

**BLEMAIN FINANCE LIMITED**

**Report and Financial Statements**

**Year ended 30 June 2009**



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**BLEMAIN FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2009**

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# **BLEMAIN FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H N Moser  
G Bailey  
T Bailey  
S P Baker (appointed 2 July 2008)  
S Bean  
G D Beckett  
M R Goldberg  
A J Grant  
A G Lawton  
M J Ridley

#### **SECRETARY**

M J Ridley

#### **REGISTERED OFFICE**

Bracken House  
Charles Street  
Manchester  
M1 7BD

#### **PRINCIPAL BANKERS**

Royal Bank of Scotland Plc  
Spinningfields  
Manchester  
M3 3AP

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester

# **BLEMAIN FINANCE LIMITED**

## **DIRECTORS' REPORT (continued)**

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

### **ENHANCED BUSINESS REVIEW**

The company's principal activity during the year under review continues to be that of financiers. The directors do not expect any significant change to the activities of the company. A number of key indicators (KPIs) on performance, position and liquidity are monitored in order to control the business and to plan for future growth.

#### ***Profitability***

As shown in the company's profit and loss account on page 7, profit before tax has increased by 83% to £40.4m (2008: £22.1m). This is due to the increase in size of loan book values coupled with a reduction in acquisition costs.

The directors of the company do not recommend the payment of a dividend (2008: nil).

#### ***Position***

As shown in the company's balance sheet on page 8, loan book values (classified within trade debtors) have increased by 5.8% to £503.6m (2008: £475.8m). This is reflective of an increase in new business levels throughout the year. At the same time, shareholder's funds have increased by 74.3% to £65.0m (2008: £37.3m).

#### ***Liquidity***

The ability of the company to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This has increased to 2.71 (2008: 1.81). The company closely monitors its cash position and cash utilisation levels on a regular basis taking into consideration the level of redemption activity, recurring income levels and planned expenditure and advance levels. Where and when required, further facilities are either negotiated or new business levels are adjusted to ensure that sufficient headroom exists at all times.

#### ***Non-financial KPIs***

The directors support and monitor compliance with FSA and Consumer Credit Act regulation. Employees undertake appropriate training which is supported by a dedicated compliance department. Procedures are established to monitor quality of compliance including consultation on and authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes along with employee and customer feedback including the monitoring of the level of complaints received.

In addition the directors monitor certain other non financial KPI's, relating to employee consultation and involvement, and the environment, which are further detailed below.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### ***Credit risk***

The company is exposed to changes in the economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as levels of consumer indebtedness, as well as by factors relating to specific customers, such as the failure of the business of a corporate customer. Credit risk is managed at loan inception, via stringent underwriting policies with regard to equity levels and affordability ratios and throughout the life of the loan, via monitoring of arrears levels.

### ***Interest rate risk***

The company is financed by another group company and a revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc, as Facility Agent, and Blemain Finance Limited and other group companies as Originators and Servicers). The group is funded by variable rate facilities. Interest rate risk is managed by the group through the use of hedging instruments.

### ***Liquidity risk***

The company is financed by another group company and a revolving securitisation facility. The group closely monitors its cash position and cash utilisation levels on a regular basis taking into consideration the level of redemption activity, recurring income levels and planned expenditure and advance levels to ensure that sufficient headroom exists at all times.

# **BLEMAIN FINANCE LIMITED**

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISK AND UNCERTAINTIES (continued)**

#### ***Liquidity risk (continued)***

The revolving securitisation facility which is supported by a 364 day liquidity facility was renewed on 12<sup>th</sup> November 2009. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised liquidity facility will be renewed substantially in the same form as forecast.

#### ***Regulatory risk***

The company undertakes activities which are regulated by the Financial Services Authority and the Office of Fair Trading. The company has an established compliance function and uses third party specialist advisors to support its business operations.

#### ***Exchange rate risk***

All the company's activities are in sterling and are not subject to exchange rate risk.

### **EMPLOYEE CONSULTATION**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and internal publications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

### **ENVIRONMENT**

As the company operates in the financial services sector, its actions do not have a significant environmental impact. However, the company does recognise the importance of the environment, and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

### **STATEMENT OF GOING CONCERN**

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the company have considered the group's forecast funding and liquidity facilities insofar as to the extent to which they might affect the preparation of the company's financial statements on a going concern basis.

Current group funding primarily consists of a £378m drawn syndicated loan facility (made between Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in Note 10 of the Jerrold Holdings Limited accounts) and a £409m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers).

The securitised facility is supported by a revolving 364 day liquidity facility which was renewed on 12<sup>th</sup> November 2009. The company's current liabilities exceed assets due within one year due to the timing of the contractual renewal of the 364 day liquidity facility. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitisation liquidity facility will be renewed substantially in the same form as forecast. The syndicated facility is not due for renewal until 9<sup>th</sup> November 2012.

