrument so classıfied takes the legal form of the company's own shares, the amounts presented ın these financıal statements for called up share capıtal and share premıum account exclude amounts ın relatıon to those shares

Where a financıal ınstrument that contaıns both equıty and financıal lıabılıty components exısts these components are separated and accounted for ındıvıdually under the above polıcy The finance cost on the financıal lıabılıty component ıs correspondıngly hıgher over the lıfe of the ınstrument

Fınance payments assocıated wıth financıal lıabılıtıes are dealt wıth as part of ınterest payable and sımılar charges Fınance payments assocıated wıth financıal ınstruments that are classıfied as part of shareholders' funds (see dıvıdends polıcy), are dealt wıth as appropnatıons ın the reconcılıatıon of movements ın shareholders' funds

Dıvıdends on shares presented wıthın shareholders' funds

Dıvıdends unpaıd at the balance sheet date are only recognısed as a lıabılıty at that date to the extent that they are appropnately authorısed and are no longer at the dıscretıon of the company Unpaıd dıvıdends that do not meet these crıterıa are dısclosed ın the notes to the financıal statements

Cash and lıquıd resources

Cash comprıses cash ın hand and deposıts repayable on demand, less overdrafts payable on demand

Lıquıd resources are current asset ınvestments whıch are dısposable wıthout curtaılıng or dısruptıng the busıness and are eıther readıly convertıble ınto known amounts of cash at or close to theır carryıng values or traded ın an actıve market

2 Audıtors remuneration

The fees for the audıt of these financıal statements were £8,744 *(2006 £8,744)*

3 Remuneratıon of dırectors and staff numbers and costs

No dırector receıved any remuneratıon durıng the year ın respect of servıces to the company *(2006 £nıl)*

4 Staff numbers and costs

The company has no employees and therefore ıncurred no wage or salary costs during the year *(2006 £nıl)*

5 Other ınterest receıvable and sımılar ıncome

	2007 £000	2006 £000
On amounts receıvable from fellow group undertakıngs	5	20
On lısted financıal ınstruments	806	806
	811	826

Amounts receıvable from fellow group undertakıngs ıncludes ınterest receıved on a rollıng term deposıt wıth Thorn Fınance Lımıted ("TFL") (see note 9) Amounts receıvable on lısted financıal ınstruments ıncludes ınterest receıved on Eurobonds, ıssued by Thorn Fınance Lımıted, carryıng an 8% coupon rate (see note 9)

Notes *(continued)*

6 Interest payable and similar charges

	2007 £000	2006 £000
On loans from related parties	**10,613**	19,195
On amounts payable to fellow group undertakings	**32,348**	30,230
	42,961	49,425

Interest payable on loans to related parties was accrued in each year on the unsecured zero coupon subordinated loan notes with an effective discount rate of 8 16%, held by Terra Firma Capital Partners I ("TFCPI") (see note 11)

Interest payable on amounts payable to fellow group undertakings was accrued in each year on unsecured zero coupon subordinated loan notes with Thorn Finance Limited with an effective annual discount rate of 7 43% (see note 11)

7 Taxation

	2007 £000	2006 £000
UK corporation tax		
Payment in respect of group relief surrendered	**(1,308)**	(14,347)
Adjustments in respect of prior years	**1,192**	-
Current tax credit on loss on ordinary activities	**(116)**	(14,347)

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the tax credit for the current year

The current tax credit *(2006 credit)* for the year is lower *(2006 lower)* than the standard rate of corporation tax in the UK of 30% *(2006 30%)* The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(42,185)**	(48,653)
Current tax credit at 30% *(2006 30%)*	**(12,656)**	(14,596)
Effects of		
Surrender of group relief for nil payment	**12,540**	249
Total current tax credit (see above)	**(116)**	(14,347)

Factors that may affect future tax charges

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

Tax losses as at 31 March 2007 amounted to £49,497,000 (£14,849,000 tax value) *(2006 £48,933,000, £14,680,000 tax value)* The losses can be analysed between losses of £49,375,000 *(2006 £49,375,000)* which can only be offset against future interest and other income receivable under loan relationship legislation and losses of £122,000 *(2006 £122,000)* which can be offset against profits arising from management activity No deferred tax asset has been recognised in respect of these losses, as the ability of the company to obtain tax relief is dependant on suitable profits arising in the future, which cannot be estimated with sufficient certainty

8 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	**565,574**
Net book value	
At 31 March 2007	**565,574**
At 31 March 2006	565,574

