Carmelite Finance Limited
(formerly Future Rentals Limited)

Directors' report and financial statements

Registered number 03561328

31 December 2008

FRIDAY

AHGMDC0I

A68 31/07/2009 353

COMPANIES HOUSE

Contents

Directors' report

The directors present their annual report and the financial statements of Carmelite Finance Limited (formerly Future Rentals Limited) ("the company") for the 9 month period ended 31 December 2008.

On 18 September 2008 the company changed its accounting reference date from 31 March to 31 December to align it with that of the ultimate parent company. Consequently these financial statements cover the nine month period ended 31 December 2008. All comparative figures in the financial statements relate to the year ended 31 March 2008.

Principal activity

The principal activity of the company is to act as an intermediate holding company for certain subsidiary undertakings of the Carmelite Capital Limited ("CCL") Group. Following the group simplification programme undertaken by CCL in the period since November 2007, only three subsidiaries remain outside Members Voluntary Liquidation ("MVL").

Business review

Financial overview

The company made a loss on ordinary activities before taxation for the period of £16,064,000 *(year ended 31 March 2008: loss £101,317,000)*. This loss is attributable to net interest payable of £11,820,000 *(year ended 31 March 2008: £40,966,000)* and the impairment of the company's investment in Thorn Limited, the immediate subsidiary undertaking, and its subsidiary undertakings of £343,390,000 *(year ended 31 March 2008: £115,075,000)* less dividends received of £339,146,000 *(year ended 31 March 2008: £49,560,000)*.

The reduction in the net asset value of Thorn Limited was a result of dividends passed up through the CCL Group prior to certain subsidiary undertakings being placed into MVL. These transactions are explained in further detail below.

Strategy

The strategy adopted by the company during the period has been to assist in executing the CCL group simplification programme by ensuring its remaining assets and those of its remaining subsidiary undertakings are realised and their liabilities settled.

Going concern

The company's net liabilities increased from £75,150,000 as at 31 March 2008 to £82,959,000 as at 31 December 2008 reflecting the loss made in the period.

On 15 May 2009 the company increased its authorised share capital by the creation of 86,849,785 £1 preferred ordinary shares. These shares carry preferential rights to future distributions by the company up to the value of the amount paid by the subscribers but have no redemption or voting rights.

On the same date Co-investment Acquisition No. 4 LP Incorporated, a Guernsey incorporated limited partnership, ("CI4") subscribed for 86,849,785 fully paid £1 preferred ordinary shares in the company on the condition that the total proceeds of the subscription were used to repay an equivalent amount of Zero Coupon Subordinated Loan Notes ("ZCNs") held by CI4. Following the repayment the balance at the maturity date of outstanding ZCNs was £43,863,430.

On the same date the maturity date of the remaining ZCNs was extended to 31 December 2014 and the discount rate amended to 4%. Consequently the discounted value of the ZCNs immediately following the repayment was £35,018,896.

The impact of the above recapitalisation and repayment of the ZCNs was to return the company's balance sheet to a net asset position at the date of transaction.

For these reasons, the directors continue to adopt the going concern basis in preparing the annual report and financial statements. Consequently these financial statements have been prepared under going concern basis.

Directors' report *(continued)*

Business review *(continued)*

Income from shares in group undertakings

On 21 April 2008 Thorn Finance Limited (in Members Voluntary Liquidation) ("TFL") paid a dividend of £379,040,000 to Thorn Limited. The consideration for this dividend was settled by the assignment of the amount owed by the company from TFL to Thorn Limited. On the same date, Thorn Limited paid a dividend of £302,000,000 to the company, which was applied to redeem this amount of the outstanding loan notes and accrued interest. On 29 April 2008 and 31 May 2008 respectively Thorn Limited paid further dividends of £37,085,000 and £60,000 which were also applied to redeem the same value of outstanding loan notes.

Companies entered into MVL

On the dates shown below, the following subsidiary undertakings of the company were placed into MVL as part of the CCL Group's planned group simplification programme:

29 April 2008	TFL
12 September 2008	Thorn Executive Pension Trustees Ltd
30 October 2008	Consumer Electronics Insurance Company Limited

Dividends

The directors do not recommend the payment of a dividend *(year ended 31 March 2008: £nil).*

Post balance sheet events

On 21 April 2009 the company changed its name to Carmelite Finance Limited and on 16 April 2009 Thorn Limited changed its name to Carmelite Property Management Limited.

