

BLEMAIN FINANCE LIMITED

Report and Financial Statements

30 June 2003



Deloitte & Touche LLP
Manchester

BLEMAIN FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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BLEMAIN FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser
A.J. Grant
G.D. Beckett
M.R. Goldberg
D.J. Seabridge (resigned 1 November 2002)

SECRETARY

G.D. Beckett

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Bank of Scotland Corporate Banking
9th Floor
No. 1 Marsden Street
Manchester
M2 1HW

AUDITORS

Deloitte & Touche LLP
Manchester

BLEMAIN FINANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

ACTIVITIES AND BUSINESS REVIEW

The company's principal activity 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 2003 are set out on pages 5 to 14. The profit for the year, after tax was £4,204,850 (2002 - £2,386,542).

The directors do not recommend the payment of a dividend (2002 - £nil).

DIRECTORS AND THEIR INTERESTS

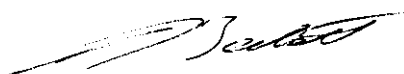
The directors of the company are set out on page 1.

Mr. H.N. Moser is a director of Jerrold Holdings 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.

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G.D. Beckett
Secretary

28 April 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- 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 the system of internal control, 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 BLEMAIN FINANCE LIMITED

We have audited the financial statements of Blemain Finance Limited for the year ended 30 June 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

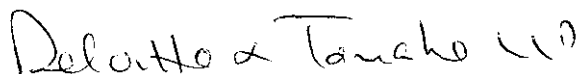
Basis of audit opinion

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 judgements made by the directors in the preparation of the financial statements, 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

28 April 2004

BLEMAIN FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2003

	Note	2003 £	2002 £
TURNOVER	2	16,696,044	11,756,582
Administrative expenses		<u>(7,698,620)</u>	<u>(5,582,886)</u>
OPERATING PROFIT		8,997,424	6,173,696
Profit on sale of investments		168,759	-
Finance charges (net)	5	<u>(3,138,400)</u>	<u>(2,612,438)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6,027,783	3,561,258
Tax on profit on ordinary activities	6	<u>(1,822,933)</u>	<u>(1,174,716)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	15	<u><u>4,204,850</u></u>	<u><u>2,386,542</u></u>

All activity arose from continuing operations.

There were no recognised gains or losses in either year other than the profit for that year.

BLEMAIN FINANCE LIMITED


BALANCE SHEET

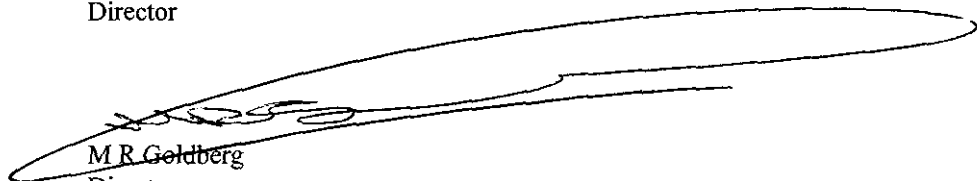
30 June 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	462,125	437,237
Investments	8	70,050	70,050
		<u>532,175</u>	<u>507,287</u>
CURRENT ASSETS			
Debtors			
- due within one year	9	66,332,057	32,837,350
- due after one year	9	62,808,612	43,774,500
Investments	10	489,108	19,229
Cash at bank and in hand		8,736,328	15,087,393
		<u>138,366,105</u>	<u>91,718,472</u>
CREDITORS: Amounts falling due within one year	11	<u>(127,291,870)</u>	<u>(84,791,888)</u>
NET CURRENT ASSETS		<u>11,074,235</u>	<u>6,926,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,606,410	7,433,871
CREDITORS: Amounts falling due after more than one year	12	<u>(16,239)</u>	<u>(48,550)</u>
NET ASSETS		<u>11,590,171</u>	<u>7,385,321</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Profit and loss account	15	11,490,171	7,285,321
EQUITY SHAREHOLDER'S FUNDS	16	<u>11,590,171</u>	<u>7,385,321</u>

These financial statements were approved by the Board of Directors on 28 April 2004.

Signed on behalf of the Board of Directors


G D Beckett
Director


M R Goldberg
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

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

No consolidated financial statements have been prepared, as provided by Section 228(1) of the Companies Act 1985, as the company is a wholly owned subsidiary undertaking of Jerrold Holdings plc, which has prepared consolidated financial statements which are publicly available.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Office equipment	20% straight line on cost
Computer equipment	33% straight line on cost
Motor vehicles	25% reducing balance

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Fixed asset Investments are stated at cost less any provision for impairment.

