
Blemain Group plc

Report and Financial Statements

◆ *Year ended 30 June 1996* ◆



COMPANY NO: 2939389

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COMPANY INFORMATION

Directors	H N Moser - Chairman and Managing Director B S Pollock D L Moser C J Punshon M B Richards
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Secretary	M B Richards
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Registered office	Bracken House Charles Street Manchester M1 7BD
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Registered number	2939389
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Auditors	Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
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Principal bankers	National Westminster Bank Plc 59 Hanging Ditch Manchester M4 3ER
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REPORT OF THE DIRECTORS

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

Principal activity

The principal activity of the company continues to be that of a holding company to subsidiaries engaged principally in the activity of financiers and property related transactions.

Business review and future developments

The directors consider the results for the period to be satisfactory and look forward to the future with confidence.

Results and dividends

The results for the period are set out in detail on page 5. The directors do not recommend the payment of a dividend leaving £1,654,522 to be transferred to reserves.

Fixed assets

The directors are of the opinion that the market value of freehold land and buildings are equal to their carrying value.

Directors

The present directors of the company are set out on page 1. All of the directors served throughout the year with the exception of Messrs C J Punshon and M B Richards who were appointed directors on 7 December 1995.

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

	Ordinary shares of £1 each	
	30 June 1996	30 June 1995/Date of appointment
	Number	Number
H N Moser	1,448,875	1,448,875
B S Pollock	1,300,049	1,300,049
D L Moser	7,251,076	7,251,076 *
C J Punshon	-	-
M B Richards	-	-

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

No director has, or had, any material interest in any contract or agreement entered into by the company during the period.

REPORT OF THE DIRECTORS

(Continued)

Payments to suppliers

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

Auditors

Robson Rhodes have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Statement of directors' responsibilities

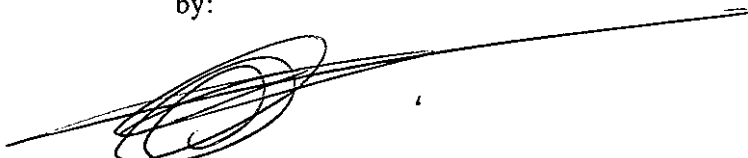
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies;
- 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approval

The report of the directors was approved by the Board on 30 January 1997 and signed on its behalf by:



Martin Basil Richards
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
BLEMAIN GROUP plc**

We have audited the financial statements on pages 5 to 28 which have been prepared on the basis of the accounting policies set out on pages 11 to 13.

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.

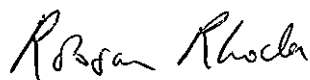
Basis of opinion

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 and the group as at 30 June 1996 and of the group's 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
30 January 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 1996

		Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
	Note		
Turnover: continuing operations	2	7,749,460	7,025,878
Cost of sales		(1,747,523)	(1,739,773)
		<hr/>	<hr/>
Gross profit		6,001,937	5,286,105
Administrative expenses		(2,414,492)	(2,295,320)
		<hr/>	<hr/>
Operating profit: continuing operations	3	3,587,445	2,990,785
Gain arising on disposal of investment properties		1,024	6,890
Interest receivable and similar income	4	7,136	17,421
Interest payable	5	(1,346,532)	(1,070,092)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,249,073	1,945,004
Tax on profit on ordinary activities	8	(625,255)	(516,838)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,623,818	1,428,166
Equity minority interest		30,704	16,483
		<hr/>	<hr/>
Retained profit for the year/period	21	1,654,522	1,444,649
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 June 1996

		Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
	Note		
Profit for the year/period		1,654,522	1,444,649
Unrealised surplus on revaluation of investment properties		28,893	472,262
		<hr/>	<hr/>
Total recognised gains relating to the year/period		1,683,415	1,916,911
Prior year adjustment	9	885,764	-
		<hr/>	<hr/>
Total gains and losses recognised since last financial statements		2,569,179	1,916,911
		<hr/>	<hr/>

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

	Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
Group		
Opening shareholders' funds (originally £14,323,617 before adding prior year adjustment of £885,764)	15,209,381	-
Total recognised gains	1,683,415	1,916,911
Share issues in period	-	10,000,002
Merger reserve created on formation of group	-	(9,644,790)
Profit and loss accounts of companies joining the group at the date of group formation	-	12,586,989
Capital reserves on merger of subsidiaries	-	48,278
Investment property revaluation reserve at date of group formation	-	163,727
Revaluation reserve at date of group formation	-	138,264
	<hr/>	<hr/>
Closing shareholders' funds	16,892,796	15,209,381
	<hr/>	<hr/>
Company		
Opening shareholders' funds	10,000,002	-
Shares issued for cash at par on incorporation	-	2
Nominal value of shares issued 30 June 1994	-	10,000,000
	<hr/>	<hr/>
Closing shareholders' funds	10,000,002	10,000,002
	<hr/>	<hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 30 June 1996**

	Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
Reported profit on ordinary activities before taxation	2,249,073	1,945,004
Excess of actual depreciation charge over historical cost depreciation	3,051	3,051
	<hr/>	<hr/>
	2,252,124	1,948,055
	<hr/>	<hr/>
Historical cost retained profit	1,657,573	1,447,700
	<hr/>	<hr/>

BLEMAIN GROUP plc

**CONSOLIDATED BALANCE SHEET
at 30 June 1996**

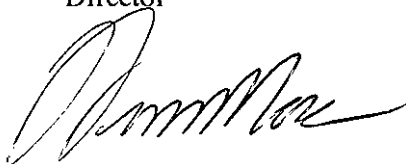
	Note	1996 £	1995 Restated £
Fixed assets			
Investment properties	10	6,899,922	4,076,378
Other tangible assets	11	1,027,594	1,036,761
Investments	12	108,350	109,617
		<u>8,035,866</u>	<u>5,222,756</u>
Current assets			
Stocks	14	3,495,958	3,540,933
Debtors due after one year	15	9,727,665	8,928,105
Debtors due within one year	15	15,472,598	14,972,452
Investments	16	32,588	34,088
Cash at bank and in hand		16,154	15,763
		<u>28,744,963</u>	<u>27,491,341</u>
Creditors: Amounts falling due within one year	17	(15,635,714)	(13,402,743)
Net current assets		<u>13,109,249</u>	<u>14,088,598</u>
Total assets less current liabilities		21,145,115	19,311,354
Creditors: Amounts falling due after more than one year	18	(4,237,696)	(4,060,046)
Provision for liabilities and charges	19	(14,000)	(10,600)
Net assets		<u>16,893,419</u>	<u>15,240,708</u>
Equity capital and reserves			
Called up share capital	20	10,000,002	10,000,002
Merger reserve	21	(9,644,790)	(9,644,790)
Capital reserve	21	48,278	48,278
Revaluation reserve	21	132,163	135,214
Investment property revaluation reserve	21	664,882	635,989
Profit and loss account	21	15,692,261	14,034,688
Equity shareholders' funds		<u>16,892,796</u>	<u>15,209,381</u>
Equity minority interest		<u>623</u>	<u>31,327</u>
		<u>16,893,419</u>	<u>15,240,708</u>

BLEMAIN GROUP plc**COMPANY BALANCE SHEET
at 30 June 1996**

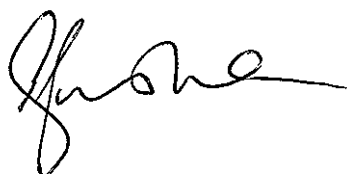
	Note	1996 £	1995 £
Fixed assets			
Investment in subsidiary undertakings	13	10,000,700	10,000,000
		<hr/>	<hr/>
Current assets			
Debtors within one year	15	121,511	146,420
Cash at bank		11,953	2
		<hr/>	<hr/>
		133,464	146,422
Creditors: Amounts falling due within one year	17	(134,162)	(146,420)
		<hr/>	<hr/>
Net current (liabilities)/assets		(698)	2
		<hr/>	<hr/>
Net assets		10,000,002	10,000,002
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	20	10,000,002	10,000,002
		<hr/>	<hr/>
Equity shareholders' funds		10,000,002	10,000,002
		<hr/>	<hr/>

The financial statements were approved by the Board on 30 January 1997 and signed on its behalf by:

Henry Neville Moser
Director



Colin John Punshon
Director



BLEMAIN GROUP plc
CONSOLIDATED CASHFLOW STATEMENT
for the year ended 30 June 1996

		Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
	Note		
Net cash inflow/(outflow) from operating activities	25	2,802,988	(238,995)
Returns on investment and servicing of finance			
Investment income		3,938	2,944
Interest received		3,198	2,067
Interest paid		(1,275,942)	(1,041,105)
Interest element of hire purchase payments		(9,666)	(8,965)
		(1,278,472)	(1,045,059)
Taxation paid		(1,103,179)	(32,984)
Investing activities			
Payments for tangible fixed assets		(88,740)	(49,805)
Purchase of investment properties		(5,554,012)	(825,210)
Purchase of other investments		-	(4,730)
Receipts from sale of tangible fixed assets		10,417	18,501
Receipts from sale of investment properties		11,325	30,419
Grants received in respect of investment properties		2,749,060	-
		(2,871,950)	(830,825)
Net cash outflow before financing		(2,450,613)	(2,147,863)
Financing	26		
New bank loans		-	1,425,000
Other loans received		620,631	123,836
Repayment of loans		(100,000)	(418,867)
Capital element of hire purchase payments		(24,665)	(50,329)
Issue of ordinary shares for cash		-	2
		495,966	1,079,642
Decrease in cash and cash equivalents	27	(1,954,647)	(1,068,221)

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention (as modified by the revaluation of investment properties and listed investments) and 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. The lack of depreciation and treatment of grants are necessary to give a true and fair view for the reason explained below in the investment properties accounting policy note.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

Basis of consolidation

The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal. Goodwill, representing the difference between the cost and the fair value of the net assets acquired, is written off against reserves in the year of acquisition.

Turnover

Turnover consists of proceeds of properties disposed of which were previously held for resale, accrued 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 accrual basis.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

1. ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost or revalued amount of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Freehold buildings	2% on valuation
Plant and machinery	15% on cost
Motor vehicles	25% reducing balance
Office equipment	20% on cost
Computer equipment	33⅓% on cost

Investment properties

Investment properties where construction and development work had been completed are revalued annually by the directors based on a representative sample of valuations provided by external chartered surveyors at open market value and the surplus or deficit (to the extent a previous surplus on the same asset exists) is transferred to investment property revaluation reserve. As these properties are held for investment purposes, not consumption, depreciation is not considered to be relevant.

In accordance with SSAP 19 no depreciation is provided in respect of freehold investment properties. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise be shown cannot be separately identified or quantified.

Gains or losses arising on the disposal of investment properties, as included in the profit and loss account, are based on the carrying value of the related property at the date of disposal.

Investment properties where construction and development work has not been completed are stated at cost less grants received.

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 £2,749,060 lower than it would otherwise have been.

Fixed asset listed investments

Investments in listed companies are stated at market value.

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

1. ACCOUNTING POLICIES - continued

Other investments

Investments in listed companies are stated at market value.

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

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.

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.

Pension benefits

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

2. SEGMENTAL ANALYSIS

Segmental analysis of the group's 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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
Bad and doubtful debt charge	82,491	57,972
Auditors' remuneration	30	
- for audit services	50,466	42,594
- for non audit services	52,822	22,971
Depreciation of tangible fixed assets	106,418	99,999
Profit on disposal of tangible fixed assets	(3,788)	(8,634)
Operating lease rentals		
- land and buildings	27,495	27,495
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
Provision released against listed investments	-	12,410
Income from listed investments	3,938	2,944
Other interest	3,198	2,067
	<u> </u>	<u> </u>
	7,136	17,421
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS**30 June 1996****5. INTEREST PAYABLE**

	Year ended 30 June 1996 £	Period 15 June 1994 to 30 June 1995 Restated £
Hire purchase	9,666	8,965
Bank loans and overdrafts	768,713	646,080
Other loans	516,690	409,543
Other interest	48,696	5,504
Provisions against listed investments	2,767	-
	<hr/>	<hr/>
	1,346,532	1,070,092
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

6. EMPLOYEES

Average weekly number of employees, including directors:

	Year ended 30 June 1996 No.	Period 15 June 1994 to 30 June 1995 No.
Management and administration		
- full time	44	33
- part time	8	8
	<u>52</u>	<u>41</u>
Staff costs, including directors		£
Wages and salaries	848,036	790,132
Social security costs	79,834	62,251
Other pension costs	-	107,950
	<u>927,870</u>	<u>960,333</u>