Directors

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

A D Gurnham	(resigned 31 March 2009)
A J Spillane	(resigned 31 March 2009)
K Gozzett	(appointed 15 January 2009)
D M Thomson	(appointed 1 April 2009)

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

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in the office.

By order of the board

K Gozzett
Director

23 July 2009

5 New Street
London
EC4A 3TW

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 Carmelite Finance Limited (formerly Future Rentals Limited)

We have audited the financial statements of Carmelite Finance Limited for the period ended 31 December 2008 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 3.

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 Carmelite Finance Limited (formerly Future Rentals Limited)

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 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc　　　　29 July 2009

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account

for the period ended 31 December 2008

	Note	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
Operating expenditure	*1-4*	-	(11)
Impairment of investments	*9*	(343,390)	(115,075)
Profit on redemption of Eurobonds	*5*	-	5,175
Operating loss		(343,390)	(109,911)
Other interest receivable and similar income	*6*	347	373
Interest payable and similar charges	*7*	(12,167)	(41,339)
Income from shares in group undertakings		339,146	49,560
Loss on ordinary activities before taxation		(16,064)	(101,317)
Tax credit on loss on ordinary activities	*8*	8,255	3,733
Loss for the financial period	*13*	(7,809)	(97,584)

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 retained for the financial period.

Balance sheet
at 31 December 2008

	Note	31 December 2008 £000	31 March 2008 £000
Fixed assets			
Investments	9	**107,109**	450,499
Creditors: amounts falling due within one year	10	**(71,821)**	(450,276)
Total assets less current liabilities		**35,288**	223
Creditors: amounts falling due after more than one year	11	**(118,247)**	(75,373)
Net liabilities		**(82,959)**	(75,150)
Capital and reserves			
Called up share capital	12	**255,750**	255,750
Profit and loss account	13	**(338,709)**	(330,900)
Shareholder's deficit		**(82,959)**	(75,150)

These financial statements were approved by the board of directors on 23 July 2009 and were signed on its behalf by:

D M Thomson
Director

Reconciliation of movements in shareholder's funds
for the period ended 31 December 2008

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
Loss for the financial period	**(7,809)**	(97,584)
Net decrease in shareholder's funds	**(7,809)**	(97,584)
Opening shareholder's funds	**(75,150)**	22,434
Closing shareholder's deficit	**(82,959)**	(75,150)

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 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 are stated at cost less any provision for impairment.

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 shareholder's 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.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Auditors remuneration

The fees for the audit of these financial statements were £3,000 *(year ended 31 March 2008: £5,000).*

3 Remuneration of directors

No director received any remuneration during the period in respect of services to the company *(year ended 31March 2008: £nil).*

4 Staff numbers and costs

The company has no employees and therefore incurred no wage or salary costs during the period *(year ended 31 March 2008: £nil).*

5 Profit on redemption of Eurobonds

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
Profit on redemption of Eurobonds	-	5,175

The company acquired £10,105,000 8% Eurobonds issued by Thorn Finance Limited (in Members Voluntary Liquidation) ("TFL"), a subsidiary undertaking, at a cost of £4,930,000. On 3 September 2007, TFL redeemed the 8% Eurobonds at par value in accordance with the trust deed and the company recorded a profit on redemption of £5,175,000.

Notes *(continued)*

6 Other interest receivable and similar income

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
On amounts receivable from fellow group undertakings	-	23
On listed financial instruments	-	350
Other interest	347	-
	347	373

In the prior year, amounts receivable from fellow group undertakings included interest received on a rolling term deposit with TFL and the amounts receivable on listed financial instruments included interest received on Eurobonds, issued by TFL, carrying an 8% coupon rate.