Notes *(continued)*

8 Fixed asset investments *(continued)*

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

	Country of Incorporation	Principal activity	Share class	Percentage of shares held
Thorn Limited *	England	Holding company	Ordinary	100%
Thorn Finance Limited	England	Finance	Ordinary	100%
Caversham Finance Limited #	England	Rental	Ordinary	100%
Caversham Insurance Limited (Guernsey) #	Guernsey	Insurance	Ordinary	100%
Caversham Trading Limited #	England	Dormant	Ordinary	100%
Consumer Electronics Insurance Company Limited	England	Insurance	Ordinary	100%
Caversham Insurance (IOM) Limited #	Isle of Man	Insurance	Ordinary	100%
Caversham Holdings (Malta) Limited #	Malta	Holding company	Ordinary	100%
Caversham Insurance (Malta) Limited #	Malta	Insurance	Ordinary	100%
Thorn International Holdings Limited *	England	Holding company	Ordinary	100%
Thorn International BV	Netherlands	Holding company	Ordinary	100%
Thorn Insurance Company Limited	Guernsey	Insurance	Ordinary	100%
Thorn Developments Holdings Limited	United Kingdom	Property	Ordinary	100%
Thorn (IP) Limited	United Kingdom	Intellectual property	Ordinary	100%
Thorn Direct Credit Pty Limited#	Australia	Dormant	Ordinary	100%
Thorn Australia Superannuation Plan Pty Limited#	Australia	Dormant	Ordinary	100%
Thorn Employee Investment Company	England	Investment	Preference	100%
Crazy George's Limited #	England	Dormant	Ordinary	100%

* denotes investment held directly by the company at 31 March 2007

# denotes investment disposed of since 31 March 2007

During the year the indirect dormant subsidiary undertakings of the company, Tele Value Limited, Thorn Rental Australasia Limited, Crisp Collections Limited and Thorn International Finance BV, were struck off the company register, in their jurisdictions of incorporation

9 Debtors

	2007	2006
	£000	£000
Amounts due from fellow group undertakings	**-**	98
Other debtors	**4,930**	4,930
Accrued income	**458**	461
Corporation tax including amounts due from fellow group undertakings for group relief	**886**	37,957
	6,274	43,446

Amounts due from fellow group undertakings in 2006 comprises a rolling term deposit with Thorn Finance Limited on which interest was charged on the outstanding balance at a floating rate equivalent to LIBOR The interest rate at 31 March 2006 was 4 58%

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Accrued expenses	**18**	9

11 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Amounts owed to fellow group undertakings	**413,927**	420,527
Loans from related parties	**135,474**	124,860
	549,401	545,387

Amounts owed to fellow group undertakings comprises unsecured zero coupon subordinated loan notes with TFL plus accrued interest with an effective annual discount rate of 7 43% *(2006 7 43%)* which matures on 22 September 2010

Loans from related parties comprises unsecured zero coupon subordinated loan notes issued to TFCPI, acting through its general partner Terra Firma Investments (GP) Limited, plus accrued interest The balance at the year end represented loan notes with a principal value of £119,589,000 *(2006 £119,589,000)* plus accrued interest of £15,885,000 *(2006 £5,271,000)* The loan notes have an effective annual discount rate of 8 16% *(2006 8 16%)* and a repayment date of 31 March 2009 (see note 16) On 19 July 2007 the loan notes were acquired by Co-Investment Acquisition No 4 LP Inc (see note 15)

Analysis of debt·	2007 £000	2006 £000
The maturity profile of the company's debt at the balance sheet date is		
In one year or less, or on demand	-	-
Between one and two years	**135,474**	-
Between two and five years	**413,927**	545,387
In five years or more	-	-
	549,401	545,387

12 Called up share capital

	2007 £000	2006 £000
Authorised		
256,410,173 *(2006 50,000)* ordinary shares of £1 each	**256,410**	256,410
Allotted, called up and part paid		
50,000 ordinary shares of £1 each part paid to 25p each	**13**	13
255,737,645 ordinary shares of £1 each fully paid	**255,737**	254,860
	255,750	254,873

Notes *(continued)*

12 Called up share capital *(continued)*

On 7 June 2006, RHCL subscribed for a further 377,472 ordinary shares of £1 each in the company

On 1 March 2007, RHCL subscribed for a further 500,000 ordinary shares of £1 each in the company

13 Reserves

	Profit and loss account £000
At beginning of year	(191,247)
Loss for the financial year	(42,069)
At end of year	**(233,316)**

14 Post balance sheet events

Disposal of Thorn Rentals NZ Limited ("TRNZ") and Thorn Asia Pacific Holdings Pty Limited ("TAPH")

On 19 June 2007, following negotiation with the underwriter, TIHL disposed of its remaining 10% stake in RR Australia Limited and on 22 June 2007 it received net disposal proceeds of £4 3m (A$10 1m)

On 6 August 2007, TIHL and TFL received a waiver from NWB which permanently released them from their obligations to utilise the proceeds from the disposal of the its remaining 10% stake in RR Australia Limited and any future proceeds from the disposal of TRNZ and TAPH to purchase further credit facilities provided by NWB to QHL

On 17 August 2007 the TIHL received notification that the £2 0m ($A5 0m) of TAPH sale proceeds that it placed in escrow to support an indemnity it had given in connection with the IPO of TAPH had been formally released and TIHL subsequently used these funds to further part repay an interest bearing loan made available to it by TFL on 11 September 2007

