TIME RETAIL FINANCE LIMITED

Registered in England and Wales
Company number 02243231

Directors' report and financial statements

FOR THE YEAR ENDED
31 DECEMBER 2011

TIME RETAIL FINANCE LIMITED - 02243231

Report of the Directors

The Directors submit their report together with the financial statements for the year ended 31 December 2011

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A)(1)&(2) of the Companies Act 2006

Principal activity and review of the year

The principal activity of Time Retail Finance Ltd (the "Company") is the provision of credit facilities through retailers The Company traded until 30th September 2011, with no accounting transactions having occurred during the remainder of the year, and is not expected to trade in the future Therefore, as required by IAS 1 "Presentation of Financial Statements", the directors have prepared the financial statements on a basis other than that of a going concern

Results and dividends

The profit for the year on ordinary activities after taxation amounted to £42,872 (2010 £36,541)

The Company paid an interim dividend of £1,924,322 for the year (2010 £nil)

Directors

The Directors who served throughout the year, and to the date of this report, except as noted, were

F E Armour	(appointed 24 August 2011)
C Gibson	(appointed 24 August 2011)
D M Green	(appointed 24 August 2011)
R V Lovering	(resigned 30 June2011)
A N Mussert	(resigned 14 September 2011, appointed 9 February 2012)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law directors must not approve the financial statements unless they are satisfied that they 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Report of the Directors *(continued)*

Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Report The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements In addition, note 2 to the financial statements includes the Company's objectives, policies and processes for managing its financial risk management objectives and its exposures to credit risk, market risk, liquidity risk and other risks

The Company is part of the Santander UK group The Directors have taken account of the fact that the Board of Santander UK plc has confirmed that Santander UK plc is a going concern

As explained in the Principal activity and review of the year section, the Company ceased trading on 30th September 2011 and as required by IAS 1 "Presentation of Financial Statements" the directors have prepared the financial statements on a basis other than that of going concern to reflect that the directors' have a reasonable expectation that the Company will not resume trading again in the foreseeable future

Auditors

Each of the Directors as at the date of approval of this report has confirmed that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP is deemed to have been re-appointed as auditors of the Company

For and on behalf of
Abbey National Nominees Limited Secretary

29 March 2012

Registered Office Address 2 Triton Square Regent's Place London NW1 3AN

TIME RETAIL FINANCE LIMITED - 02243231

Independent Auditor's Report to the members of Time Retail Finance Limited

We have audited the financial statements of Time Retail Finance Ltd (the "Company") for the year ended 31 December 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor
As explained more fully in the Statement of Directors' Responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of Matter – Financial Statements Prepared other than on a Going Concern Basis
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

Separate opinion in relation to IFRSs as issued by the IASB
As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Peter Birch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds United Kingdom
30 March 2012

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Income Statement

For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Interest receivable and similar income	6	**58**	64
Net interest income		**58**	64
Administrative expenses		-	(9)
Profit on ordinary activities before taxation		**58**	55
Tax	8	**(15)**	(18)
Profit attributable to the equity holders of the Company		**43**	37

The above amounts for the current year relate to discontinued operations, and for the prior year relate to continuing operations

The accompanying notes 1 to 15 form an integral part of the financial statements

Statement of Comprehensive Income

The Company has no comprehensive income or expenses attributable to the equity holders other than the profit of £42,872 (2010 £36,541) for the current and previous year as set out in the Income Statement

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Balance Sheet
As at 31 December 2011

	Notes	2011 £000	2010 £000
Assets			
Cash and cash equivalents		-	31
Amounts owed by Group undertakings	9	1	1,896
Investment in subsidiary undertakings	10	-	-
Total assets		**1**	1,927
Liabilities			
Amounts owed to group undertakings	9	-	26
Other liabilities	11	-	18
Total liabilities		-	44
Equity			
Share capital	12	1	1
Capital redemption reserve		-	500
Retained earnings		-	1,382
Total shareholders' equity		**1**	1,883
Total liabilities and equity		**1**	1,927

