

Registration no. 3610034

**CETELEM (UK) LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

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# CETELEM (UK) LIMITED

## FINANCIAL STATEMENTS For the year ended 31 December 2009

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### COMPANY INFORMATION

**Directors**

P Alexandre

N E Brick

A Colwyn-Thomas (Alternate Director to P Alexandre)

J M Field

N A L Williams

**Secretary**

K A Schrod

**Registered Office**

10 Harewood Avenue

London

NW1 6AA

United Kingdom

**Auditors**

Mazars LLP

Tower Bridge House

St Katharine's Way

London E1W 1DD

<b>CONTENTS</b>	<b>Page</b>
Directors' report	3 – 5
Statement of Directors' responsibilities	6
Independent auditors' report	7 – 8
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flow	12
Notes to the financial statements	13 – 24

## **CETELEM (UK) LIMITED**

### **DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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The Directors present the financial statements of Cetelem (UK) Limited (the 'Company') for the year ended 31 December 2009. The financial statements are prepared in sterling - the functional and presentation currency.

#### **Principal activities and business review**

The Company is a wholly-owned subsidiary of BNP Paribas S.A. The Company's main purpose was the provision of consumer credit. No new business has been written since 2005. The Company ceased to trade on 2 June 2008 but will continue to have operational obligations in the foreseeable future.

During the year, the Company recorded a profit before tax of £248,000 (2008: £1.23m) which includes £5,000 (2008: £92,000) net interest income, other income £9,000 (2008: £70,000), other expenses £111,000 (2008: £208,000) and provision for loss on activities discontinuing £345,000 write-back (2008: £1.3m charge). In 2008 the provision for loss on activities discontinued was increased by £1.3m in respect of lease commitments for the Coventry property.

During the year the Company wrote off deferred tax assets of £716,000 to the 2009 income statement.

The balance sheet on page 10 of the financial statements shows that the Company reported net liabilities of £1.514m against net liabilities of £1.046m in the prior year. This is mainly due to the write off of the deferred tax asset during the year of £716,000.

#### **Going Concern and Liquidity**

The Company has net liabilities as a result of selling off the Company's loan book and its provision for the lease held for property in Coventry.

The Company's parent undertaking has confirmed that it will provide the Company with such financial resources as are necessary to enable the Company to meet its obligations as and when they fall due.

As a result of this, the Directors have a reasonable expectation that the Company will be provided with adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

# **CETELEM (UK) LIMITED**

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **Financial risk**

The Company's activities potentially expose it to a variety of financial risks credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**(a) Credit risk**

The Company has no significant exposures to credit risk.

**(b) Liquidity risk**

Other group companies will provide liquidity to the Company as and when cash is required.

**(c) Cash flow interest rate risk**

The Company is exposed to cash flow interest rate risk from its floating rate cash balances. It is the opinion of the Directors that the cash flow interest rate risk arising from the cash balances is insufficient to require hedging.

### **Capital structure**

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital are shown in note 15. The ordinary shares are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

### **Future developments**

The Directors believe that no significant developments are likely and that the Company will continue to manage its residual operational practice for the future.

### **Employees**

The Company had no employees during the year ended 31 December 2009 (2008: 3).

### **Directors' indemnities**

The Ultimate Parent Undertaking has put in place qualifying third party indemnity provisions in the form of a D&O insurance policy, for the benefit of the Company's Directors, effective throughout the year and which remain in force at the date of this report.

### **Directors**

The Directors who held office during the year, and to the date of this report, were as follows:

P Alexandre	Appointed 12/06/2009
N E Brick	
A Colwyn-Thomas	Appointed 12/06/2009 (Alternate Director to P Alexandre)
J M Field	
N A Robinson	Resigned 05/08/2009
N A L Williams	

# CETELEM (UK) LIMITED

## DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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### Charitable and political contributions

During the year there were no charitable or political contributions made by the Company (2008 nil)

### Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Registered Office  
10 Harewood Avenue  
London  
NW1 6AA  
United Kingdom

By Order of the Board



K A Schrod

Secretary

15 June 2010

## **CETELEM (UK) LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2009**

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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 the directors are required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. Under company law the 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, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- provide additional disclosures when compliance with specific requirements in IFRS is 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
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CETELEM (UK) LIMITED**

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We have audited the financial statements of Cetelem (UK) Limited for the year ended 31 December 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 21. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 (APB's) Ethical Standards for Auditors. 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.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**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 2009, and of its loss 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.

**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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CETELEM (UK) LIMITED**

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**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

*Mazars LLP*

Mazars LLP, Chartered Accountants (Statutory auditor)

Tim Hudson (Senior statutory auditor)  
Tower Bridge House,  
St Katharine's Way,  
London E1W 1DD

Date *21 June 2010*



## CETELEM (UK) LIMITED

### INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Gain on derivative financial instruments	6	-	153
<b>Operating Income</b>		-	153
Interest receivable	2	5	2,363
Interest payable	3	-	(2,271)
<b>Net interest receivable</b>		5	92
Other income	4	9	70
Other expenses	5	(111)	(208)
Provision for loss on discontinued activities	7	345	(1,337)
<b>Profit / (Loss) before taxation</b>	8	248	(1,230)
Taxation	9	(716)	(290)
<b>Loss for the period</b>		(468)	(1,520)

The notes on pages 13 to 24 form part of these audited financial statements

The results for both the current year and the prior year are derived from discontinued operations

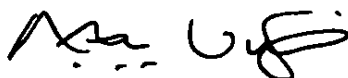
There was no other comprehensive income for the year ended 31 December 2009 and the prior year

**BALANCE SHEET**  
**At 31 December 2009**

	Notes	2009 £'000	2008 £'000
<b>ASSETS</b>			
<b>Non Current assets</b>			
Deferred tax assets	10	-	716
		-	716
<b>Current assets</b>			
Other receivables	11	8	12
Cash and cash equivalents	12	797	945
		<b>805</b>	<b>957</b>
<b>TOTAL ASSETS</b>		<b>805</b>	<b>1 673</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	13	69	58
Provisions for liabilities and charges	14	2,250	2,661
		<b>2,319</b>	<b>2 719</b>
<b>TOTAL LIABILITIES</b>		<b>2,319</b>	<b>2 719</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	1,040	1,040
Retained reserves		(2,554)	(2 086)
<b>TOTAL EQUITY</b>		<b>(1,514)</b>	<b>(1,046)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>805</b>	<b>1 673</b>

The notes on pages 13 to 24 form part of these audited financial statements

Approved by the Board of Directors and authorised for issue on 11 June 2010 and signed on its behalf by



N Williams  
Director

## CETELEM (UK) LIMITED

### STATEMENT OF CHANGES IN EQUITY

At 31 December 2009

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2008	1,040	(456)	584
Financial assets at FV through profit or loss	-	(153)	(153)
Tax on financial assets at FV through profit or loss	-	43	43
Loss for the year	-	(1,520)	(1,520)
<b>At 31 December 2008</b>	<b>1,040</b>	<b>(2,086)</b>	<b>(1,046)</b>
<b>Balance at 1 January 2009</b>	<b>1,040</b>	<b>(2,086)</b>	<b>(1,046)</b>
Loss for the year	-	(468)	(468)
<b>At 31 December 2009</b>	<b>1,040</b>	<b>(2,554)</b>	<b>(1,514)</b>

## CETELEM (UK) LIMITED

### STATEMENT OF CASH FLOW For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	17	(154)	(1,054)
Interest received		5	2,363
Interest paid		-	(2,271)
Taxation received		1	-
<b>Net cash used in operating activities</b>		<b>(148)</b>	<b>(962)</b>
<b>Cash flows from financing activities</b>			
Loans and receivables repaid		-	196,500
Borrowings repaid		-	(196,500)
<b>Net cash used in by financing activities</b>		<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(148)</b>	<b>(962)</b>
Cash and cash equivalents at 1 January		945	1,907
<b>Cash and cash equivalents at 31 December</b>	12	<b>797</b>	<b>945</b>

The notes on pages 13 to 24 form part of these audited financial statements

# CETLEM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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### 1 Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

#### a) Basis of preparation

These financial statements have been prepared in accordance with United Kingdom law and European Union ('EU') adopted International Financial Reporting Standards ('IFRS'). These comprise standards issued by the International Accounting Standards Board (IASB) and its predecessor as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor body to the extent adopted by the EU. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments at fair value through profit or loss.

The following new and revised Standard and Interpretation has been adopted in the current year and has affected the amounts reported in these financial statements:

IAS 1(2007) has introduced terminology changes and changes in the format and content of the financial statements.

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

At the date of authorisation of these financial statements there were new and revised Standards or Interpretations in issue which were not effective or relevant to the Company. The Company has not chosen to adopt any new Standards or Interpretations early. The Directors anticipate that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Company.