7 Interest payable and similar charges

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
On loans from related parties	7,074	9,761
On amounts payable to fellow group undertakings	5,093	31,578
	12,167	41,339

Interest payable on loans to related parties was accrued on the zero coupon subordinated loan notes ("ZCNs") with an effective discount rate of 8.16% *(year ended 31 March 2008: 8.16%)*, held by Co-investment Acquisition No. 4 LP Incorporated ("CI4") (see notes 10, 11 and 15).

Interest payable on amounts owed to fellow group undertakings was accrued in each year on loan notes with an annual interest rate of 7.43% *(year ended 31 March 2008: 7.43%)* (see note 10).

8 Taxation

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
UK corporation tax		
Tax credit on loss on ordinary activities for the current period	-	-
Adjustments in respect of prior years	(8,255)	(3,733)
Current tax credit on loss on ordinary activities	(8,255)	(3,733)

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax credit for the current period

The current tax credit for the period is higher *(year ended 31 March 2008: lower)* than the standard rate of corporation tax in the UK of 28% *(31 March 2008: 30%)*. The differences are explained below:

	9 months ended 31 December 2008 £000	Year ended 31 March 2008 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(16,064)**	(101,317)
Current tax credit at 28% *(31 March 2008 30%)*	**(4,498)**	(30,395)
Effects of:		
Disallowed expenses	**1,981**	1,575
Impairment of investments	**96,149**	34,523
Income from shares in group undertakings	**(94,961)**	(14,868)
Surrender of losses for nil payment	**1,329**	8,958
Losses carried forward	**-**	207
Prior year adjustment	**(8,255)**	(3,733)
Total current tax credit (see above)	**(8,225)**	(3,733)

The adjustments in respect of prior period relate to payments received by the company for group relief surrendered to TFL in respect of TFL's tax liability for the year ended 31 March 2008.

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 December 2008 amounted to £49,483,000 (£13,855,000 tax value) *(31 March 2008: £49,483,000, £13,855,000 tax value)*. The losses can be analysed between losses of £49,375,000 *(31 March 2008: £49,375,000)* which can only be offset against future interest and other income receivable under loan relationship legislation and losses of £108,000 *(31 March 2008: £108,000)* 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.

Notes *(continued)*

9 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of period	565,574
Provisions	
At beginning of period	115,075
Impairment during the period	343,390
At end of period	458,465
Net book value	
At 31 December 2008	**107,109**
At 31 March 2008	450,499

The carrying value of the company's investment in Thorn Limited as at 31 March 2008 was £450,499,000. Following the dividends received from Thorn during the period, the directors conducted an impairment review on the company's investment. They concluded that, based on the value in use of Thorn and its subsidiaries, the carrying value of the investment should be impaired by £343,390,000.

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

Subsidiary undertakings	Country of incorporation	Percentage of shares held
Thorn Limited*	England	100
Consumer Electronics Insurance Company Limited ~	England	100
Thorn Finance Limited ~	England	100
Thorn International Holdings Limited ~	England	100
Thorn (IP) Limited	England	100
Scandinavian Consumer Technology Holdings plc ~	England	100
Thorn Pension Trustees Limited	England	100
Thorn Executive Pension Trustees Limited ~	England	100

* denotes investment held directly by the company at 31 December 2008
~ denotes investment in Members Voluntary Liquidation at 31 December 2008

10 Creditors: amounts falling due within one year

	31 December 2008 £000	31 March 2008 £000
Amounts owed to fellow group undertakings	**71,821**	339,085
Loans from related parties	-	111,173
Accrued expenses	-	18
	71,821	450,276

Notes *(continued)*

10 Creditors: amounts falling due within one year *(continued)*

Amounts owed to fellow group undertakings comprise loans notes plus accrued interest at an annual interest rate of 7.43% *(31 March 2008: 7.43%)* with a maturity date of 22 September 2010. In addition to the £339,085,000 classified as due within one year as at 31 March 2008, a further £75,373,000 was classified as due in more than one year making the total value of the loan notes outstanding at that date equal to £414,458,000.

These notes were held by TFL until 21 April 2008 when TFL paid a dividend of £379,040,000 to Thorn. The consideration for this dividend was settled by the assignment of the loan notes issued by the company from TFL to Thorn. On the same date, Thorn paid a dividend of £302,000,000 to the company, the proceeds of which were used to redeem these outstanding loan notes and accrued interest.