Changes in ownership

On 27 May 2007, Terra Firma Investments (GP) Limited, a wholly owned subsidiary of TFCP Holdings Limited, the ultimate controlling party of the company, agreed to dispose of its entire interest in CCL, the company's parent undertaking to Co-Investment Acquisition No 2 LP Inc and to dispose of its entire interest in the unsecured zero coupon subordinated loan notes issued by the company to TFCPI to Co-Investment Acquisition No 4 LP Inc These disposals subsequently completed on 19 July 2007

Caversham Finance Limited (BrightHouse)

On 2 April 2007, Thorn Limited acquired the entire issued share capital of BrightHouse Limited, a company incorporated in England & Wales, for consideration of £2

On 3 April 2007, Thorn Limited transferred its investment in Caversham Finance Limited to BrightHouse Limited, in exchange for 60,000,000 ordinary shares of £1 each in BrightHouse Limited

On 9 June 2007, Co-Investment Acquisition No 2 LP Inc agreed to dispose of BrightHouse Limited to B Haig Acquisition Limited This transaction subsequently completed on 19 July 2007 for a total gross consideration of £150 0m

Notes *(contınued)*

14 Post balance sheet events *(contınued)*

Dıvıdends

Followıng receıpt of the proceeds from the dısposal of BrıghtHouse Lımıted, Thorn Lımıted paıd a dıvıdend of £20 0m to the company on 30 July 2007 The company utılısed the dıvıdend proceeds to repay £20 0m of ıts unsecured zero coupon subordınated loan notes

The company receıved a further dıvıdend of £3 1m from Thorn Lımıted on 11 September 2007 whıch ıt also utılısed to repay a further £3 1m of ıts unsecured zero coupon subordınated loan notes

Guarantee oblıgatıons

On 19 July 2007 Caversham Fınance Lımıted repaıd ıts credıt facılıty to NWB and the company was released from ıts guarantee and securıty oblıgatıons wıth respect to thıs credıt facılıty On 14 September 2007 the company was permanently released from ıts guarantee and securıty oblıgatıons ın respect of credıt facılıtıes provıded to QHL by NWB (see note 14)

Quadrıga credıt facılıtıes

On 22 August 2007, CCL dısposed of ıts ınterest ın Interactıve Hotel Servıces Lımıted and ıts subsıdıarıes ("the Quadrıga Group"), ıncludıng QHL, to Co-Investment Acquısıtıon No 10 LP Inc In order to allow the dısposal to complete and to facılıtate the release of the company, TFL and other companıes wıthın the CCL Group from any further oblıgatıons to the Quadrıga Group, TFL agreed to novate the debt owed to ıt by QHL of £20 3m to Co-Investment Acquısıtıons No 2 LP Inc for £1 0m on 23 August 2007

Eurobonds

On 3 September 2007, TFL redeemed the 8% Eurobonds at par value plus accrued ınterest ın accordance wıth the Trust Deed The company receıved £10 9m ın respect of ıts holdıng on the same date and subsequently used these proceeds to repay £10 9m of ıts unsecured zero coupon subordınated loan notes

Dormant subsıdıary undertakıngs

On 30 September 2007 the company's two remaınıng ındırect Australıan subsıdıary undertakıngs, Thorn Dırect Credıt Pty Lımıted and Thorn Australıa Superannuatıon Plan Pty Lımıted were deregıstered Both of these entıtıes had been dormant for a number of years prıor to theır removal from the Australıan companıes regıster

Loan Notes

Followıng theır acquısıtıon of all the unsecured zero coupon subordınated loan notes ıssued by the company on 19 July 2007, Co-Investment Acquısıtıon No 4 LP Inc agreed on 7 December 2007 to extend the repayment date of these zero coupon subordınated loan notes to 31 March 2009

15 Related party transactions

As at 31 March 2007, TFCPI, an Englısh Lımıted Partnershıp, actıng through ıts general partner Terra Fırma Investments (GP) Lımıted, a company ıncorporated ın Guernsey, held 100% of the ıssued share capıtal of CCL, the largest group of whıch the company ıs a member and for whıch group financıal statements are prepared The dırectors therefore consıdered TFCPI to be a related party for the year ended 31 March 2007

The company had the followıng transactıons durıng the year and balances wıth TFCPI at 31 March 2007

The company has ıssued revolvıng loan notes to TFCPI The balance outstandıng at 31 March 2007 represented loan notes wıth a prıncıpal value of £119,589,000 *(2006 £119,589,000)* plus accrued ınterest of £15,885,000 *(2006 £5,271,000)* The loan notes have an effectıve annual dıscount rate of 8 16% *(2006 8 16%)* and a repayment date of 31 March 2008 (see note 11)

Interest payable to TFCPI on the zero coupon loan notes durıng the year amounted to £10,613,000 *(2006 £19,195,000)* (see note 6)

Notes *(continued)*

16 Ultimate parent company and parent undertakings of larger group

The directors regard Pensions Corporation Investment LP Inc, a company incorporated in Guernsey, as the ultimate parent company and ultimate controlling party

CCL is the largest and smallest group of which the company is a member and for which group financial statements are prepared Copies of the financial statements are available to the public and may be obtained from Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX