

TCR (Number 1) Limited

Directors' report and financial statements

For the year ended 31 December 2006

Registered number 1950048

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TCR (Number 1) Limited

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TCR (Number 1) Limited

Directors' report

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

Principal activities, business review and future developments

The principal activity of the company is the leasing of office equipment, principally telephone equipment to UK based customers

From 1 May 2006 no new business is being written in this company. The existing lease portfolio will continue to run off over its natural economic life

Results and dividend

The company made a loss before taxation for the year of £1,575,724 (2005 profit of £1,429,000)

The directors do not recommend the payment of a dividend (2005 £nil)

Directors

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

M P Genikis	(resigned 12 October 2007)
S Nagarajan	(resigned 17 May 2007)
S Trudgeon	(resigned 15 September 2006)
L F McClelland	(resigned 1 November 2006)
J D Baber	
M VillaMultedo	(appointed 23 January 2006)
M P Hurst	(appointed 15 September 2006)
R W Green	(appointed 26 March 2007)
A J Robinson	(appointed 17 May 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming annual general meeting

On behalf of the board



A J Robinson
Director

19 MARCH 2008

Meridian,
Trinity Square
23/59 Staines Road
Hounslow
Middlesex
TW3 3HF

TCR (Number 1) 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 the financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (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 judgements 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

TCR (Number 1) Limited

We have audited the financial statements of TCR (Number 1) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet and 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 2.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year 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
Chartered Accountants
Registered Auditor



100 Temple Street
Bristol
BS1 6AG

2-4-2008

TCR (Number 1) Limited

Profit and loss account

for the year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover	2	53,478	52,729
Cost of sales	2	(39,347)	(37,527)
Gross profit		14,131	15,202
Administrative expenses		(12,278)	(11,059)
Other operating income		355	1,155
Operating profit	3	2,208	5,298
Interest receivable	7	4,843	4,210
Interest payable	8	(8,627)	(8,079)
(Loss)/profit on ordinary activities before taxation		(1,576)	1,429
Tax on (loss)/profit on ordinary activities	9	(12,805)	1,573
(Loss)/profit for financial year	16	(14,381)	3,002

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

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

The company had no recognised gains or losses in the current or preceding financial year other than those dealt with in the profit and loss account.

The results in the above profit and loss account relate to continuing operations in both years.

TCR (Number 1) Limited

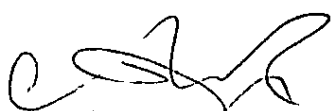
Balance sheet

at 31 December 2006

	Note	2006 £000	2005 £000
Fixed assets			
Tangible fixed assets	10	8,400	9,683
Current assets			
Finance lease and other receivables			
- amounts receivable within one year	11	27,547	34,009
- amounts receivable after more than one year	11	37,964	53,617
		<u>65,511</u>	<u>87,626</u>
Debtors	12	<u>113,040</u>	<u>96,629</u>
		<u>178,551</u>	<u>184,255</u>
Creditors amounts falling due within one year	13	<u>(168,193)</u>	<u>(160,799)</u>
Total assets less current liabilities		<u>10,358</u>	<u>23,456</u>
Net assets		<u>18,758</u>	<u>33,139</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	<u>18,758</u>	<u>33,139</u>
Shareholders' funds	16	<u>18,758</u>	<u>33,139</u>

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

The financial statements were approved by the board of directors on 19 MARCH 2008 and were signed on its behalf by


A J Robinson
Director

TCR (Number 1) 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 accounting standards, under the historical cost accounting rules and the Statement of Recommended Accounting Practice on Accounting Issues in the Asset Finance and Leasing Industry issued in April 2000

(b) Turnover

Turnover represents amounts receivable on an accruals basis in respect of lease rentals from operating leases, together with the gross earnings from finance leases. This excludes VAT and trade discounts. The income recognition policies have been selected to best represent the substance of the relevant transactions. All turnover arose in the United Kingdom.

(c) Cost of sales

Cost of sales represents the capital element of rents receivable on finance leases and the depreciation charged on operating leases.

(d) Operating leases

Where the company leases out equipment for less than its expected useful life or does not transfer substantially all the risks and rewards of ownership, the lease is accounted for as an operating lease. Rental income is taken to the profit and loss account on a straight line basis over the period of the lease. The cost of equipment is recorded as a fixed asset and depreciated on a basis calculated to give an approximately constant rate of return on funds invested. Rental income is credited to the profit and loss account on an accruals basis.

(e) Finance leases

Where the company leases out equipment and there is a transfer of substantially all of the risks and rewards of ownership to the lessee, the lease is accounted for as a finance lease, and the net investment is included in current assets. Income from finance leases is credited to the profit and loss account, in proportion to the funds invested. Finance lease receivables, net of introduction fees, are amortised over the period for which they are receivable on a basis calculated to give an approximately constant rate of return on funds invested.

(f) Other receivables

Other receivables, being amounts receivable under loan and hire purchase agreements, are amortised over the period for which they are receivable on the "sum of the digits" basis.

TCR (Number 1) Limited

Notes

(continued)

1. Accounting Policies *(continued)*

(g) Residual values

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market and technological changes or product enhancements as well as general economic conditions. Residual values are set at the commencement of the lease based upon management's expectations of future values. During the course of the lease residual values are reviewed on an annual basis so as to identify any impairment provision required. This monitoring takes account of the company's past history for residual values, current values and projections of the likely future market for each group of assets.

Any permanent impairment in the residual value of an asset is identified within such reviews and charged to the profit and loss account.

(h) Taxation

The charge for taxation is based on the profit for the year. It also takes into account deferred taxation, which 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.

(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 17.

(j) Bad debt provisions

The company makes provision for specific bad debts as they arise, taking into account recoveries from the customer and sale proceeds of the assets. The company also monitors the credit performance of its portfolio and calculates a general bad debt provision to cover likely future losses.

(k) Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives.

(l) 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 given in note 17.

TCR (Number 1) Limited

Notes

(continued)

2. Turnover includes

	2006 £000	2006 £000	2005 £000	2005 £000
(a) Finance leases				
Aggregate lease rentals	42,777		45,510	
Capital repayments	(33,862)	8,915	(35,543)	9,967
(b) Operating leases				
Aggregate operating lease rentals	9,039		6,919	
Capital repayments	(4,029)	5,010	(1,984)	4,935
(c) Hire purchase leases				
Aggregate lease rentals	1,662		2,113	
Capital repayments	(1,456)	206	(1,813)	300
		14,131		15,202

3 Operating profit

Operating profit is stated after charging

	2006 £000	2005 £000
Management fees payable to group undertakings	2,303	6,997
Depreciation on tangible fixed assets	4,029	1,984

4 Staff numbers and costs

The company did not employ any staff during the current or preceding financial year

5 Directors' emoluments

No director received any remuneration in respect of services to the company during the current or preceding financial year

6 Auditors' remuneration

	2006 £000	2005 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	18	15

TCR (Number 1) Limited

Notes (continued)

7 Interest receivable

	2006 £000	2005 £000
On amounts owed by group undertakings	4,843	4,210

8 Interest payable

	2006 £000	2005 £000
On amounts owed to group undertakings	8,627	8,079

9 Tax on (loss)/profit on ordinary activities

a) Analysis of charge/(credit) in the year

	2006 £000	2005 £000
UK corporation tax	-	-
Adjustment in respect of prior years	-	(2,112)
Total current tax	-	(2,112)
Deferred Tax		
Origination and reversal of timing differences	698	539
Movement in deferred tax not provided	12,107	-
Total deferred tax	12,805	539
Tax on (loss)/profit on ordinary activities	12,805	(1,573)

TCR (Number 1) Limited

Notes

(continued)

9 Tax on (loss)/profit on ordinary activities (continued)

b) Factors affecting current tax charge/(credit) in year

The current tax charge/(credit) for the period is higher/lower than the standard rate of corporation tax in the UK, 30% (2005 30%) The timing differences are explained below

