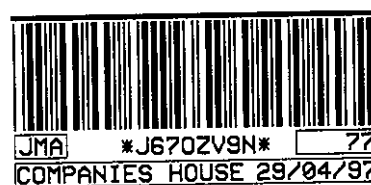

Monarch Recoveries Limited

Report and Financial Statements

◆ *Year ended 30 June 1996* ◆

COMPANY NO: 1959967



MONARCH RECOVERIES LIMITED

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MONARCH RECOVERIES LIMITED

COMPANY INFORMATION

Directors	H N Moser C J Punshon D A Semp
Secretary	M B Richards
Registered office	Bracken House Charles Street Manchester M1 7BD
Registered number	1959967
Auditors	Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	National Westminster Bank Plc 55 King Street Manchester M60 2DB

MONARCH RECOVERIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 30 June 1996.

Principal activity

The principal activity of the company continued to be that of debt collection.

Business review and future developments

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

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

Mr 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 directors report. 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.

Payments to suppliers

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

Auditors

Robson Rhodes having expressed their willingness to continue in office and are deemed to be reappointed in accordance with the elective resolution currently in force.

MONARCH RECOVERIES LIMITED

REPORT OF THE DIRECTORS

(Continued)


Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

The report of the directors was approved by the Board on 18 April 1997 and signed on its behalf by:



Martin Basil Richards
Secretary

MONARCH RECOVERIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF MONARCH RECOVERIES LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 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 affairs of the company as at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Rhodes
Chartered Accountants and Registered Auditor

Manchester
18 April 1997

MONARCH RECOVERIES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 1996

	Note	1996 £	1995 £
Turnover: continuing operations	1 & 2	79,029	48,559
Administrative expenses		(21,684)	(11,322)
		<hr/>	<hr/>
Operating profit: continuing operations	3	57,345	37,237
Interest payable	4	(396)	(4)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		56,949	37,233
Tax on profit on ordinary activities	5	(7,789)	(7,620)
		<hr/>	<hr/>
Retained profit for the year	11	49,160	29,613
		<hr/>	<hr/>

The company made no recognised gains or losses other than as disclosed above.

MONARCH RECOVERIES LIMITED

RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS
for the year ended 30 June 1996

	1996	1995
	£	£
Total recognised gains	49,160	29,613
Opening shareholders' funds	246,230	216,617
	<hr/>	<hr/>
Closing shareholders' funds	295,390	246,230
	<hr/>	<hr/>

MONARCH RECOVERIES LIMITED

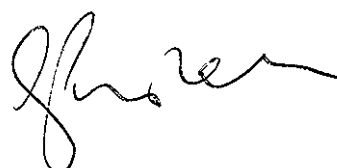
BALANCE SHEET at 30 June 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	6	5,714	8,777
		<hr/>	<hr/>
Current assets			
Debtors	7	294,594	246,648
Investments	8	32,588	32,588
Cash at bank and in hand		20,554	3,086
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	9	347,736 (58,060)	282,322 (44,869)
		<hr/>	<hr/>
Net current assets		289,676	237,453
		<hr/>	<hr/>
Net assets		295,390	246,230
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	295,290	246,130
		<hr/>	<hr/>
Equity shareholders' funds		295,390	246,230
		<hr/>	<hr/>

The financial statements were approved by the Board on 18 April 1997 and signed on its behalf by:


Henry Neville Moser
Director

Colin John Punshon
Director



MONARCH RECOVERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

1. ACCOUNTING POLICIES

Basis of accounting

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

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary of Blemain Group plc which publishes a consolidated cash flow statement.

Turnover

Turnover, which is wholly derived from within the UK, represents debt collection fees, management charges and other income receivable, excluding value added tax.

Tangible fixed assets and depreciation

Depreciation is provided evenly 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:

Motor vehicles	25% reducing balance
Fixtures and fittings	20% on cost
Computer equipment	33⅓% on cost

Investments

Listed investments are stated at market value. Other investments are stated at the lower of cost and estimated net realisable value.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover and profit before taxation relate to the one principal activity of the company.

MONARCH RECOVERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS**30 June 1996****3. OPERATING PROFIT**

Operating profit is arrived at after charging:

	1996	1995
	£	£
Auditors' remuneration	1,400	1,500
Depreciation	3,063	2,718
Loss on disposal of fixed assets	841	-
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	1996	1995
	£	£
Bank loans and overdrafts	246	4
Other interest	150	-
	<u> </u>	<u> </u>
	396	4
	<u> </u>	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
Corporation tax	8,250	12,000
Adjustment to prior periods	(461)	(4,380)
	<u> </u>	<u> </u>
	7,789	7,620
	<u> </u>	<u> </u>

MONARCH RECOVERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
30 June 1996****6. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 July 1995 and 30 June 1996	6,800	24,270	31,070
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 July 1995	2,884	19,409	22,293
Charged in year	979	2,084	3,063
	<hr/>	<hr/>	<hr/>
At 30 June 1996	3,863	21,493	25,356
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 1996	2,937	2,777	5,714
	<hr/>	<hr/>	<hr/>
At 30 June 1995	3,916	4,861	8,777
	<hr/>	<hr/>	<hr/>

7. DEBTORS

	1996 £	1995 £
Amount owed by group undertakings: fellow subsidiaries	294,594	236,044
Corporation tax recoverable	-	10,488
Prepayments and accrued income	-	116
	<hr/>	<hr/>
	294,594	246,648
	<hr/>	<hr/>

MONARCH RECOVERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

8. CURRENT ASSET INVESTMENTS

	1996 £	1995 £
Listed investments at market value	420	420
Other investments at cost	32,168	32,168
	<u>32,588</u>	<u>32,588</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdraft (secured)	8,595	-
Trade creditors	-	1,451
Amounts owed to group undertakings: fellow subsidiaries	15,029	21,053
Corporation tax	20,933	12,771
Other taxation and social security	2,825	444
Other creditors	8,372	4,400
Accruals and deferred income	2,306	4,750
	<u>58,060</u>	<u>44,869</u>

The bank overdraft is secured by a mortgage debenture over all of the company's assets.

10. SHARE CAPITAL

	1996 £	1995 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

MONARCH RECOVERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

11. PROFIT AND LOSS ACCOUNT

	£
At 1 July 1995	246,130
Profit for the year	49,160
	<hr/>
At 30 June 1996	295,290
	<hr/> <hr/>

12. CONTINGENT LIABILITY

The company has guaranteed the bank overdrafts of certain of its fellow subsidiary undertakings. At 30 June 1996 the contingent liability amounted to £10,520,295 (1995: £8,268,299).

13. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Blemain Group plc, company number 2939389, a company registered in England.