On this basis the directors have a reasonable expectation that, despite the uncertainty in market conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

# **BLEMAIN FINANCE LIMITED**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS**

The directors of the company are set out on page 1. All directors served throughout the year except as noted on page 1.

### **AUDIT INFORMATION**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

### **AUDITORS**

A resolution to re-appoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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



M J Ridley  
Secretary

26 March 2010

## **BLEMAIN FINANCE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK 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 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 BLEMAIN FINANCE LIMITED**

We have audited the financial statements of Blemain Finance Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 30 June 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

### **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.



Stephen Williams (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester, United Kingdom

26 MARCH 2010



## **BLEMAIN FINANCE LIMITED**

### **PROFIT AND LOSS ACCOUNT** **Year ended 30 June 2009**

	<b>Note</b>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>TURNOVER</b>	2	79,033,937	75,024,582
Cost of sales		<u>(3,335,835)</u>	<u>(14,809,094)</u>
<b>GROSS PROFIT</b>		75,698,102	60,215,488
Administrative expenses		<u>(12,057,199)</u>	<u>(11,430,576)</u>
<b>OPERATING PROFIT</b>		63,640,903	48,784,912
Interest payable and similar charges	5	(23,558,011)	(26,993,467)
Interest receivable and similar income	5	<u>357,596</u>	<u>282,150</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	40,440,488	22,073,595
Tax on profit on ordinary activities	6	<u>(11,431,586)</u>	<u>(6,559,675)</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><u>29,008,902</u></u>	<u><u>15,513,920</u></u>

All activity arose from continuing operations

There were no recognised gains or losses in either year other than the result for that year then ended. Accordingly, a statement of total recognised gains and losses has not been presented.

# BLEMAIN FINANCE LIMITED


## BALANCE SHEET 30 June 2009

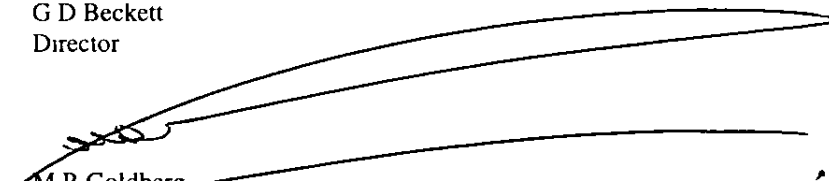
	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	7	780,014	1,238,497
Investments	8	70,050	70,050
		<u>850,064</u>	<u>1,308,547</u>
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	9	31,568,139	330,890,763
- due after one year	9	815,637,302	472,064,610
Investments	10	16,981	23,967
Cash at bank and in hand		31,007	407
		<u>847,253,429</u>	<u>802,979,747</u>
<b>CREDITORS</b> Amounts falling due within one year	11	(274,062,979)	(523,948,051)
<b>NET CURRENT ASSETS</b>		<u>573,190,450</u>	<u>279,031,696</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		574,040,514	280,340,243
<b>CREDITORS:</b> Amounts falling due after more than one year	12	(507,736,679)	(243,045,310)
<b>NET ASSETS</b>		<u>66,303,835</u>	<u>37,294,933</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100,000	100,000
Profit and loss account	15	66,203,835	37,194,933
<b>EQUITY SHAREHOLDER'S FUNDS</b>	16	<u>66,303,835</u>	<u>37,294,933</u>

These financial statements were approved by the Board of Directors on 26 March 2010

Company Registration No 1185052

Signed on behalf of the Board of Directors

  
G D Beckett  
Director

  
M R Goldberg  
Director

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Accounting convention

The company prepares its accounts under the historic cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

No consolidated financial statements have been prepared, as provided by Section 400 of the Companies Act 2006, as the company is a wholly owned subsidiary undertaking of Jerrold Holdings Ltd, which has prepared consolidated financial statements which are publicly available.

#### Tangible fixed assets

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of valuation, less estimated residual value of each asset over its expected useful life as follows:

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.

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 1. ACCOUNTING POLICIES (continued)

#### Investments

Fixed asset investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

#### Turnover and cost of sales

Turnover consists of interest recoverable on loans and commissions income. Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed.

Cost of sales includes the direct costs of originating the loans, including commissions payable.

#### Bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. General provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

#### 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 one director 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. Differences between contributions payable in the year and contributions paid in the year are held in the balance sheet as accruals or prepayments.

### 2. TURNOVER

	2009 £	2008 £
Interest and commissions for money lending agreements	78,835,239	74,543,582
Rental income	198,698	481,000
	<u>79,033,937</u>	<u>75,024,582</u>

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 £	2008 £
<b>Directors' emoluments</b>		
Fees	2,402,906	2,849,205
Company contributions to money purchase pension scheme	85,279	16,386
	<u>2,488,185</u>	<u>2,865,591</u>
<b>Remuneration of the highest paid director</b>		
Remuneration	708,750	708,750
	<u>708,750</u>	<u>708,750</u>
<b>Average number of persons employed (including directors)</b>		
Office and management	290	338
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	9,576,151	10,655,237
Social security costs	978,362	1,155,521
Pension costs	200,983	80,821
	<u>10,755,496</u>	<u>11,891,579</u>

Nine directors were members of pension schemes to which the company made contributions (2008 six)

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2009 £	2008 £
Loss on sale of fixed assets	12,283	60
Loss on sale of listed investments	243	-
Depreciation and amounts written off tangible fixed assets		
- owned assets	375,586	490,023
- assets held under hire purchase contracts	99,734	118,043
Operating lease costs		
- land and buildings	355,914	363,651
Fees payable to the company's auditors for the audit of the company's annual accounts	900	750
Staff costs (see note 3)	<u>10,755,496</u>	<u>11,891,579</u>

The audit fees for all subsidiary undertakings of the ultimate parent company were borne by this company, both in the current and prior financial years. Fees payable to the auditor for the audit of the accounts of all subsidiary undertakings of the ultimate parent company were £12,000 (2008 £10,000)

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 5. FINANCE CHARGES

	2009 £	2008 £
<i>Interest payable and similar charges</i>		
Interest payable on intragroup loans	(12,480,401)	(14,871,185)
Discount payable on loan notes	(11,064,487)	(11,224,626)
Hire purchase	(7,486)	(20,903)
Other interest	(5,637)	(876,753)
	<u>(23,558,011)</u>	<u>(26,993,467)</u>
	2009 £	2008 £
<i>Interest receivable and similar income</i>		
Bank interest	308,990	281,271
Other interest	48,284	-
Income from listed investments	322	879
	<u>357,596</u>	<u>282,150</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2009 £	2008 £
<b>Current tax</b>		
UK corporation tax	11,387,151	6,750,593
Adjustment in respect of prior years - UK corporation tax	<u>129,355</u>	<u>(91,809)</u>
<b>Total current tax</b>	<u>11,516,506</u>	<u>6,658,784</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(84,920)	(186,183)
Adjustment in respect of prior years	<u>-</u>	<u>87,074</u>
<b>Total deferred tax (see note 13)</b>	<u>(84,920)</u>	<u>(99,109)</u>
<b>Total tax on profit on ordinary activities</b>	<u>11,431,586</u>	<u>6,559,675</u>

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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 are as follows

	2009 £	2008 £
<b>Profit on ordinary activities before tax</b>	<b>40,440,488</b>	<b>22,073,595</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 29.5%)	11,323,337	6,512,314
Effects of		
Expenses not deductible for tax purposes	13,651	42,363
Income not taxable for tax purposes	(90)	(259)
Capital allowances in excess of depreciation	45,415	55,979
Group relief	(34,665)	-
Movement in short term timing differences	39,503	140,196
Adjustments to tax charge in respect of previous periods	129,355	(91,809)
<b>Current tax charge for year</b>	<b>11,516,506</b>	<b>6,658,784</b>

During 2007, the Government enacted a change in corporation tax reducing the rate from 30% to 28% with effect from April 2008. For the year ended 30 June 2008, the tax rate was pro rated using a tax rate of 30% for the period from 1 July 2007 to 5 April 2008 and a tax rate of 28% from 6 April 2008 to 30 June 2008. This resulted in an average rate of tax for the year of 29.5%. The impact of this change on the corporation tax charge is disclosed in the table above.

### 7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 July 2008	1,147,183	588,995	971,426	2,707,604
Additions	71,853	-	-	71,853
Disposals	(336,537)	(63,196)	(174,490)	(574,223)
At 30 June 2009	882,499	525,799	796,936	2,205,234
<b>Depreciation</b>				
At 1 July 2008	783,981	276,268	408,858	1,469,107
Disposals	(335,325)	(62,688)	(121,194)	(519,207)
Charge for the year	241,881	100,145	133,294	475,320
At 30 June 2009	690,537	313,725	420,958	1,425,220
<b>Net book value</b>				
At 30 June 2009	<b>191,962</b>	<b>212,074</b>	<b>375,978</b>	<b>780,014</b>
At 30 June 2008	363,202	312,727	562,568	1,238,497

Included above are motor vehicles held under hire purchase agreements with a net book value of £287,727 (2008 £407,197)

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 8 FIXED ASSET INVESTMENT

	£
<b>Cost</b>	
At 1 July 2008 and 30 June 2009	70,050

The fixed asset investment comprises shares 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

### 9 DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	30,211,541	4,507,670
Amounts owed by fellow group undertakings	-	326,058,217
Amounts owed by related undertakings	20,447	37,940
Other debtors	289,786	103,581
Prepayments and accrued income	1,046,365	183,355
	<u>31,568,139</u>	<u>330,890,763</u>
Amounts falling due after more than one year		
Trade debtors	473,367,755	471,296,334
Amounts owed by fellow group undertakings	341,416,351	-
Deferred taxation (see note 13)	853,196	768,276
	<u>815,637,302</u>	<u>472,064,610</u>
	<u>847,205,441</u>	<u>802,955,373</u>

Included within Trade Debtors are mortgage assets totalling £301,869,213 (2008 £275,954,471) which is funded through a securitisation vehicle

The amount owed by related undertakings is in respect of Centrestand Limited, Charles Street Commercial Investments Limited (formerly UK Mortgage Corporation Limited) and Sterling Property Co Limited, entities in which H N Moser is a director, shareholder or partner of

In the current year, the terms of the intercompany loan were formalised, resulting in the balance not being repayable prior to 31 March 2011

### 10. INVESTMENTS HELD AS CURRENT ASSETS

	2009 £	2008 £
Investments – listed on a recognised stock exchange	<u>16,981</u>	<u>23,967</u>



# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans and overdrafts	4,301,220	6,744,491
Loan notes	251,014,271	-
Trade creditors	239,038	172,238
Obligations under hire purchase agreements	77,611	182,128
Amounts owed to group undertakings	-	500,083,316
Amounts owed to related undertaking	3,094	2,777
Corporation tax	6,488,422	3,364,250
Other taxes and social security	273,603	268,675
Other creditors	3,175,382	2,252,380
Accruals and deferred income	8,490,338	10,877,796
	<u>274,062,979</u>	<u>523,948,051</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 Charles Street Commercial Investments Limited (formerly UK Mortgage Corporation Limited), August Blake Developments Limited, Sterling Property Co Limited and Bracken House Properties LLP, entities in which H N Moser is a director, shareholder or partner of

The other creditors include £48,181 (2008 £21,210) due to H N Moser. H N Moser is a director of the company. The movements in the year relate to drawdowns and cash repayments

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

	2009 £	2008 £
Loan notes	-	242,957,913
Amounts owed to group undertakings	507,723,890	-
Obligation under hire purchase agreements	12,789	87,397
	<u>507,736,679</u>	<u>243,045,310</u>

Borrowings are repayable as follows

	2009 £	2008 £
Within one year	255,393,102	6,926,619
After one and within two years	507,736,679	87,397
Between two and five years	-	242,957,913
	<u>763,129,781</u>	<u>249,971,929</u>

Loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. They are secured on specific loan assets. All loan notes revolve within a three month period and are supported by a revolving 364 day liquidity facility which was renewed on 12<sup>th</sup> November 2009.

In the current year, the terms of the intercompany loan were formalised, resulting in the balance not being repayable prior to 31 March 2011.

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 13. DEFERRED TAXATION

	£
Balance at 1 July 2008	768,276
Credited to profit and loss account	84,920
Balance at 30 June 2009	<u>853,196</u>

The amounts provided in the financial statements comprising full provision are as follows

	2009 £	2008 £
Depreciation in advance of capital allowances	144,220	98,803
Other timing differences	708,976	669,473
	<u>853,196</u>	<u>768,276</u>

The directors believe that future profitability will be sufficient to ensure the recoverability of the deferred tax asset

### 14. CALLED UP SHARE CAPITAL

	2009 £	2008 £
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

	£	£
At 1 July 2008		37,194,933
Retained profit for the financial year		<u>29,008,902</u>
At 30 June 2009		<u>66,203,835</u>

### 16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2009 £	2008 £
Opening equity shareholder's funds	37,294,933	21,781,013
Profit for the financial year	<u>29,008,902</u>	<u>15,513,920</u>
Closing equity shareholder's funds	<u>66,303,835</u>	<u>37,294,933</u>

# BLEMAIN FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

### 17. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £378 million of bank borrowings of the group (2008 £378 million)

### 18. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2009 £	2008 £
Land and buildings, lease expiring after five years	363,331	386,235

### 19. CASH FLOW STATEMENT

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

### 20. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Jerrold Holdings Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with other wholly owned members of the group headed by Jerrold Holdings Ltd

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

During the year, the company entered into transactions, in the ordinary course of business, with non-wholly owned members of the group, which are consolidated in the group accounts, as follows

	2009 £	2008 £
<i>Transactions with fellow group companies</i>		
Interest recharges	586,174	657,359
Management recharges	406,389	673,682
Treasury payments	(4,638,432)	(1,373,515)
	<u>(3,645,869)</u>	<u>(42,474)</u>
Amounts due from fellow group companies	<u>6,076,160</u>	<u>9,722,029</u>

Details relating to other related party transactions are contained in notes 9 and 11 of the accounts

### 21. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings Limited, 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 Limited, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD

H N Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited