



ARTHUR ANDERSEN

**Blemain Group plc**  
and subsidiary undertakings

Annual report and accounts  
for the year ended 30 June 2000

Registered number: 2939389



## **DIRECTORS**

H.N. Moser	Chairman and Chief Executive
B.S. Pollock	
D.L. Moser	
M.B. Richards	(resigned 1 September 2000)
J.M. Shaoul	Non-Executive Director
J.E. Smith	(appointed 30 March 2000)
G.D. Beckett	(appointed 15 June 2000)
C.W. Hacking	(appointed 1 September 2000)

## **SECRETARY**

G.D. Beckett

## **REGISTERED OFFICE**

Bracken House  
Charles Street  
Manchester  
M1 7BD

## **AUDITORS**

Arthur Andersen  
Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

## **PRINCIPAL BANKERS**

Bank of Scotland  
19/21 Spring Gardens  
Manchester  
M2 1FB

## Directors' report

For the year ended 30 June 2000

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 30 June 2000.

### Principal activity

The principal activity of the group continues to be financing and property related transactions.

### 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 dividends

The results for the year are set out in detail on page 5. The directors do not recommend the payment of a dividend, leaving £3,403,000 to be transferred to reserves.

### Directors and their interests

The directors of the company who served during the year are set out on page 1.

Those directors serving at the end of the year had interests in the share capital of the company at 30 June as follows:

	Ordinary shares of £1 each	
	2000 Number	1999 Number
H.N. Moser	1,448,875	1,448,875
B.S. Pollock	1,300,049	1,300,049
D.L. Moser	<u>7,251,076*</u>	<u>7,251,076*</u>

\*Held in trust by D.L. Moser and H.N. Moser as trustees of a family settlement.

### Related party transactions

Related party transactions are detailed in note 23 to the accounts.

## Directors' report (continued)

### 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 group and of the profit or loss of the group for that year. 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Payments to suppliers

The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions being met by the suppliers.

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

On behalf of the Board,



G.D. Beckett  
Secretary

4 October 2000

**To the Shareholders of Blemain Group plc:**

We have audited the accounts on pages 5 to 24 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 12.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

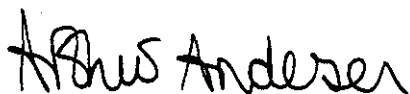
**Basis of opinion**

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 circumstances of the company and of the group, 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 state of affairs of the company and of the group at 30 June 2000 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

4 October 2000

# Consolidated profit and loss account

For the year ended 30 June 2000

	Notes	2000 £'000	1999 £'000
<b>Turnover</b>	2	13,678	11,196
Cost of sales		(443)	(981)
<b>Gross profit</b>		13,235	10,215
Administrative expenses		(5,756)	(4,589)
<b>Operating profit</b>		7,479	5,626
Gain arising on disposal of investment properties		585	297
Interest receivable and similar income	3	17	13
Investment income	4	15	2
Interest payable and similar charges	5	(3,376)	(2,605)
<b>Profit on ordinary activities before taxation</b>	6	4,720	3,333
Tax on profit on ordinary activities	8	(1,317)	(1,050)
<b>Retained profit for the financial year</b>	19	3,403	2,283

All activity has arisen from continuing operations. There are no recognised gains or losses, in either year, other than the retained profit for the financial year.

No consolidated note of historical cost profits and losses has been prepared as there is no material difference between the retained profit in either year if an historical cost basis had been adopted.

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

# Consolidated balance sheet

30 June 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Investment properties	9	9,109	9,345
Other tangible fixed assets	10	1,346	1,035
Investments	11	26	102
		<u>10,481</u>	<u>10,482</u>
<b>Current assets</b>			
Stocks	12	882	1,170
Debtors – amounts falling due after one year	13	41,685	30,511
Debtors – amounts falling due within one year	13	29,058	21,612
Investments	14	282	33
Cash at bank and in hand		45	87
		<u>71,952</u>	<u>53,413</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(6,484)</u>	<u>(5,337)</u>
<b>Net current assets</b>		<u>65,468</u>	<u>48,076</u>
<b>Total assets less current liabilities</b>		<u>75,949</u>	<u>58,558</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(50,145)</u>	<u>(36,157)</u>
<b>Provisions for liabilities and charges</b>	17	<u>(14)</u>	<u>(14)</u>
<b>Net assets</b>		<u>25,790</u>	<u>22,387</u>
<b>Equity capital and reserves</b>			
Called-up share capital	18	10,000	10,000
Merger reserve	19	(9,645)	(9,645)
Capital reserve	19	48	48
Revaluation reserve	19	762	770
Profit and loss account	19	24,625	21,214
<b>Equity shareholders' funds</b>	20	<u>25,790</u>	<u>22,387</u>


