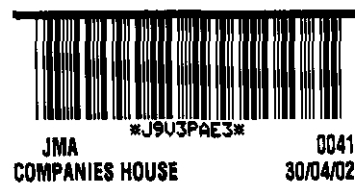




**Cheshire Mortgage Corporation Limited**

Annual report and financial statements  
for the year ended 30 June 2001

Registered number: 2613335



**DIRECTORS**

H.N. Moser

A.J. Grant

G.D. Beckett

C.W. Hacking (resigned 7 November 2001)

M. Goldberg (appointed 2 March 2001)

D.J. Seabridge (appointed 3 September 2001)

**SECRETARY**

G.D. Beckett

**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 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 2001.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements 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 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 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

The directors consider the results for the year to be satisfactory and look forward to the future with confidence.

### **Results and dividends**

The audited financial statements for the year ended 30 June 2001 are set out on pages 6 to 10. The profit for the year, after tax was £5,893 (2000 - £9,362).

The directors do not recommend the payment of a dividend (2000 - £nil).

### **Directors and their interests**

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

Mr. H.N. Moser is a director of Blemain Group plc, the ultimate parent company, and his interests in the share capital of that company are disclosed in its financial statements. None of the other directors have interests in the share capital of the company, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985. 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 suppliers. Payments are then made, subject to the terms and conditions being met by the suppliers.

### **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

30 April 2002

**To the shareholders of Cheshire Mortgage Corporation Limited**

We have audited the financial statements of Cheshire Mortgage Corporation Limited for the year ended 30 June 2001 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 opinion**

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Independent auditors' report (continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Arthur Andersen".

**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

30 April 2002

## Profit and loss account

For the year ended 30 June 2001

	Notes	2001 £	2000 £
<b>Turnover</b>	2	17,120	25,195
Other operating expenses		(5,885)	(7,596)
<b>Operating profit</b>		11,235	17,599
Interest receivable	3	74	27
Interest payable	4	(5,382)	(6,591)
<b>Profit on ordinary activities before taxation</b>	5	5,927	11,035
Tax on profit on ordinary activities	7	(34)	(1,673)
<b>Profit for the financial year</b>	11	5,893	9,362

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

A movement in reserves is given in note 11.

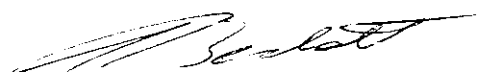
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

30 June 2001

	Notes	2001 £	2000 £
<b>Current assets</b>			
Debtors			
- due within one year	8	290,257	294,266
- due after one year	8	102,585	114,201
Cash at bank and in hand		28,964	8,666
		<u>421,806</u>	<u>417,133</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(344,488)</u>	<u>(345,708)</u>
<b>Net assets</b>		<u>77,318</u>	<u>71,425</u>
<b>Capital and reserves</b>			
Called-up share capital	10	2	2
Profit and loss account	11	<u>77,316</u>	<u>71,423</u>
<b>Equity shareholders' funds</b>	12	<u>77,318</u>	<u>71,425</u>

The financial statements were approved by the board of directors on 30 April 2002 and signed on its behalf by:



G.D. Beckett  
Director



H.N. Moser  
Director

30 April 2002

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



## Notes to financial statements

30 June 2001

### 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 financial statements are prepared under the historical cost convention. The financial statements have been prepared 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

Turnover is wholly derived from within the UK relates to the principal activity of the company.

### 3 Interest receivable

	2001 £	2000 £
Bank interest	<u>74</u>	<u>27</u>

### 4 Interest payable

	2001 £	2000 £
Bank interest	<u>5,382</u>	<u>6,591</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £	2000 £
Auditors' remuneration	<u>1,328</u>	<u>1,253</u>

### 6 Staff costs

The company had no employees and paid no directors' emoluments during either year.

## Notes to financial statements (continued)

### 7 Tax on profit on ordinary activities

	2001 £	2000 £
Corporation tax	1,185	3,310
Adjustment in respect of prior years	(1,151)	(1,637)
	<u>34</u>	<u>1,673</u>

There is no unprovided deferred tax at the year end (2000 - £Nil).

### 8 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	39,106	34,078
Amounts owed by group undertakings	251,151	260,188
	<u>290,257</u>	<u>294,266</u>
Amounts falling due after more than one year:		
Trade debtors	102,585	114,201
	<u>392,842</u>	<u>408,467</u>

### 9 Creditors: Amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	341,961	336,579
UK corporation tax	1,191	6,586
Accruals and deferred income	1,336	2,543
	<u>344,488</u>	<u>345,708</u>

### 10 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

## Notes to financial statements (continued)

### 11 Profit and loss account

	2001 £	2000 £
Beginning of year	71,423	62,061
Profit for the financial year	5,893	9,362
End of year	<u>77,316</u>	<u>71,423</u>

### 12 Reconciliation of equity shareholders' funds

	2001 £	2000 £
Profit for the financial year	5,893	9,362
Opening shareholders' funds	71,425	62,063
Closing shareholders' funds	<u>77,318</u>	<u>71,425</u>

### 13 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £68.5 million of bank borrowings of the group (2000 - £50 million).

### 14 Cash flow statement

As permitted by Financial Reporting Standard No. 1 (Revised 1996), the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Blemain Group plc which has produced consolidated financial statements that 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 Cheshire Mortgage Corporation Limited is a member, and for which group financial statements are drawn up, is that headed by Blemain Group plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.