The Directors have a reasonable expectation that the Company and the Group will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. This is discussed in the Directors' Report on page 3 under the heading of 'Going Concern and Liquidity'.

Once approved, the Financial Statements cannot be amended without re-presenting them for approval by the Board.

#### b) Accounting convention

##### (i) Trade date accounting

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset.

#### c) Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as fair value of financial instruments (Note 1f).

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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#### d) Revenue recognition

##### (i) Interest income and expense

Interest income arises from interest received on cash and cash equivalents and interest expense arises from coupon payments on the debenture. Interest income and expense is recognised in the income statement using the effective interest method.

#### e) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### f) Financial Instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective interest rate.

##### (ii) Financial assets or financial liabilities at fair value through profit or loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also included in this category. Assets or liabilities in this category are classified as current assets or current liabilities respectively, if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Financial assets or financial liabilities at fair value through profit or loss are recognised initially at fair value and transaction costs are expensed in the income statement. Financial assets or financial liabilities at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial instruments at fair value through profit or loss' category are presented as 'Gains and losses on derivative financial instruments' in the period in which they arise.

## **CETELEM (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

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#### **g) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less intra group balances repayable on demand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### **h) Share capital, capital contribution and debt instruments**

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **i) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these shares are recognised in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

#### **j) Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered), using tax rates and laws that have been enacted by the balance sheet date.

Deferred 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. However, if the deferred tax arises from initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that foreseeable future taxable profit will be available against which the temporary differences can be utilised.

#### **k) Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

#### 2 Interest receivable

	2009	2008
	£'000	£'000
Interest income on cash and cash equivalents from non group entity	-	47
Interest income on cash and cash equivalents from group entity	5	2,316
	5	2,363

#### 3 Interest payable

	2009	2008
	£'000	£'000
Interest expense on debenture	-	1,948
Interest expense on interest rate swap	-	323
	-	2,271

The 2008 interest payable refers to the debenture with a par value of £196,500,000 was redeemed early and the relating interest rate swap was unwound

#### 4 Other income

The Company received £9,262 in respect of client loan accounts which were previously written off The £69,586 reported in 2008 refers to fees relating to the sale of the loan book

#### 5 Other expenses

The other expenses of £111,151 includes £46,341 fee due to BNP Paribas S A in relation to services rendered to the Company, £23,650 consultancy fees, £17,987 audit fees, £2,317 bank charges, £7,932 travel and entertainment, £5,125 recourse fees and £7,798 sundry expenses The audit fees include vat paid of £2,187 for 2009 and £3,550 for 2008

The 2008 other expenses of £207,778 included £185,778 salary and redundancy payments and £22,000 audit fees



## **CETELEM (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

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#### **6 Gains on derivative financial instruments**

On the 17 March 2008 the company unwound the interest rate swap contract with BNP PUK Holding Limited in relation to the debenture which was redeemed early

#### **7 Provision for loss on discontinued activities**

In December 2009 the Company wrote back £344,692 of the £2,594,692 total provision held since the close of business December 2008, following a review of the estimated unavoidable obligations in respect of the lease held on the property in Coventry

The 2008 figures included an increased provision in relation to an estimate of other related unavoidable obligations in respect of the lease held on a property in Coventry by £1,209,112. The lease expires in 2017. In June 2008 the Company paid £510,000 to cancel the lease on property held in Wallington. There was a write back to the profit and loss of £105,190 as the Company had in prior year provided £615,190 for this expense.

#### **8 Loss before taxation**

##### **a) Services provided by the Company's auditors**

Services provided by the Company's auditors consisted of the statutory audit, costs of which were borne Cetelem (UK) Limited. The auditors' remuneration for the audit amounted to £12,500 (2008: £22,000) excluding vat.

##### **b) Directors' emoluments**

The Directors provide services to the Company, the ultimate parent undertaking and a number of fellow subsidiary undertakings. The emoluments of all Directors in the current and prior year are paid by the ultimate parent undertaking, therefore they are not disclosed in these financial statements.

##### **c) Number of employees**

The Company had no employees during the year to 31 December 2009 (2008: 3).

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2009

#### 9 Taxation

##### (a) Analysis of tax charge in the period

	2009	2008
	£'000	£'000
Deferred tax—continuing operations	(716)	(304)
Adjustment in respect of prior year	-	14
<b>Tax charge</b>	<b>(716)</b>	<b>(290)</b>

##### (b) Factors affecting tax credit for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28% (2008 30%)

	2009	2008
	£'000	£'000
Profit / (Loss) on ordinary activities before taxation	248	(1,230)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 30%)	(69)	369
Effects of		
— Expenses not deductible for tax purposes	-	(692)
— Capital allowances for period in excess of depreciation	-	248
— Utilisation of tax losses brought forward	69	75
— Release of deferred tax asset	(716)	(290)
<b>Tax charge for the period</b>	<b>(716)</b>	<b>(290)</b>

#### 10 Deferred tax assets

	2009	2008
	£'000	£'000
Tax losses carried forward	-	716
	-	716

The Deferred Tax-Trading Losses has been written off to the P & L as the Company does not expect to recover its losses

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

#### 11 Other receivables

	2009	2008
	£'000	£'000
Group tax relief creditors	-	1
Other Debtors	8	11
	<b>8</b>	<b>12</b>

Group tax relief creditors were settled with the London Branch during 2009

The other debtors of £7,851 (2008 £8 185) refers to vat input tax recoverable and £Nil (2008 £2,776) refund due AIC International

#### 12. Cash and cash equivalents

	2009	2008
	£'000	£'000
Cash and cash equivalents	797	945

Positive balances held with BNP Paribas S A , on the current account earn interest at a floating interest rate of the Bank of England Base Rate less ten basis points Current account balances are repayable on demand

#### 13 Other payables

	2009	2008
	£'000	£'000
Amounts owed to ultimate parent undertaking	46	27
Other payables	23	31
	<b>69</b>	<b>58</b>

Amounts owed to ultimate parent undertaking of £46,341 (2008 £27,500) relates to an accrual for service fees due to BNP Paribas S A The other payables includes £7,851 (2008 £8 185) vat tax payable, £14,689 (2008 £22,000) audit accrual

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

#### 14. Provisions for liabilities and charges

	2009	2008
	£'000	£'000
As at 1 January	2,661	2,367
(Credit) / Charge for the year	(411)	1,337
Utilised during the year	-	(1,043)
As at 31 December	2,250	2,661

In January 2009 the Company released £66k in respect of final settlement of service fees in relation to lease on Leo House property and in December 2009 the Company wrote back £344,692 of the £2,594,692 total provision held since the close of business December 2008, following a review of the estimated unavoidable obligations in respect of the lease held on the property in Coventry

The provision for the onerous lease contract held on the property in Coventry represents the value of the future lease payments that the Company is presently obligated to make under non-cancellable onerous lease in addition to an estimate of other related unavoidable obligations

#### 15 Called up share capital

	2009	2008
	£'000	£'000
<b>Authorised</b>		
Ordinary shares – 310,000,000 of £0 0045 each	1,395	1,395
	1,395	1,395
	2009	2008
	£000	£000
<b>Allotted, called up and fully paid</b>		
Ordinary shares –231,058,500 of £0 0045 each	1,040	1,040
	1,040	1,040

The ordinary shares of £0 0045 each in issue are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

#### 16 Financial risk management

The Company's activities potentially expose it to a variety of financial risks, credit risk, liquidity risk, price risk and cash flow and fair value interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The exposures and risk management techniques have not changed significantly from the prior year.

##### a) Credit risk

The Company takes on exposure to credit risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk arises on cash and cash equivalents and other receivables due from other group companies.

*Maximum exposure to credit risk before collateral held or credit enhancements*

	2009	2008
	£'000	£'000
Other receivables	8	12
Cash and cash equivalents	797	945
	<b>805</b>	<b>957</b>

The above table represents a worse case scenario of credit risk exposure for the Company at 31 December 2009 and 2008, without taking into account collateral held or other credit enhancements attached. The exposures set out above are based on the carrying amounts as reported in the balance sheet.

##### Financial assets impaired

There were no financial assets that were past due or impaired (2008: £Nil). No financial assets have been renegotiated that would otherwise be impaired (2008: £Nil).

##### b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Other group companies will provide liquidity to the Company as and when cash is required. The financial liabilities as shown in Note 13 and Note 14 are all repayable on demand consequently no liquidity table is provided.

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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#### 16 Financial risk management (continued)

##### c) Market risk

The Company activities potentially expose it to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Exposure to market risk is monitored by the Directors.

##### *(i) Interest rate risk*

The Company is exposed to fair value interest rate risk from its cash and cash equivalents. The Company is exposed to cash flow interest rate risk from its floating rate cash balances. It is the opinion of the Directors that the cash flow and fair value interest rate risk arising from these investments is insufficient to require hedging.

##### *Interest rate risk sensitivity*

The sensitivity analyses below have been determined based on the following assumptions:

- the exposure to interest rates is on all financial instruments held at the balance sheet date,
- the stipulated change took place at the beginning of the financial year and held constant throughout the reporting period, and
- instruments that reprice within a period of 6 months are considered variable while those that reprice after 6 months are considered fixed
- A reasonable possible rate change is based on implied volatility rates observed in the market.

Based on historic volatility a 125 basis point increase or decrease is considered a reasonably possible change in interest rates.

The sensitivity analysis shown below is representative of the risks inherent in the Companies financial instruments. The methods and assumptions used to prepare the sensitivity analysis are consistent for both reporting periods.

A 150 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 150 basis points lower (2008: 125 basis points lower) and all other variables were held constant, the Company's

- profit for the year ended 31 December 2009 would decrease by £11,955 (2008: decrease by £11,800). This is attributable to the Company's exposure to interest rates on its floating rate assets, and

A 150 (2008: 150) basis point increase in interest rates would have an inverse effect on profit or loss and equity.

The Company's sensitivity to interest rates has remained constant during the current period.

## CETELEM (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2009

#### 17. Cash flow from operating activities

	2009	2008
	£'000	£'000
Loss for the year	(468)	(1,520)
Adjustments for		
— interest receivable	(5)	(2,363)
— interest payable	-	2,271
— gains and losses on derivative financial instruments	-	(153)
— provision for loss on activities discontinued	-	305
— taxation	716	290
changes in working capital		
Decrease in other receivables	4	837
Decrease in other payables	(401)	(721)
<b>Cash used in generated by operations</b>	<b>(154)</b>	<b>(1,054)</b>

#### 18 Commitments for operating lease

As at 31 December 2009, the Company has outstanding commitments for future minimum lease payments under non cancellable operating leases of £0 902m (2008 £0 808m)

Operating lease payments represent rentals of £1 057m (2008 £1 097m) payable by the Company for the lease of its Coventry Property lease offset against rentals received £0 155m (2008 £0 287m) in respect of the Company's sublease of its Coventry Property. This lease expires in 2017. The rentals for these leases are fixed for the term of the lease.

	2009	2008
	£'000	£'000
Operating Lease (payments due)		
Not later than one year	132	132
Later than one year and not later than five years	529	529
Later than five years	360	492
<b>Total Operating Lease (payments due)</b>	<b>1,021</b>	<b>1,153</b>
Operating Sub-Lease (receipts due)		
Not later than one year	(86)	(86)
Later than one year and not later than five years	(43)	(129)
Later than five years	-	-
<b>Total Operating Sub-Lease (receipts due)</b>	<b>(129)</b>	<b>(215)</b>
<b>Net Operating Lease Commitments</b>	<b>892</b>	<b>938</b>

## **CETELEM (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

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#### **19. Related party transaction**

Related party transactions during the year that were not of a capital nature were as follows. There are no unsettled related party transactions as at 31 December 2009.

Interest receivable from the ultimate parent undertaking amounted to £4,536 (2008 £2,285,740) in respect of amounts cash and cash equivalents with an effective floating interest rate of the Bank of England Base Rate less ten basis points. Current account balances are repayable on demand.

Interest payable from BNP PUK Holding Limited amounted to £ Nil (2008 £2,271,109).

Other expenses due to ultimate parent undertaking amounted to £46,341 (2008 £24,000).

Cash and cash equivalents with ultimate parent undertaking amounted to £796,693 (2008 £940,388).

Other payables due to ultimate parent undertaking amounted to £46,341 (2008 £27,500).

#### **20 Capital management**

The Company categorises capital as Shareholders' equity and as at 31 December, 2009, the value was £1,514,396 negative compared to £1,046,181 negative for prior year. Any changes to this total between prior year and current year are as a result of changes in the Company's income statement.

The Directors manage this by monitoring capital levels and where appropriate pay dividends to the parent undertaking. Additionally, as and when necessary, the Directors will inject new capital by requesting funding from the ultimate parent undertaking.

The Company's parent undertaking has confirmed that it will provide the Company with such financial resources as are necessary to enable the Company to meet its obligations as and when they fall due.

#### **21 Ultimate parent undertaking**

BNP Paribas S A, a company incorporated in France with limited liability, is the ultimate holding company, and is the parent undertaking of the largest and smallest group for which group financial statements are prepared. Copies of the group financial statements can be obtained from BNP Paribas S A at

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75009 Paris  
France