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

# Company balance sheet

30 June 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Investments	11	10,001	10,001
<b>Current assets</b>			
Debtors – amounts falling due within one year	13	51,013	36,668
Cash at bank and in hand		7	5
		51,020	36,673
<b>Creditors: Amounts falling due within one year</b>	15	(1,021)	(674)
<b>Net current assets</b>		49,999	35,999
<b>Total assets less current liabilities</b>		60,000	46,000
<b>Creditors: Amounts falling due after more than one year</b>	16	(50,000)	(36,000)
<b>Net assets</b>		10,000	10,000
<b>Capital and reserves</b>			
Called-up share capital	18	10,000	10,000
<b>Equity shareholders' funds</b>		10,000	10,000

Signed on behalf of the Board

  
H.N. Moser  
Director

4 October 2000

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



## Consolidated cash flow statement

For the year ended 30 June 2000

	Notes	2000 £'000	1999 £'000
<b>Net cash outflow from operating activities</b>	24a	(10,230)	(6,869)
Returns on investments and servicing of finance	24c	(3,188)	(2,393)
Taxation		(1,231)	(468)
Capital expenditure and financial investment	24c	363	847
<b>Net cash outflow before financing</b>		(14,286)	(8,883)
Financing	24c	13,869	8,956
<b>(Decrease) increase in cash in year</b>	24b	(417)	73

## Reconciliation of net cash flow to movement in net debt

For the year ended 30 June 2000

	2000 £'000	1999 £'000
<b>Decrease (increase) in cash in year</b>	417	(73)
Cash inflow from increase in debt and lease financing	13,869	8,956
Cash used to increase current asset investments	(228)	-
<b>Change in net debt resulting from cash flows</b>	14,058	8,883
New finance leases	112	12
Other non-cash movements	(21)	-
<b>Movement in net debt in year</b>	14,149	8,895
<b>Net debt, beginning of year</b>	36,725	27,830
<b>Net debt, end of year</b>	50,874	36,725

The accompanying notes are an integral part of this cash flow statement.

## Notes to accounts

30 June 2000

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

#### *a) Basis of accounting*

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties and listed investments, and in accordance with applicable accounting standards including SSAP 19 which, unlike the detailed rules of the Companies Act, does not require depreciation of freehold and long leasehold investment properties. In addition, grants received in respect of investment properties under construction have been deducted from the cost of such assets, which is also not in accordance with the detailed rules of the Companies Act 1985. The lack of depreciation and treatment of grants are necessary to give a true and fair view for the reasons explained below in the investment properties accounting policy note.

#### *b) Basis of consolidation*

The group accounts consolidate the accounts of Blemain Group plc and all its subsidiary undertakings made up to 30 June 2000. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. The acquisition method of accounting has been adopted for the consolidation of:

Spot Finance Limited  
Manor Golf Club Limited  
Phone-a-loan Limited  
Classic Car Finance Limited  
Morgancrest Properties Limited  
Cresthaven Properties Limited  
Sterling Properties Limited  
General Allied Properties Limited  
Privileged Properties (Northern) Limited  
Northwestern Properties & Developments Limited  
Privileged Estates Limited  
Provincial & Northern Limited  
Heywood Finance Limited  
Heywood Leasing Limited

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### *b) Basis of consolidation (continued)*

Merger accounting has been used for the consolidation of:

Blemain Finance Limited  
Briar Hill Court Limited  
Cheshire Mortgage Corporation Limited  
Factfocus Limited  
Harmanor Limited  
Jerrold Mortgage Corporation Limited  
Lancashire Mortgage Corporation Limited  
Monarch Recoveries Limited  
Supashow Limited

Under this method any difference arising on consolidation is treated as a reduction in reserves.

In the company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for Blemain Group plc as permitted by section 230 of the Companies Act 1985. The company's profit for the financial year, determined in accordance with the Act, was £Nil (1999 - £Nil).

#### *c) Investment properties*

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on a sample of valuations conducted by external chartered surveyors. 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 principle 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.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### c) *Investment properties (continued)*

Grants received in respect of investment properties under construction have been deducted from the cost of such assets. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires assets to be shown at their purchase price or production cost and hence grants would be shown as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary to give a true and fair view as no provision is made for depreciation and any grants would not be taken to the profit and loss account. The effect of this departure is that the net book value of investment properties is £3,368,178 (1999 - £3,368,178) lower than it would otherwise have been.

#### d) *Other 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 or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	2% straight-line on valuation/cost
Fixtures and fittings	15% straight-line on cost
Motor vehicles	25% reducing balance on cost
Office equipment	20% straight-line on cost
Computer equipment	33% straight-line on cost

#### e) *Other fixed asset listed investments*

Investments in listed companies are stated at market value.

#### f) *Other investments*

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

#### g) *Stocks*

Properties and goods 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.

#### h) *Leased assets*

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the profit and loss account, over the period of the agreement in proportion to the balance of capital repayments outstanding.

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

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### i) Pension benefits

The group operates two defined contribution pension schemes. The pension cost represents contributions payable in the year.

#### j) Taxation

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

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal.

Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 17.

#### k) Turnover

Turnover consists of proceeds of properties disposed of which were previously held for resale, interest recoverable on loans and related commissions on money lending agreements, property disposal proceeds, rental income and the invoiced value (excluding VAT) for goods and services supplied to third parties.

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.

The sale proceeds of part exchanged houses are not included in turnover.

### 2 Segmental analysis

Segmental analysis of the group's turnover, results and net assets has not been disclosed as in the opinion of the directors this would be seriously prejudicial to the interests of the group.

### 3 Interest receivable and similar income

	2000 £'000	1999 £'000
Bank interest	7	12
Other interest	10	1
	<hr/>	<hr/>
	17	13
	<hr/>	<hr/>

## Notes to accounts (continued)

### 4 Investment income

	2000 £'000	1999 £'000
Income from listed investments	<u>15</u>	<u>2</u>

### 5 Interest payable and similar charges

	2000 £'000	1999 £'000
Bank loans and overdrafts	3,338	2,540
Hire purchase	4	4
Other loans	-	9
Other interest	34	52
	<u>3,376</u>	<u>2,605</u>

### 6 Profit on ordinary activities before taxation

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

	2000 £'000	1999 £'000
Auditors' remuneration		
- for audit services	24	24
- for non-audit services	24	24
Depreciation of tangible fixed assets		
- owned	135	120
- held under hire purchase contracts	18	30
Profit on sale of fixed assets	(46)	(20)
Operating lease rentals		
- land and buildings	86	75
Staff costs (see note 7)	<u>2,699</u>	<u>2,083</u>

## Notes to accounts (continued)

### 7 Staff costs

The average monthly number of employees, including executive directors was:

	2000 Number	1999 Number
Management and administration		
- full time	88	73
- part time	11	7
	<u>99</u>	<u>80</u>

	2000 £'000	1999 £'000
Their aggregate remuneration comprised:		
Wages and salaries	2,235	1,671
Social security costs	236	158
Other pension costs	228	254
	<u>2,699</u>	<u>2,083</u>

Directors' remuneration:

	2000 £'000	1999 £'000
Emoluments	670	610
Company contributions to defined contribution pension schemes	204	253
	<u>874</u>	<u>863</u>

The emoluments of the highest paid director were £656,000 (1999 - £605,000) including £200,000 (1999 - £207,000) of company contributions to a defined contribution pension scheme. In both years three of the directors were members of defined contribution pension schemes operated by group companies.

