

Harpmanor Limited

Accounts 30 June 1999
together with directors' and auditors' reports
Registered number: 1954109



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 activity and business review

The principal activity of the company continued 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 dividend

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

Directors and their interests

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)

Payment to suppliers

The company agreed 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 the work are charged to the profit and loss account as incurred.

Auditors

The directors 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 Harpmanor Limited:

We have audited the accounts on pages 5 to 11 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 that reads 'Arthur Andersen'.

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	242,684	252,049
Operating expenses		(73,230)	(99,081)
Operating profit		169,454	152,968
Interest receivable and similar income	3	89,942	61,068
Profit on ordinary activities before taxation	4	259,396	214,036
Tax on profit on ordinary activities	6	(125,934)	13,799
Profit for the financial year	13	133,462	227,835

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 of reserves is given in note 13.

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

Balance sheet

30 June 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	7	11,313	11,313
Current assets			
Stocks	8	20,603	36,432
Debtors – due within one year	9	2,991,724	2,586,329
Debtors – due after one year	9	158,566	212,696
Cash at bank and in hand		-	66,013
		3,170,893	2,901,470
Creditors: Amounts falling due within one year	10	(1,317,744)	(1,174,511)
Net current assets		1,853,149	1,726,959
Total assets less current liabilities		1,864,462	1,738,272
Creditors: Amounts falling due after more than one year	11	(14,544)	(21,816)
Net assets		1,849,918	1,716,456
Capital and reserves			
Called-up share capital	12	2	2
Profit and loss account	13	1,849,916	1,716,454
Equity shareholders' funds		1,849,918	1,716,456

Signed on behalf of the Board

M.B. Richards

Director

H.N. Moser

Director

20 April 2000

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

b) Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

Additions to investment properties under development comprise construction costs excluding attributable interest incurred in bringing a project to its present state of completion.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

c) Stocks

Properties held for resale are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

d) Taxation

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

e) Turnover

Turnover relates only to the principal activity of the company.

Notes to accounts (continued)

2 Turnover

All turnover arises in the UK.

3 Interest receivable and similar income

	1999 £	1998 £
Bank interest	89,253	58,507
Other interest	689	2,561
	<u>89,942</u>	<u>61,068</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Auditors' remuneration	1,253	4,888
Depreciation and amounts written off tangible fixed assets	<u>-</u>	<u>2,267</u>

5 Staff costs

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

6 Tax on profit on ordinary activities

	1999 £	1998 £
Corporation tax	84,952	29,464
Adjustment in respect of prior years	40,982	(43,263)
	<u>125,934</u>	<u>(13,799)</u>

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

7 Investments

	1999 £	1998 £
Investment properties	<u>11,313</u>	<u>11,313</u>

Notes to accounts (continued)

8 Stocks

	1999 £	1998 £
Properties held for resale	20,603	20,563
Goods for resale	-	15,869
	<u>20,603</u>	<u>36,432</u>

9 Debtors

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	652,236	557,665
Amounts owed by group undertakings	2,330,409	2,019,585
Other debtors	9,079	9,079
	<u>2,991,724</u>	<u>2,586,329</u>
Amounts falling due after more than one year:		
Trade debtors	158,566	212,696
	<u>3,150,290</u>	<u>2,799,025</u>

10 Creditors: Amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings	1,083,844	1,059,396
Corporation tax	169,942	66,238
Bank overdraft	14,231	-
Other creditors	-	-
Accruals and deferred income	49,727	48,877
	<u>1,317,744</u>	<u>1,174,511</u>

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

11 Creditors: Amounts falling due after more than one year

	1999 £	1998 £
Corporation tax	<u>14,544</u>	<u>21,816</u>

Notes to accounts (continued)

12 Share capital

	1999 £	1998 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Called-up, allotted and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 Profit and loss account

	1999 £	1998 £
Profit for the financial year	133,462	227,835
Beginning of year	<u>1,716,454</u>	<u>1,488,619</u>
End of year	<u>1,849,916</u>	<u>1,716,454</u>

14 Reconciliation of movements in equity shareholders' funds

	1999 £	1998 £
Profit for the financial year	133,462	227,835
Opening shareholders' funds	<u>1,716,456</u>	<u>1,488,621</u>
Closing shareholders' funds	<u>1,849,918</u>	<u>1,716,456</u>

15 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).

16 Cash flow statement

As permitted by Financial Reporting Standard No1 1996 (Revised), the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Blemain Group plc which has produced a consolidated cash flow statement in its accounts.

17 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.

Notes to accounts (continued)

18 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 Harpmanor 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.