	2006 £000	2005 £000
(Loss)/profit on ordinary activities before tax	(1,576)	1,429
Tax on (loss)/profit on ordinary activities at UK standard rate of 30% (2005 30%)	(473)	429
Effects of		
Capital allowances in excess of depreciation	(633)	(253)
Short term timing differences	(65)	(286)
Group relief given not paid for	1,171	110
Adjustment to tax charge in respect of previous periods	-	(2,112)
Total current tax charge/(credit) for the year	-	(2,112)

Any future tax charges may be impacted by the announced change in the rate of corporation tax from 30% to 28%, effective from 1 April 2008 The impact of this has not been quantified in the financial statements as the directors do not consider it practicable to do so

10 Tangible fixed assets

	Assets used in operating leases £000
Cost	
At beginning of year	12,203
Additions	2,876
Disposals	(709)
Transfers	551
At end of year	14,921
Depreciation	
At beginning of year	2,520
Charge for the year	4,029
Disposals	(190)
Transfers	162
At end of year	6,521
Net book value	
At 31 December 2006	8,400
At 31 December 2005	9,683

TCR (Number 1) Limited

Notes (continued)

10 Tangible fixed assets (continued)

The value of un-guaranteed residual values relating to telecommunications assets included in the carrying value of operating lease assets, and the year in which the residual values will be recovered, are as follows

	2006 Total £000	2005 Total £000
Within one year	773	51
Between 1-2 years	1,446	869
Between 2-5 years	672	1,279
More than 5 years	-	8
Total Exposure	<u>2,891</u>	<u>2,207</u>

11 Net investment in finance leases and hire purchase contracts

	Gross receivables £000	Finance charges £000	Net investment £000
Due within one year	30,489	(2,942)	27,547
Due after more than one year	41,882	(3,918)	37,964
Total	<u>72,371</u>	<u>(6,860)</u>	<u>65,511</u>

The value of un-guaranteed residual values relating to telecommunications assets included in the carrying value of finance lease assets and the year in which the residual values will be recovered, are detailed in the table below. Generally, residuals are expected to be recovered through re-lease of the assets in respect of telecommunications, information technology and office equipment, and through sale of the asset with regard to manufacturing and other assets

	2006 Total £000	2005 Total £000
Within one year	46	298
Between 1-2 years	45	392
Between 2-5 years	-	686
More than 5 years	-	333
Total Exposure	<u>91</u>	<u>1,709</u>

TCR (Number 1) Limited

Notes (continued)

12 Debtors

	2006 £000	2005 £000
Trade debtors	561	1,005
Amounts due from group undertakings	110,467	80,654
Deferred taxation (see note 14)	800	13,605
Other debtors and prepayments	1,212	1,365
Total debtors	113,040	96,629

13 Creditors amounts falling due within one year

	2006 £000	2005 £000
Bank overdrafts and loans	186	-
Trade creditors	5,157	6,189
Amounts due to group undertakings	148,800	143,263
Corporation tax	-	1,001
Other taxes and social security	2,544	113
Sundry creditors and accruals	11,506	10,233
Total creditors	168,193	160,799

14 Deferred taxation

	2006 £000	2005 £000
At beginning of year	13,605	14,144
Charge for the year	(12,805)	(539)
At end of year	800	13,605

The amounts recognised in respect of the deferred taxation asset are set out below

	2006		2005	
	Recognised £000	Potential Asset £000	Recognised £000	Potential Asset £000
Accelerated capital allowances	800	12,689	13,322	13,322
Short term timing differences	-	218	283	283
	800	12,907	13,605	13,605

£12.1 million of the brought forward deferred tax asset has been released during the year. Since the company has ceased to write new business it is not expected to generate sufficient future taxable profits to be able to recover all of the potential asset.

TCR (Number 1) Limited

Notes (continued)

15 Called up share capital

	2006 £	2005 £
<i>Authorised, allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

16 Reconciliation of movement in shareholders' funds

	Share capital £000	Profit and loss account £000	2006 Shareholders' funds £000	2005 Shareholders' funds £000
At beginning of year	-	33,139	33,139	30,137
(Loss)/profit for the year	-	(14,381)	(14,381)	3,002
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	-	18,758	18,758	33,139

17 Parent undertakings

The company's immediate parent company is GE Capital Equipment Finance Holdings, a company registered in England and Wales

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