On 29 April 2008 Thorn paid a further dividend of £37,085,000 which was also applied to redeem the same value of outstanding loan notes.

On 1 January 2009 the terms of the loan notes were amended to make them interest free.

Following the extension of the repayment date, loans from related parties are now classified as due in more than one year (see note 11).

11 Creditors: amounts falling due after more than one year

	31 December 2008 £000	31 March 2008 £000
Amounts owed to fellow group undertakings	-	75,373
Loans from related parties	**118,247**	-
	118,247	75,373

Loans from related parties comprise ZCNs held by CI4 plus accrued interest. The balance at the period end represented ZCNs with a principal value of £110,430,000 *(31 March 2008: £110,430,000)* plus accrued interest of £7,816,000 *(31 March 2008: £743,000)*. The ZCNs have an effective annual discount rate of 8.16% *(31 March 2008: 8.16%)*.

On 14 July 2008 CI4 agreed to extend the repayment date of these ZCNs to 31 March 2010 and the balance was reclassified from amounts due within one year.

Analysis of debt:	**31 December 2008 £000**	31 March 2008 £000
The maturity profile of the company's debt at the balance sheet date is:		
In one year or less, or on demand	-	450,276
Between one and two years	**118,247**	-
Between two and five years	-	75,373
	118,247	525,649

Notes *(continued)*

12 Called up share capital

	31 December 2008 £000	31 March 2008 £000
Authorised		
256,410,173 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**	255,737
	255,750	255,750

13 Reserves

	Profit and loss account £000
At beginning of period	(330,900)
Loss for the financial period	(7,809)
At end of period	**(338,709)**

14 Post balance sheet events

On 15 May 2009 the company increased its authorised share capital by the creation of 86,849,785 £1 preferred ordinary shares. These shares carry preferential rights to future distributions by the company up to the value of the amount paid by the subscribers but have no redemption or voting rights.

On the same date CI4 subscribed for 86,849,785 fully paid £1 preferred ordinary shares in the company on the condition that the total proceeds of the subscription were used to repay an equivalent amount of ZCNs held by CI4. Following the repayment, the balance of outstanding ZCNs was £43,863,430.

On the same date the maturity date of the remaining ZCNs was extended to 31 December 2014 and the discount rate amended to 4%. Consequently the discounted value of the ZCNs immediately following the repayment was £35,018,896.

The impact of the above recapitalisation and repayment of the ZCNs was to return the company's balance sheet to a net asset position at the date of the transaction.

On 21 April 2009 the company changed its name to Carmelite Finance Limited and on 16 April 2009 Thorn Limited changed its name to Carmelite Property Management Limited.

Notes *(continued)*

15 Related party transactions

As at 31 December 2008, Pension Corporation Investments No.2 LP Inc ("PCI2"), a Guernsey incorporated limited partnership acting through its general partner Pension Corporation GP Limited ("PC GP"), a Guernsey incorporated limited company, held 100% of the issued share capital of CCL, the largest group of which the company is a member and for which group financial statements are prepared.

The directors regard Pension Corporation Investments LP Inc ("PCI LP"), a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

The company has issued ZCNs to CI4, a company that is under the same common control as PCI2.

The directors therefore consider PC GP, PCI LP, PCI2 and CI4 to be related parties for the period ended 31 December 2008.

The company had no significant transactions with PC GP, PCI LP or PCI2 during the period. It had the following transactions during the period and balances with CI4 at 31 December 2008:

The balance of ZCNs held by CI4 at 31 December 2008 represented notes with a principal and interest value of £118,246,410 *(31 March 2008: £111,173,000)*. The ZCNs have an effective annual discount rate of 8.16% *(31 March 2008: 8.16%)* and a repayment date of 31 March 2010 (see notes 11 and 14). Interest payable to CI4 on the ZCNs during the year amounted to £7,074,000 *(year ended 31 March 2008 £6,420,000)* (see note 7).

16 Ultimate parent and parent undertakings of larger group

The directors regard Pension Corporation Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

Carmelite Capital Limited 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 5 New Street Square, London EC4A 3TW.