

Company No: 2058813

REPORT OF THE AUDITORS TO THE DIRECTORS OF
LANCASHIRE MORTGAGE CORPORATION LIMITED
IN ACCORDANCE WITH PARAGRAPH 10 OF SCHEDULE 8
OF THE COMPANIES ACT 1985

In our opinion the directors are entitled under Sections 247-249 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 31st December 1991 and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with Schedule 8 of that Act.

On 28th October 1992, we reported as auditors of Lancashire Mortgage Corporation Limited, to the members on the company's financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st December 1991 and our audit opinion was as follows:-

"We have audited the financial statements on pages 3 to 7 in accordance with Auditing Standards.

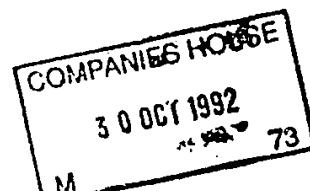
In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Date: 28th October 1992

Smith Partnership

Smith Partnership,
Chartered Accountants,
No. 3 Ralli Courts,
West Riverside,
Manchester, M3 5FT.

Registered Auditor


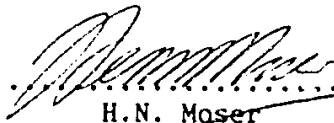


LANCASHIRE MORTGAGE CORPORATION LIMITED

ABBREVIATED BALANCE SHEET AS AT 31ST DECEMBER 1991

		<u>1991</u>	<u>1990</u>
	Notes	£	£
<u>CURRENT ASSETS</u>			
Debtors		9,436,296	7,457,542
Cash at Bank		10	18,953
		<u>9,436,306</u>	<u>7,476,495</u>
<u>CREDITORS:</u> Amounts falling due within one year	2	6,430,120	4,791,711
<u>NET CURRENT ASSETS</u>		<u>3,006,186</u>	<u>2,684,784</u>
<u>CREDITORS:</u> Amounts falling due after more than one year	3	988,756	1,234,909
		<u>2,017,430</u>	<u>1,449,875</u>
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	4	2	2
Profit. & Loss Account		2,017,428	1,449,873
		<u>2,017,430</u>	<u>1,449,875</u>
		=====	=====

We have relied on Sections 247-249 of the Companies Act 1985 as entitling us to deliver abbreviated accounts on the ground that the company is entitled to the benefit of those sections as a small sized company.

.....

A.J. Grant
.....

H.N. Moser

Directors

Date: 28 OCTOBER 1992

LANCASHIRE MORTGAGE CORPORATION LIMITEDNOTES TO THE ABBREVIATED FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 19911. ACCOUNTING POLICIESa) Basis of Accounting

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

b) Interest Receivable

Interest on money lending agreements entered into with customers is credited to the Profit and Loss Account calculated on a straight line basis pro rata to repayments.

c) Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. ASSOCIATED COMPANIES

The shareholders of Lancashire Mortgage Corporation Limited control Factfocus Limited, a company registered in England and to which Lancashire Mortgage Corporation Limited owes £4,577,983 (1990 - £3,227,554).

Lancashire Mortgage Corporation Limited owes £100,000 to Harpmanor Limited. A.J. Grant and H.N. Moser are directors of Harpmanor Limited.

All three companies operate from the same premises and share overheads.

3. CREDITORS: Amounts falling due after more than one year

	<u>1991</u>	<u>1990</u>
	£	£
Debenture loans payable within five years by instalments	1,645,165	1,787,806
<u>Less:</u> Due within one year	656,409	552,897
	<u>988,756</u>	<u>1,234,909</u>
	=====	=====

The loans are secured on book debts included in the accounts at a value of £4,997,494 (1990 - £1,763,514).

LANCASHIRE MORTGAGE CORPORATION LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1991

(Continued)

4. CALLED UP SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
<u>Authorised</u>	£	£
1,000 Ordinary Shares of £1 Each	1,000 =====	1,000 =====
<u>Allotted, Issued & Fully Paid</u>		
2 Ordinary Shares of £1 Each	2 =	2 =

5. AUDITORS REMUNERATION

The auditors remuneration for the year is £4,601 (1990 - £2,328).