

Lancashire Mortgage Corporation Limited

Accounts 30 June 1999
together with directors' and auditors' reports

Registered number: 2058813



DIRECTORS

H.N. Moser

A.J. Grant

M.B. Richards (Appointed 6 August 1998)

SECRETARY

G.D. Beckett (Appointed 6 August 1998)

REGISTERED OFFICE

Bracken House

Charles Street

Manchester

M1 7BD

AUDITORS

Arthur Andersen

Bank House

9 Charlotte Street

Manchester

M1 4EU

BANKERS

Bank of Scotland

19/21 Spring Gardens

Manchester

M2 1FB

Directors' report

For the year ended 30 June 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 June 1999.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Principal activities and business review

The principal activity of the company continues to be that of financiers.

Results and dividends

The results for the year are set out in detail on page 5. The directors do not recommend the payment of a dividend.

Directors

The present directors of the company are set out on page 1.

H.N. Moser is a director of the company's parent company, Blemain Group plc and as such, his interest in the share capital of that company is disclosed in its accounts. None of the other directors have an interest in the share capital of the company. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

Directors' report (continued)

Payments to suppliers

The company agrees terms and conditions for its transactions with suppliers. Payment is then made, subject to the terms and conditions being met by the supplier.

Year 2000

The group is heavily reliant upon computers for the day to day running and control of its business.

The Board are very aware of the importance of the Year 2000 issue and a timetable has been drawn up to achieve Year 2000 compliance for any hardware or software which is not already compliant. The costs associated with this work are charged to the profit and loss account as incurred.

Auditors

The board will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



G.D. Beckett
Secretary

20 April 2000

Auditors' report



To the Shareholders of Lancashire Mortgage Corporation Limited:

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Arthur Andersen", written in a cursive style.

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

20 April 2000

Profit and loss account

For the year ended 30 June 1999

	Notes	1999 £	1998 £
Turnover	2	2,031,057	1,309,461
Other operating expenses		(719,821)	(182,734)
Operating profit		1,311,236	1,126,727
Interest payable	4	(359,564)	(161,074)
Profit on ordinary activities before taxation	5	951,672	965,653
Tax on profit on ordinary activities	6	(291,456)	(325,206)
Profit for the financial year		660,216	640,447

All activity has arisen from continuing operations. The company has no recognised gains or losses other than the profit for the financial year.

A statement of movement in reserves is provided in note 11.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 1999

	Notes	1999 £	1998 £
Current assets			
Debtors – due within one year	7	11,085,604	10,109,893
Debtors – due after one year	7	6,406,006	2,845,432
Cash at bank and in hand		-	154
		<u>17,491,610</u>	<u>12,955,479</u>
Creditors: Amounts falling due within one year	8	<u>(10,343,391)</u>	<u>(6,448,488)</u>
Net current assets		<u>7,148,219</u>	<u>6,506,991</u>
Total assets less current liabilities		<u>7,148,219</u>	<u>6,506,991</u>
Creditors: Amounts falling due after more than one year	9	<u>(37,975)</u>	<u>(56,963)</u>
Net assets		<u>7,110,244</u>	<u>6,450,028</u>
Capital and reserves			
Called-up share capital	10	2	2
Profit and loss account	11	<u>7,110,242</u>	<u>6,450,026</u>
Equity shareholders' funds	12	<u>7,110,244</u>	<u>6,450,028</u>

Signed on behalf of the Board

M.B. Richards

Director

H.N. Moser

Director

20 April 2000

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

30 June 1999

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

b) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

c) Turnover

Turnover consists of interest received and related commissions on money lending agreements.. The interest credit to the profit and loss account is calculated on a straight line basis pro rata to repayments recoverable on an accruals basis.

2 Turnover

	1999 £	1998 £
Loan interest and commissions	2,030,807	1,309,221
Other income	250	240
	<u>2,031,057</u>	<u>1,309,461</u>

3 Staff costs

The company had no employees and paid no directors' emoluments during the year or prior year.

4 Interest payable

	1999 £	1998 £
Bank overdraft	364,123	151,171
Other interest	(4,559)	9,903
	<u>359,564</u>	<u>161,074</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Auditors' remuneration	5,010	4,160
Depreciation and amounts written off tangible fixed assets	-	100
	<u>-</u>	<u>100</u>

Notes to accounts (continued)

6 Tax on profit on ordinary activities

	1999 £	1998 £
Corporation tax	311,673	345,108
Adjustment in respect of prior year current taxation	(20,217)	(19,902)
	<u>291,456</u>	<u>325,206</u>

No unprovided deferred tax arose at the year end (1998 - £Nil).

7 Debtors

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	8,064,984	6,705,008
Other debtors	53,371	53,371
Amounts owed by fellow group undertakings	2,790,797	3,192,779
Amount owed by related undertaking	176,452	158,735
	<u>11,085,604</u>	<u>10,109,893</u>
Amounts falling due after one year:		
Trade debtors	6,406,006	2,845,432
	<u>17,491,610</u>	<u>12,955,325</u>

Amounts owed by related undertaking are in respect of Tennisview Limited and Sedgewick House Properties Limited, companies in which H.N. Moser is a director and shareholder.

8 Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	91,406	404,845
Corporation tax	674,540	660,754
Accruals and deferred income	241,192	158,743
Other creditors	63,146	120,705
Amounts owed to fellow group undertakings	9,249,050	5,079,384
Amounts owed to related undertakings	24,057	24,057
	<u>10,343,391</u>	<u>6,448,488</u>

Notes to accounts (continued)

8 Creditors: Amounts falling due within one year (continued)

Amounts owed to related undertakings are in respect of Regency Securities and Investments Limited, companies in which H.N. Moser is a director and shareholder.

The bank overdraft is secured by way of a cross-guarantee amongst all group companies.

9 Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Corporation tax	<u>37,975</u>	<u>56,963</u>

10 Called-up share capital

	1999 £	1998 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called-up and fully paid

2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
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11 Profit and loss account

	1999 £	1998 £
Beginning of year	6,450,026	5,809,579
Profit for the financial year	<u>660,216</u>	<u>640,447</u>
End of year	<u>7,110,242</u>	<u>6,450,026</u>

12 Reconciliation of movement in shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	6,450,028	5,809,581
Profit for the financial year	<u>660,216</u>	<u>640,447</u>
Closing shareholders' funds	<u>7,110,244</u>	<u>6,450,028</u>

13 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £36 million of bank borrowings of the group (1998 - £27 million).

Notes to accounts (continued)

14 Cash flow statement

As permitted by Financial Reporting Standard No. 1, 1996 (Revised) the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of the Blemain Group plc, which has produced a consolidated cash flow statement in its accounts, which are publicly available.

15 Related party transactions

As a subsidiary undertaking of Blemain Group plc, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Blemain Group plc.

16 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Blemain Group plc, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which Lancashire Mortgage Corporation Limited is a member and for which group accounts are drawn up is that headed by the Blemain Group plc, whose principal place of business is at Bracken House, Charles Street, Manchester M1 7BD.