### 8 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Corporation tax	1,448	1,092
Adjustment in respect of prior years' current taxation	(131)	(42)
	<u>1,317</u>	<u>1,050</u>

## Notes to accounts (continued)

### 9 Investment properties

Group	Freehold investment properties £'000
Beginning of year	9,345
Additions at cost	657
Disposals	(893)
End of year	<u>9,109</u>

Those investment properties where construction and development work have been completed were revalued at 30 June 2000 by the directors.

If investment properties had not been revalued, they would have been included in the balance sheet at £8,467,000 (1999 - £8,698,000).

Grants of £3,368,178 (1999 – £3,368,178) have been credited against the freehold investment properties on a cumulative basis.

### 10 Other tangible fixed assets

Group	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>				
Beginning of year	727	422	496	1,645
Additions	144	137	217	498
Disposals	-	-	(73)	(73)
End of year	<u>871</u>	<u>559</u>	<u>640</u>	<u>2,070</u>
<b>Depreciation</b>				
Beginning of year	42	291	277	610
Charge	19	71	63	153
Disposals	-	-	(39)	(39)
End of year	<u>61</u>	<u>362</u>	<u>301</u>	<u>724</u>
<b>Net book value</b>				
Beginning of year	<u>685</u>	<u>131</u>	<u>219</u>	<u>1,035</u>
End of year	<u>810</u>	<u>197</u>	<u>339</u>	<u>1,346</u>



## Notes to accounts (continued)

### 10 Other tangible fixed assets (continued)

The net book value of tangible fixed assets includes £144,000 (1999 - £79,000) in respect of assets held under hire purchase contracts.

Freehold land and buildings are held by a subsidiary undertaking. In 1993 such assets held were valued on the basis of open market value by members of the Royal Institute of Chartered Surveyors. The directors consider that there is no material variation between the 1993 valuation ascribed of £692,000 and the current valuation. The remaining cost of £179,000 represents post 1993 additions at cost.

If the freehold land and buildings had not been revalued they would have been included in the balance sheet at the following amounts:

	2000 £'000	1999 £'000
Cost	443	443
Depreciation	(23)	(20)
	<u>420</u>	<u>423</u>

### 11 Fixed asset investments

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Subsidiary undertakings	-	-	10,001	10,001
Other investments				
- cost	118	181	-	-
- provision	(92)	(79)	-	-
	<u>26</u>	<u>102</u>	<u>10,001</u>	<u>10,001</u>

## Notes to accounts (continued)

### 11 Fixed asset investments (continued)

#### a) *Subsidiary undertakings*

Principal trading subsidiaries	Shares and voting rights	Principal activities
Blemain Finance Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Factfocus Limited	100%	Financier and property transactions
Harpmanor Limited	100%	Financier
Supashow Limited	100%	House builder
Briar Hill Court Limited	100%	Rental of residential flats
Jerrold Mortgage Corporation Limited	100%	Financier
Spot Finance Limited	100%	Financier
Cheshire Mortgage Corporation Limited	100%	Financier
Monarch Recoveries Limited	100%	Debt recovery
Manor Golf Club Limited	75%	Golf club operator
General Allied Properties Limited	100%	Property investment
Privileged Properties (Northern) Limited	100%	Property investment
Provincial & Northern Limited	100%	Property investment
Northwestern Properties & Developments Limited	100%	Property investment
Heywood Finance Limited	90%	Hire purchase finance
Privileged Estates Limited	100%	Property investment
Heywood Leasing Limited	90%	Leasing finance
Sterling Properties Limited	100%	Property management

All the above subsidiaries are incorporated in Great Britain and are registered and operate in England and Wales.

The above are direct holdings with the exception of Spot Finance Limited and Manor Golf Club Limited which are held by Blemain Finance Limited and Jerrold Mortgage Corporation Limited respectively.

#### a) *Subsidiary undertakings*

In addition to the above, the group also holds 100% of the ordinary shares and voting rights in Phone-a-Loan Limited, Morgancrest Properties Limited, Classic Car Finance Limited and Cresthaven Properties Limited, which are all dormant companies.

#### b) *Other investments*

Other investments are listed investments stated at market value.

## Notes to accounts (continued)

### 12 Stocks

	2000 £'000	1999 £'000
Properties - work in progress	426	564
Properties held for resale	447	599
Goods for resale	9	7
	<u>882</u>	<u>1,170</u>

### 13 Debtors

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Amounts falling due within one year:				
Trade debtors	28,472	20,915	-	-
Amounts owed by group undertakings	-	-	51,003	36,658
Amounts owed by related companies	146	297	10	10
ACT recoverable	29	21	-	-
Other debtors	271	249	-	-
Prepayments and accrued income	140	130	-	-
	<u>29,058</u>	<u>21,612</u>	<u>51,013</u>	<u>36,668</u>
Amounts falling due after more than one year:				
Trade debtors	41,685	30,511	-	-
	<u>70,743</u>	<u>52,123</u>	<u>51,013</u>	<u>36,668</u>

Trade debtors include amounts due in respect of loans provided during the normal course of business. Amounts owed by related companies are in respect of Tennisview Limited, Basilgrove Limited, Sedgewick House Properties Limited and Centrestand Limited, companies in which H.N. Moser is a director and shareholder (see note 23).

### 14 Current asset investments

	2000 £'000	1999 £'000
Listed investments at market value	246	2
Other investments at cost	36	32
Provision	-	(1)
	<u>282</u>	<u>33</u>

## Notes to accounts (continued)

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

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Secured loans (see note 16)	-	100	-	-
Bank overdrafts	1,082	707	109	-
Obligation under hire purchase contracts	47	26	-	-
Debt due within one year	1,129	833	109	-
Trade creditors	234	212	-	-
Amount owed to group undertakings	-	-	400	317
Amounts owed to related companies	85	68	-	-
Corporation tax	2,219	2,061	-	-
Other taxation and social security	149	34	-	-
Other creditors	864	895	1	1
Accruals and deferred income	1,804	1,234	511	356
	<u>6,484</u>	<u>5,337</u>	<u>1,021</u>	<u>674</u>

Amounts due to related companies are in respect of Tennisview Limited, Regency Securities and Investments Limited and Sedgewick House Properties Limited, companies in which H.N. Moser is a director and shareholder (see note 23).

### 16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Secured loans repayable within five years	50,000	36,000	50,000	36,000
Obligation under hire purchase agreements due within one to two years	72	12	-	-
Corporation tax	73	145	-	-
	<u>50,145</u>	<u>36,157</u>	<u>50,000</u>	<u>36,000</u>

## Notes to accounts (continued)

### 16 Creditors: Amounts falling due after more than one year (continued)

The secured loans are repayable as follows:

	2000 £'000	1999 £'000
Due within one year	-	100
Between two and five years	50,000	36,000
	<u>50,000</u>	<u>36,100</u>

The secured loans are secured on a fixed and floating charge on the assets of the Group.

### 17 Provision for liabilities and charges

Group deferred taxation comprises:

	Amounts provided	
	2000 £'000	1999 £'000
Accelerated capital allowances	<u>14</u>	<u>14</u>

Unprovided deferred tax of £240,000 (1999 - £240,000) arises in respect of tax which would be payable if fixed assets were disposed at the current net book value. No provision has been made for this amount since the directors do not intend to dispose of these assets.

### 18 Share capital

	2000 £'000	1999 £'000
<i>Authorised, allotted, called-up and fully paid</i>		
10,000,002 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

# Notes to accounts (continued)

## 19 Reserves

	Merger reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
<b>Group</b>				
At 30 June 1999	(9,645)	48	770	21,214
Retained profit for the financial year	-	-	-	3,403
Transfer	-	-	(8)	8
At 30 June 2000	<u>(9,645)</u>	<u>48</u>	<u>762</u>	<u>24,625</u>

## 20 Reconciliation of movements in group equity shareholders' funds

	2000 £'000	1999 £'000
Retained profit for the financial year	3,403	2,283
Opening shareholders' funds	<u>22,387</u>	<u>20,104</u>
Closing shareholders' funds	<u>25,790</u>	<u>22,387</u>

## 21 Guarantees and financial commitments

### Capital commitments

There are no group capital expenditure commitments at 30 June 2000 (1999 - £Nil).

## 22 Operating lease commitments

The payment which the group is committed to make in the next year under an operating lease is as follows:

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Land and buildings, lease expiring - after five years	<u>75</u>	<u>75</u>	<u>-</u>	<u>-</u>

## Notes to accounts (continued)

### 23 Related party transactions

The group had the following balances with related parties at the year end.

	Balance due to		Balance due from	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Tennisview Limited	36	36	-	-
Centrestand Limited	-	-	13	6
Sedgewick House Properties Limited	23	23	31	190
Basilgrove Limited	18	-	92	92
Regency Securities and Investments Limited	7	7	-	-
	<u>84</u>	<u>66</u>	<u>136</u>	<u>288</u>

Amounts due to and from related companies are in respect of Tennisview Limited, Centrestand Limited, Sedgewick House Properties Limited, Basilgrove Limited and Regency Securities and Investments Limited, companies which H.N. Moser is a director and shareholder.

The following transactions took place in the year ended 30 June 2000:

- i) The group received £158,735 of a loan to Sedgewick House Properties Limited, on which interest of £77,371 was charged.
- ii) The group recharged net expenses of £7,097 to Centrestand Limited for costs that related to that company but were suffered by the Blemain Group.
- iii) The group received £17,641 of income that related to Basilgrove Limited.

The following transactions took place in the year ended 30 June 1999:

- i) The group received a further loan of £1.4 million from Blemain Finance Pension Fund on 10 September 1998. The loan was repaid on 21 December 1998 and interest was charged at £42,589.
- ii) The group loaned Basilgrove Limited a further £30,000.
- iii) The group recharged £18,000 to Sedgewick House Properties Limited for costs that related to that company, but were suffered by the Blemain Group.

## Notes to accounts (continued)

### 24 Cash flow information

#### a) Reconciliation of operating profit to net cash outflow from operating activities

	2000 £'000	1999 £'000
Operating profit	7,479	5,626
Depreciation of tangible fixed assets	153	150
Profit on disposal of tangible fixed assets	(46)	(20)
Profit on disposal of current asset investments	(21)	-
Decrease in stocks	288	918
Increase in debtors	(18,620)	(13,656)
Increase in creditors	537	113
<b>Net cash outflow from operating activities</b>	<b>(10,230)</b>	<b>(6,869)</b>

#### b) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Other non-cash changes £'000	End of year £'000
Cash at bank and in hand	87	(42)	-	45
Overdrafts	(707)	(375)	-	(1,082)
<b>Decrease in cash in year</b>	<b>(620)</b>	<b>(417)</b>	<b>-</b>	<b>(1,037)</b>
Finance leases	(38)	31	(112)	(119)
Loans due after one year	(36,000)	(14,000)	-	(50,000)
Loans due within one year	(100)	100	-	-
Current asset investments	33	228	21	282
	<b>(36,105)</b>	<b>(13,641)</b>	<b>(91)</b>	<b>(49,837)</b>
<b>Net debt</b>	<b>(36,725)</b>	<b>(14,058)</b>	<b>(91)</b>	<b>(50,874)</b>

#### c) Analysis of cash flows

	2000 £'000	1999 £'000
<b>Returns on investments and servicing of finance</b>		
Investment income	15	2
Interest received	17	13
Interest element of finance lease payments	(4)	(4)
Interest paid	(3,216)	(2,404)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(3,188)</b>	<b>(2,393)</b>



## Notes to accounts (continued)

### 24 Cash flow information (continued)

	2000	1999
	£'000	£'000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(386)	(91)
Purchase of investment properties	(657)	(384)
Sale of fixed asset investments	76	11
• Sales of tangible fixed assets	80	24
Sales of investment properties	1,478	1,287
• Purchase of current asset investments	(3,400)	-
Sale of current asset investments	3,172	-
<b>Net cash inflow from capital expenditure and financial investments</b>	<b>363</b>	<b>847</b>
	2000	1999
	£'000	£'000
<b>Financing</b>		
Proceeds from new borrowings	14,000	9,000
Repayment of loans	(100)	-
Capital element of finance lease rental payments	(31)	(44)
<b>Net cash inflow from financing</b>	<b>13,869</b>	<b>8,956</b>