7. DIRECTORS

	Year ended 30 June 1996		Period 15 June 1994 to 30 June 1995	
	Chairman (also highest paid director) £	All directors £	Chairman (also highest paid director) £	All directors £
Fees	Nil	Nil	Nil	Nil
Salaries and benefits	170,759	358,048	164,019	300,117
Performance bonuses	Nil	Nil	Nil	Nil
	<u>170,759</u>	<u>358,048</u>	<u>164,019</u>	<u>300,117</u>
Excluding pension contributions	170,759	358,048	164,019	300,117
Pension costs	Nil	Nil	107,950	107,950
	<u>170,759</u>	<u>358,048</u>	<u>271,969</u>	<u>408,067</u>
Including Pension contributions	170,759	4,358,048	271,969	408,067
	<u>170,759</u>	<u>4,358,048</u>	<u>271,969</u>	<u>408,067</u>

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

7. DIRECTORS - continued

The emoluments of the directors, exclusive of pension contributions, were in the following ranges:

	Year ended 30 June 1996	Period 15 June 1994 to 30 June 1995
	No.	No.
£5,001 - £10,000	1	1
£20,001 - £25,000	1	-
£30,001 - £35,000	1	-
£125,001 - £130,000	1	1
£160,001 - £165,000	-	1
£170,001 - £175,000	1	-

8. TAXATION

	Year ended 30 June 1996	Period 15 June 1994 to 30 June 1995
	£	Restated £
Corporation tax at 33%	621,855	515,238
Deferred taxation	3,400	1,600
	<hr/>	<hr/>
	625,255	516,838
	<hr/>	<hr/>

The tax charge has been reduced by approximately £100,000 due to the availability of brought forward tax losses. There were no material tax losses to carry forward at 30 June 1996.

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996**9. PRIOR YEAR ADJUSTMENT**

Previously, the Group did not recognise interest income on loans until repayments were received or final realisation or otherwise of the underlying security. As a result of a change in taxation legislation, income on loans is now recognised and accrued as repayments fall due and are deemed to be recoverable. The effect of this change in policy has been to increase profit before tax by £241,259 in the year under review (1995: £262,585).

10. INVESTMENT PROPERTIES

	Freehold investment properties £
Cost or valuation	
At 1 July 1995	4,076,378
Additions at cost	5,554,012
Grant received	(2,749,060)
Disposals	(10,301)
Revaluation	28,893
At 30 June 1996	<u>6,899,922</u>

Those investment properties where construction and development work have been completed were revalued at 30 June 1996 by the directors based on a representative of valuations conducted by external chartered surveyors at open market value.

If investment properties had not been revalued, they would have been included in the balance sheet at £6,235,040.

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

11. TANGIBLE FIXED ASSETS

	Freehold land and building £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 1995	718,120	224,510	384,000	1,326,630
Additions	1,225	19,166	83,489	103,880
Disposals	-	-	(27,703)	(27,703)
Reclassifications	-	424	(424)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1996	719,345	244,100	439,362	1,402,807
	<hr/>	<hr/>	<hr/>	<hr/>
Valuation 1993	691,867	-	-	691,867
Cost	27,478	-	-	27,478
	<hr/>	<hr/>	<hr/>	<hr/>
	719,345	-	-	719,345
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 July 1995	13,960	84,639	191,270	289,869
Charge for the year	7,054	42,156	57,208	106,418
Disposals	-	-	(21,074)	(21,074)
	<hr/>	<hr/>	<hr/>	<hr/>
	21,014	126,795	227,404	375,213
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 1996	698,331	117,305	211,958	1,027,594
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1995	704,160	139,871	192,730	1,036,761
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996**11. TANGIBLE FIXED ASSETS - continued**

The net book value of tangible fixed assets includes £143,931 (1995: £135,680) in respect of assets held under hire purchase agreements. Depreciation charged in the period on those assets amounted to £33,113 (1995: £27,434).

The above land and buildings are held by a subsidiary undertaking and were valued on the above date on the basis of open market value. Valuations were carried out by members of the Royal Institute of Chartered Surveyors.

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

	£
Cost	439,765
Depreciation	(11,604)
	<hr/>
At 30 June 1996	428,161
	<hr/>

12. LISTED INVESTMENTS

Group	£
At 1 July 1995	109,617
Provision	(1,267)
	<hr/>
At 30 June 1996	108,350
	<hr/>

The cost of the above investments at 30 June 1996 was £193,797 (1995 : £193,797).

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£
Cost or nominal value of shares issued	
At 1 July 1995	10,000,000
Subsidiaries formed during the year	700
	<hr/>
At 30 June 1996	10,000,700
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

13. INVESTMENT IN SUBSIDIARY UNDERTAKINGS - continued

Principal trading subsidiaries	Group interest in ordinary 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%	Financier
Manor Golf Club Limited	75%	Golf club operator
General Allied Properties Limited	100%	Property investment
Priviledged Properties (Northern) Limited	100%	Property investment
Privileged Estates Limited	100%	Property investment
Provincial & Northern Limited	100%	Property investment
Northwestern Properties and Developments Limited	100%	Property investment
Heywood Finance Limited	100%	Hire purchase finance

All the above subsidiaries 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.

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 and Cresthaven Properties Limited, dormant companies.

14. STOCKS

	Group	
	30 June 1996	30 June 1995
	£	£
Properties work in progress	2,174,679	2,521,727
Properties held for resale	1,301,142	999,317
Goods for resale	20,137	19,889
	<hr/>	<hr/>
	3,495,958	3,540,933
	<hr/>	<hr/>

The replacement cost of stocks would not be significantly different from the values stated.

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

15. DEBTORS

	Group		Company	
	30 June 1996	30 June 1995	30 June 1996	30 June 1995
	£	Restated £	£	£
Trade debtors falling due within one year	14,324,412	13,939,170	-	-
Amounts owed by subsidiary undertakings	-	-	119,842	145,287
Amounts owed by related companies	753,249	729,679	-	-
Taxation recoverable	122,004	103,569	-	-
Other debtors	258,725	168,468	1,669	1,105
Prepayments and accrued income	14,208	31,566	-	28
	<u>15,472,598</u>	<u>14,972,452</u>	<u>121,511</u>	<u>146,420</u>
Trading debtors falling due after more than one year	9,727,665	8,928,105	-	-
	<u>25,200,263</u>	<u>23,900,557</u>	<u>121,511</u>	<u>146,420</u>

Amounts owed by related companies are in respect of Tennisview Limited, Basilgrove Limited, Sedgewick House Properties Limited and Regency Securities and Investments Limited, companies related by way of a common director.

16. CURRENT ASSET INVESTMENTS

	Group	
	30 June 1996	30 June 1995
	£	£
Listed investments at market value	1,920	1,920
Other investments at cost	32,168	32,168
Provision	(1,500)	-
	<u>32,588</u>	<u>34,088</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30 June 1996 £	30 June 1995 Restated £	30 June 1996 £	30 June 1995 £
Secured loans (note 18)	1,915,626	1,372,296	-	-
Bank overdrafts - secured	10,719,936	8,764,898	-	141,071
Pension fund loan	-	274,407	-	-
Obligation under hire purchase agreements	50,081	58,260	-	-
	<u>12,685,643</u>	<u>10,469,861</u>	<u>-</u>	<u>141,071</u>
Debt due within one year	12,685,643	10,469,861		141,071
Trade creditors	92,698	84,299	-	-
Amount owed to subsidiary undertakings	-	-	133,462	5,349
Amounts due to related companies	47,047	28,867	-	-
Corporation tax	943,771	1,333,948	-	-
Other taxation and social security	95,828	159,483	-	-
Other creditors	943,089	690,208	700	-
Accruals and deferred income	827,638	636,077	-	-
	<u>15,635,714</u>	<u>13,402,743</u>	<u>134,162</u>	<u>146,420</u>

The bank overdrafts are secured by debentures over all of the group's assets.

Amounts due to related companies are in respect of Tennisview Limited and Sedgewick House Properties Limited, companies related by way of a common director.

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

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

	Group		Company	
	30 June 1996 £	30 June 1995 Restated £	30 June 1996 £	30 June 1995 £
Secured loans repayable within five years by instalments	1,391,475	1,884,077	-	-
Pension fund loans	2,446,868	1,602,558	-	-
Other loan	-	100,000	-	-
Obligation under hire purchase agreements due within one to two years	35,793	37,139	-	-
Corporation tax	363,560	436,272	-	-
	<u>4,237,696</u>	<u>4,060,046</u>		-

Of the pension fund loans due after one year as at 30 June 1996 £1,252,548 is repayable on 28 February 1998, £350,000 is repayable on 16 February 2000, £350,000 is repayable on 25 August 2000 and the balance is repayable on 18 March 2006. All pension fund loans bear interest at 3% above the prevailing bank base rate.