Current asset investments are stated at the lower of cost and net realisable value.

Turnover

Turnover, which is derived wholly within the UK, consists of interest received and related commissions on money lending agreements, together with income derived from the provision of management services. The interest credit to the profit and loss account is calculated on a straight line basis pro rata to repayments recoverable on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Pension

The company operates a defined contribution pension scheme for certain directors of the group. The assets of the scheme were invested and managed independently of the finances of the company. The company also makes contributions to employees' and directors' personal pension schemes.

The pension cost charge represents contributions payable in the year.

2. TURNOVER

	2003 £	2002 £
Interest and commissions for money lending agreements	16,696,044	11,756,582

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' emoluments		
Fees	958,442	1,059,846
Company contributions to money purchase pension scheme	199,514	103,814
	<u>1,157,956</u>	<u>1,163,660</u>
Remuneration of the highest paid director		
Remuneration	504,472	724,619
Company contributions to money purchase pension scheme	193,700	100,000
	<u>698,172</u>	<u>824,619</u>
	No.	No.
Average number of persons employed (including directors)		
Office and management	<u>125</u>	<u>104</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	3,256,924	2,657,089
Social security costs	443,784	298,692
Pension costs	<u>225,772</u>	<u>121,315</u>
	<u>3,926,480</u>	<u>3,077,096</u>

Three directors were members of pension schemes to which the company made contributions (2002 – 3).

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2003 £	2002 £
Profit on sale of fixed assets	1,768	(637)
Depreciation and amounts written off tangible fixed assets		
- owned assets	104,433	102,143
- assets held under finance leases	55,674	51,025
Operating lease costs		
- land and buildings	85,698	85,698
Auditors' remuneration	8,240	8,102
Staff costs (see note 3)	3,926,480	3,077,096

5. FINANCE CHARGES (NET)

	2003 £	2002 £
<i>Investment income</i>		
Bank interest	8,067	18,087
Other interest	7,117	-
Income from listed investments	5,064	11
	<u>20,248</u>	<u>18,098</u>

	2003 £	2002 £
<i>Interest payable</i>		
Bank loans and overdrafts	(3,074,755)	(2,619,398)
Hire purchase	(6,607)	(10,551)
Other interest	(77,286)	(587)
	<u>(3,158,648)</u>	<u>(2,630,536)</u>

	2003 £	2002 £
<i>Finance charges (net)</i>		
Investment income	20,248	18,098
Interest payable	(3,158,648)	(2,630,536)
	<u>(3,138,400)</u>	<u>2,612,438</u>

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2003 £	2002 £
Current tax		
UK corporation tax	1,888,055	1,153,680
Adjustment in respect of prior years - UK corporation tax	(66,667)	102,673
Total current tax	<u>1,821,388</u>	<u>1,256,353</u>
Deferred tax		
Origination and reversal of timing differences	1,545	(81,637)
Total deferred tax (see note 13)	<u>1,545</u>	<u>(81,637)</u>
Total tax on profit on ordinary activities	<u>1,822,933</u>	<u>1,174,716</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>6,027,783</u>	<u>3,561,258</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002 – 30%)	1,808,335	1,068,377
Effects of:		
Expenses not deductible for tax purposes	15,267	9,895
Capital allowances in excess of depreciation	1,529	8,234
Other timing differences	66,900	67,174
Chargeable gains	(3,976)	-
Adjustments to tax charge in respect of previous periods	(66,667)	102,673
Current tax charge for year	<u>1,821,388</u>	<u>1,256,353</u>

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Motor vehicles £	Total £
Cost				
Beginning of year	248,732	122,026	548,858	919,616
Additions	95,190	63,898	45,225	204,313
Disposals	-	-	(97,412)	(97,412)
End of year	<u>343,922</u>	<u>185,924</u>	<u>496,671</u>	<u>1,026,517</u>
Depreciation				
Beginning of year	195,336	70,562	216,481	482,379
Disposals	-	-	(78,094)	(78,094)
Charge for the year	44,646	24,988	90,473	160,107
End of year	<u>239,982</u>	<u>95,550</u>	<u>228,860</u>	<u>564,392</u>
Net book value				
Beginning of year	<u>53,396</u>	<u>51,464</u>	<u>332,377</u>	<u>437,237</u>
End of year	<u>103,940</u>	<u>90,374</u>	<u>267,811</u>	<u>462,125</u>

Included above are motor vehicles and office equipment held under hire purchase agreements with a net book value of £84,221 (2002 - £168,707).

8. FIXED ASSET INVESTMENT

	2003 £	2002 £
Cost		
Beginning and end of year	<u>70,050</u>	<u>70,050</u>

The shares in a group undertaking comprise investment in the following subsidiary undertaking:

	Country of registration	Interest in ordinary shares and voting rights	Principal activity
Spot Finance Limited	England and Wales	100%	Financiers

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

9. DEBTORS

	2003 £	2002 £
<i>Amounts falling due within one year:</i>		
Trade debtors	13,763,694	11,594,252
Amounts owed by fellow group undertakings	52,423,997	21,112,364
Other debtors	137	5,166
Prepayments and accrued income	144,229	125,568
	<u>66,332,057</u>	<u>32,837,350</u>
<i>Amounts falling due after more than one year:</i>		
Trade debtors	62,547,438	43,511,781
Deferred taxation (see note 13)	261,174	262,719
	<u>62,808,612</u>	<u>43,774,500</u>
	<u>129,140,669</u>	<u>76,611,850</u>

Prior year trade debtors includes an amount of £350,000 loaned to Blemain Finance Pension Fund on a commercial basis secured on certain assets of that fund. £220,000 of this loan was repaid on 8 August 2002 and the balance on 4 October 2002.

10. INVESTMENTS HELD AS CURRENT ASSETS

	2003 £	2002 £
Investments – listed on a recognised stock exchange	<u>489,108</u>	<u>19,229</u>

The market value of the listed investments is £489,108 (2002 - £19,229) and their historical cost is £658,896 (2002 - £183,528).

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts	1,451,597	1,269,277
Trade creditors	213,595	104,777
Obligations under hire purchase agreements	49,027	77,604
Amounts owed to group undertakings	121,895,517	81,815,868
Amounts owed to related undertaking	38,739	19,153
Current corporation tax	997,697	121,414
Other taxes and social security	693,333	107,740
Other creditors	79,410	269,443
Accruals and deferred income	1,872,955	1,006,612
	<u>127,291,870</u>	<u>84,791,888</u>

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

The amount owed to related undertakings is in respect of the UK Mortgage Corporation Limited a company in which H.N. Moser is a director and shareholder.

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Obligation under hire purchase agreements due within one to two years	<u>16,239</u>	<u>48,550</u>

13. DEFERRED TAXATION

	£
Balance at 1 July 2002	262,719
Provision - current year	68,429
- prior year	(69,974)
Balance at 30 June 2003	<u>261,174</u>

The amounts provided in the financial statements and the amounts not provided are as follows:

	Provided 2003 £	Provided 2002 £	Not Provided 2003 £	Not Provided 2002 £
Capital allowances in advance of depreciation	17,876	20,998	-	-
Other timing differences	<u>243,298</u>	<u>241,721</u>	-	-
	<u>261,174</u>	<u>262,719</u>	-	-

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised, called-up, allotted and fully paid 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15. PROFIT AND LOSS ACCOUNT

	2003 £
At 1 July 2002	7,285,321
Retained profit for the financial year	<u>4,204,850</u>
At 30 June 2003	<u>11,490,171</u>

BLEMAIN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2003 £	2002 £
Profit for the financial year	4,204,850	2,386,542
Opening equity shareholder's funds	7,385,321	4,998,779
Closing equity shareholder's funds	<u>11,590,171</u>	<u>7,385,321</u>

17. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £141 million of bank borrowings of the group (2002 - £97 million).

18. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2003 £	2002 £
Land and buildings, lease expiring after five years	<u>95,698</u>	<u>95,698</u>

19. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996), the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Jerrold Holdings plc which has produced consolidated financial statements that are publicly available.

20. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Jerrold Holdings 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 Jerrold Holdings plc.

During the year the company undertook the following transactions .

- Received £19,586 from UK Mortgage Corporation Limited, increasing the balance outstanding to £38,739.
- The balance of £350,000 to the Blemain Finance Pension Fund was repaid during the year. In addition, the company paid rent of £85,698 to the Blemain Finance Pension Fund.

H.N. Moser is a director and shareholder in all the above companies. Blemain Finance Limited is the principal employer of The Blemain Finance Pension Fund of which H.N. Moser is a trustee and beneficiary.

21. ULTIMATE PARENT COMPANY

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

The largest and smallest group of which Blemain Finance Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.