The accompanying notes form are an integral part of these financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 29 March 2012
They were signed on its behalf by

Frank Armour
Director

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Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011	2010
		£000	£000
Profit from operations before tax		**58**	55
Adjustments for			
Interest receivable & fees and commissions receivable		**(58)**	(64)
		-	(9)
Net amounts received / (paid) from parent company		**1,928**	(16)
Change in loans and advances to customers		**-**	-
Change in other creditors		**-**	(16)
Cash generated by operations		**1,928**	(41)
Income taxes paid		**(34)**	-
Net cash generated / (used in) from operating activities		**1,894**	(41)
Financing Activities			
Dividend paid	7	**(1,925)**	-
Net cash (used in)/from financing activities		**(1,925)**	-
Net decrease in cash and cash equivalents		**(31)**	(41)
Cash and cash equivalents at beginning of year		**31**	72
Cash and cash equivalents at end of year		**-**	31

The accompanying notes 1 to 15 are an integral part of these financial statements

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Statement of Changes in Equity

For the year ended 31 December 2011

	Note	Share Capital £000	Capital Redemption Reserve £000	Retained Earnings £000	Total £000
As at 1 January 2010		1	500	1,345	1,846
Profit for the year		-	-	37	37
As at 31 December 2010		1	500	1,382	1,883
As at 1 January 2011		1	500	1,382	1,883
Profit for the year		-	-	43	43
Change to reserves		-	(500)	500	-
Dividends paid		-	-	(1,925)	(1,925)
As at 31 December 2011		**1**	**-**	**-**	**1**

On 27 September 2011 the Board resolved to reduce the capital redemption reserve of the Company by £500,000 to £nil in order to increase the distributable reserves of the Company to facilitate the payment of an interim dividend

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Notes to the accounts

1 Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of financial statements are set out below These policies have been consistently applied to all years presented, unless otherwise stated

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the company's reporting date The company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board The financial statements have been prepared under the historical cost convention

As disclosed in the Directors' Report the Company ceased trading on 30th September 2011 and as required by IAS 1 "Presentation of Financial Statements" the directors have prepared the financial statements on a basis other than that of a going concern

Recent accounting developments

In 2011, the Company adopted the following significant new or revised standards or amendments to standards

a) IAS 24 "Related Party Disclosures"- In November 2009, the IASB issued amendments to IAS 24 which clarified the definition of a related party, introduced a partial exemption from some disclosure requirements for government-related entities and included an explicit requirement to disclose commitments involving related parties IAS 24 (2009) was adopted with effect from 1 January 2011 Retrospective application is required The adoption of IAS 24 (2009) did not affect the Company's disclosures

b) There are a number of other changes to IFRS that were effective from 1 January 2011 Those changes did not have a significant impact on the Company's financial statements

Future accounting developments

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company

a) IAS 1 'Presentation of Financial Statements' – In June 2011, the IASB issued amendments to IAS 1 The Company does not anticipate that these amendments to IAS 1 will have a significant impact on the Company's disclosures

b) IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – In May 2011, the IASB issued new and amended guidance on consolidated financial statements and joint arrangements The Company does not anticipate that this new and amended guidance will have a significant impact on the Company's disclosures

c) IFRS 13 'Fair Value Measurement' - In May 2011, the IASB issued IFRS 13, which establishes a single source of guidance for fair value measurement The Company does not anticipate that this guidance will have a significant impact on the Company's disclosures

d) IFRS 7 'Financial Instruments Disclosures' – In October 2010, the IASB issued amendments to IFRS 7 that increase the disclosure requirements for transactions involving transfers of financial assets The Company does not anticipate that these amendments will have a significant impact on the Company's disclosures

e) IFRS 9 'Financial Instruments' – In November 2009, the IASB issued IFRS 9 and in October 2010, issued an amendment to IFRS 9 which introduce new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition The Company does not anticipate that this new and amended guidance will have a significant impact on the Company's disclosures

f) IAS 19 'Employee Benefits' – In June 2011, the IASB issued amendments to IAS 19 that change the accounting for defined benefit plans and termination benefits The Company does not anticipate that this guidance will have a significant impact on the Company's disclosures

g) There are a number of other standards which have been issued or amended that are expected to be effective in future periods However, it is not practicable to provide a reasonable estimate of their effects on the Company's financial statements until a detailed review has been completed

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Notes to the accounts

1 Accounting policies *(continued)*

Critical accounting policies

The preparation of the Financial Statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the Financial Statements and the reported amount of income and expenses during the reporting period Management evaluates its estimates and judgements on an ongoing basis Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances Actual results may differ from these estimates under different assumptions or conditions

Revenue recognition

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's initial net carrying amount Interest income is shown gross on the face of the Income Statement

Investment in subsidiaries

Investments in subsidiary undertakings 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 income statement

Income taxes, including deferred income taxes

Income tax payable on profits is recognised as an expense in the period in which profits arise The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Currently enacted tax rates are used in the determination of deferred income tax

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

Cash and Cash equivalents

Cash and cash equivalents comprise cash and balances with banks

2 Financial Risk Management

The Company's risk management focuses on the major areas of credit, liquidity, marketing and operational risk Risk management is carried out by the central risk management function of the Santander UK Group Authority flows from the Santander UK plc Board to the Chief Executive Officer and from her to her direct reports Delegation of authority is to individuals Formal standing committees are maintained for effective management of oversight

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains less any security held The main source of credit risk is in the intercompany balances held However this risk is limited because the ultimate parent Banco Santander S A has high credit ratings assigned by international credit ratings agencies

Maximum exposure to credit risk is £1,000 (2010 £1,896,000) This amount comprises intercompany balances and other assets

At the year end there were no financial assets that would have been impaired whose terms have been negotiated (2010 none)

There are no financial assets past due but not impaired There were no significant concentrations of credit risk to any single counterparty, or a group of counterparties having similar characteristics

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Notes to the accounts

2. Financial risk management *(continued)*

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations with the support of its parent company, ensuring that the Company will have sufficient liquid resources to ensure it can meet its obligations as they fall due

The table below analyses the maturities of the undiscounted cashflows relating to financial liabilities of the Company based on the remaining period to the contractual maturity date at the statement of financial position date There are no significant financial liabilities related to financial guarantee contracts This table is not intended to show the liquidity of the Company

At 31 December 2011	Demand £000	Up to 3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	Total £000
Amounts due to group companies	-	-	-	-	-	-
Other liabilities						
Other Creditors	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-

At 31 December 2010	Demand £000	Up to 3 months £000	3-12 months £000	1-5 years £000	Over 5 years £000	Total £000
Amounts due to group companies	-	26	-	-	-	26
Other liabilities						
Other Creditors	-	3	15	-	-	18
Total financial liabilities	-	29	15	-	-	44

Market risk

Market risk is the potential for loss of income or a decrease in the value of net assets caused by movements in the levels and prices of financial instruments The majority of market risk arises as a result of interest rates The Company's interest rate risk arises from borrowings on which the possibility of finance cost increases may arise from changes in interest rates Interest rate risk is managed by matching the split of fixed and variable rate borrowings as closely as possible to the asset being funded

<u>Interest rate sensitivity analysis</u>
A 50bp decrease in interest rates would have resulted in a decrease in operating profit and in net assets of £nil (2010 £10,183)
A 50bp increase in interest rates would have resulted in an increase in operating profit and in net assets of £nil (2010 £10,183)

Operational risk

The Company became dormant on 30 September 2011 and has had no transactions since this date The Company is therefore deemed to have no significant operational risks

3 Employee information

The Company had no employees during the current or preceding year

4 Directors' emoluments

No Directors were remunerated for their services to the Company Directors' emoluments were borne by other subsidiaries of Santander UK plc No emoluments were paid by the Company to the Directors during the year (2010 £nil)