The secured loans are repayable as follows:

	30 June 1996 £	30 June 1995 Restated £
Due within one year	1,915,626	1,372,296
Between one and two years	564,851	917,692
Between two and five years	826,624	966,385
	<u>1,391,475</u>	<u>1,884,077</u>
	<u>3,307,101</u>	<u>3,256,373</u>

The secured loans are secured on book debts included in debtors above at a value of £3,159,213 (30 June 1995 : £4,033,216).

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

19. DEFERRED TAXATION

Group deferred taxation comprises:

	Amounts provided 30 June 1996 £	Amounts provided 30 June 1995 Restated £	Amounts not provided 30 June 1996 £	Amounts not provided 30 June 1995 £
Capital allowances	18,000	2,000	-	-
Other timing differences	(4,000)	8,600	-	-
	<u>14,000</u>	<u>10,600</u>	<u>-</u>	<u>-</u>

20. SHARE CAPITAL

	30 June 1996 £	30 June 1995 £
Authorised		
10,000,002 ordinary shares of £1 each	10,000,002	10,000,002
	<u>10,000,002</u>	<u>10,000,002</u>
Allotted and fully paid		
10,000,002 ordinary shares of £1 each	10,000,002	10,000,002
	<u>10,000,002</u>	<u>10,000,002</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

21. RESERVES

	Merger reserve £	Capital reserve £	Revaluation reserve £	Investment property revaluation reserve £	Profit and loss account £
Group					
At 30 June 1995	9,644,790	48,278	135,214	635,989	14,034,688
Retained profit	-	-	-	-	1,654,522
Revaluation	-	-	-	28,893	-
Transfer	-	-	(3,051)	-	3,051
	<u>9,644,790</u>	<u>48,278</u>	<u>132,163</u>	<u>664,882</u>	<u>15,692,261</u>
At 30 June 1996	9,644,790	48,278	132,163	664,882	15,692,261

The £9,644,790 merger reserve arose as a result of the 30 June 1994 group formation and represents the difference between the £10,000,000 nominal value of shares issued less the nominal value of the subsidiary companies issued share capital.

The parent company's profit for the financial period is £nil (period from 15 June 1994 to 30 June 1995: £nil).

22. FINANCIAL COMMITMENTS

Capital commitments

Group capital expenditure commitments were as follows:

	30 June 1996 £	30 June 1995 £
Contracted for, but not provided in the financial statements	1,158,734	Nil
Authorised by the directors	Nil	Nil

The capital commitments at 30 June 1996 represent refurbishment work on investment properties under construction. Grants in respect of this work totalling £965,470 are receivable by the group.

23. CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of certain subsidiaries. This amounted to £10,820,287 at 30 June 1996 (30 June 1995 : £8,430,314).

NOTES TO THE FINANCIAL STATEMENTS

30 June 1996

24. OPERATING LEASE COMMITMENTS

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

	1996	1995
	£	£
Land and buildings, lease expiring		
Beyond five years	23,400	23,400

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 June 1996	15 June 1994 to 30 June 1995
	£	£
Operating profit	3,587,445	2,990,785
Depreciation of tangible fixed assets	106,418	99,999
Profit on disposal of tangible fixed assets	(3,788)	(8,634)
Decrease/(increase) in stocks	44,975	(1,128,072)
Increase in debtors	(1,281,271)	(2,337,946)
Increase in creditors	349,209	144,873
Net cash inflow/(outflow) from operating activities	2,802,988	(238,995)

26. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Share capital £	Loans £	Hire purchase £
Balances at date of group formation	-	4,103,369	118,658
Issued at par on incorporation	2	-	-
Nominal value of shares issued 30 June 1995			
on group reconstruction	10,000,000	-	-
Inception of hire purchase agreements	-	-	27,070
Net cash flow from financing	-	1,129,969	(50,329)
At 1 July 1995	10,000,002	5,233,338	95,399
Inception of hire purchase agreements	-	-	15,140
Net cash flow from financing	-	520,631	(24,665)
At 30 June 1996	10,000,002	5,753,969	85,874

NOTES TO THE FINANCIAL STATEMENTS
30 June 1996

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Cash at bank and in hand £	Bank overdraft £	Total £
At date of group formation	5,763	(7,686,677)	(7,680,914)
Net cash inflow/(outflow)	10,000	(1,078,221)	(1,068,221)
	<hr/>	<hr/>	<hr/>
At 1 July 1995	15,763	(8,764,898)	(8,749,135)
Net cash inflow/(outflow)	391	(1,955,038)	(1,954,647)
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At 30 June 1996	16,154	(10,719,936)	(10,703,782)
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