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Notes to the accounts

5 Auditors' remuneration

Remuneration received by the auditors during the current year and the previous year for audit services was borne by fellow group undertakings The audit fee in respect of the company was

	2011 £000	2010 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts	5	3

6 Interest receivable and similar income

	2011 £000	2010 £000
Receivable from group undertakings	58	64

7. Dividends paid

	2011 £000	2010 £000
Equity - ordinary		
Dividend paid - £0 13949 per share	1,925	-

8 Tax

Current Tax	2011 £000	2010 £000
UK corporation tax on profit of the year	15	15
Adjustment in respect of prior years	-	3
Total current tax	15	18
Tax charge on profit for the year	15	18

UK corporation tax is calculated at 26 50% (2010 28%) of the estimated assessable profits for the year The standard rate of UK corporation tax was reduced from 28% to 26% with effect from 1 April 2011

The UK Budget on 21 March 2012 proposed reductions to the main rate of UK corporation tax to reduce the rate to 24% from 1 April 2012 and then by 1% per annum to 22% by 1 April 2014 The reduction to 24% from 1 April 2012 was enacted on 26 March 2012 under the Budget Resolution process in advance of the Finance Act 2012

8 Tax *(continued)*

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows

	2011	2010
	£000	£000
Profit before tax	**58**	55
Tax calculated at a tax rate of 26 5% (2010 28%)	**15**	15
Adjustment to prior year provisions	-	3
Tax charge for the year	**15**	18

9 Balances with Group undertakings

	2011	2010
	£000	£000
Assets:		
Amounts owed by Group undertakings	**1**	1,896
Maturity		
Repayable on demand	**1**	553
Repayable within two to five years	-	1,343
	1	1,896
Liabilities:		
Amounts owed to Group undertakings	-	26
Maturity		
Repayable on demand	-	-
Repayable within one year	-	26

10. Investment in subsidiary undertakings

	£
At beginning and end of year	**100**

The wholly owned subsidiary the Company held in the year is listed below

Company	**Class of shares held**	**Principal activities**
Time Finance Limited	Ordinary	Dormant

Investments in subsidiary companies are shown as cost less provision for impairment The Company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts This is also in line with the exemption in IAS 27 'Consolidated and Separate Financial Statements'

11 Other liabilities

	2011 £000	2010 £000
Corporation tax	-	18
	-	18

Amounts due in 2010 were repayable within one year

12 Share capital

	2011 £	2010 £
Allotted, called up and fully paid.		
2 ordinary shares of £1 each	2	2
13,800,000 ordinary shares of £0 0001 each	1,380	1,380
	1,382	1,382

All shares rank pari passu

13 Related Parties

Particulars of transactions with related parties, and the balances outstanding at the year end, are disclosed in the tables below

	Income		Expenditure	
	2011 £000	2010 £000	2011 £000	2010 £000
Other group companies	47	64	-	-

	Amounts owed by related parties		Amounts owed to related parties	
	2011 £000	2010 £000	2011 £000	2010 £000
Other group companies	1	1,896	-	26

There were no related party transactions during the year or existing at the balance sheet date with the Company's or parent company's key management personnel

14 Capital management and resources

The Company's ultimate parent, Banco Santander, S A ("Santander") adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander group The Company has no non-centralised process for managing its own capital Disclosures relating to the group's capital management can be found in the Santander UK plc Annual Report and Accounts

Capital held by the Company and managed centrally as part of the Santander UK plc group, comprises share capital and reserves which can be found in the Balance Sheet on page 5

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Notes to the accounts

15. Parent undertaking and controlling party

The Company's immediate parent company is Santander Cards UK Limited a company registered in England and Wales

The Company's ultimate parent undertaking and controlling party is Banco Santander, S A , a company registered in Spain Banco Santander, S A is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member Santander UK plc is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member

Copies of all sets of group accounts, which include the results of the Company, are available from Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN