



ARTHURANDERSEN

Heywood Finance Limited

Accounts 30 June 2000

together with directors' and auditors' reports

Registered number: 3160517



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COMPANIES HOUSE

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30/04/01

DIRECTORS

H.N. Moser

P. Heywood

M.B. Richards (resigned 1 September 2000)

C.W. Hacking (appointed 1 September 2000)

J.E. Smith (appointed 15 June 2000, resigned 29 January 2001)

G.D. Beckett (appointed 15 June 2000)

D.M. Hyland (appointed 1 November 2000)

M. Goldberg (appointed 2 March 2001)

SECRETARY

G.D. Beckett

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 2000

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

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 company's principal activity continues to be the provision of hire purchase finance.

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. No dividend can be paid.

Directors

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

P. Heywood owns 10 ordinary shares of £1 each (1999 - 10).

H.N. Moser is a director of the company's ultimate parent company, Blemain Group plc and as such, his interest in the share capital of that company is disclosed in its directors' report. No director has, or had any material interest in any contract or agreement entered into by the company during the year, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Directors' report (continued)

Payments to suppliers

The company agrees terms and conditions for its transactions with its suppliers. Payment is then made, provided the terms and conditions have been met by the supplier.

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

25 April 2001

To the Shareholders of Heywood Finance 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 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 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 2000 and of its profit 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

25 April 2001

Profit and loss account

For the year ended 30 June 2000

	Notes	2000 £	1999 £
Turnover	2	1,537,870	1,149,354
Administrative expenses		(716,342)	(508,925)
Operating profit		821,528	640,429
Interest payable	3	(814,311)	(595,194)
Profit on ordinary activities before taxation	4	7,217	45,235
Tax on profit on ordinary activities	6	(528)	(1,394)
Profit for the financial year	11	6,689	43,841

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 movements on reserves is given in note 11.


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

Balance sheet

30 June 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	<u>75,541</u>	<u>41,368</u>
Current assets			
Debtors – due within one year	8	5,148,676	3,988,527
Debtors – due after one year	8	6,075,371	4,953,258
Cash at bank and in hand		<u>34,852</u>	<u>77,162</u>
		11,258,899	9,018,947
Creditors: Amounts falling due within one year	9	<u>(11,359,056)</u>	<u>(9,091,620)</u>
Net current liabilities		<u>(100,157)</u>	<u>(72,673)</u>
Total assets less current liabilities		<u>(24,616)</u>	<u>(31,305)</u>
Net liabilities	14	<u>(24,616)</u>	<u>(31,305)</u>
Capital and reserves			
Called-up share capital	10	100	100
Profit and loss account	11	<u>(24,716)</u>	<u>(31,405)</u>
Deficit in equity shareholders' funds	12	<u>(24,616)</u>	<u>(31,305)</u>

Signed on behalf of the Board


C.W. Hacking


H.N. Moser
Directors

25 April 2001

The accompanying notes are an integral part of the balance sheet.

Notes to accounts

31 December 1998

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 prepared in accordance with applicable accounting standards.

b) Turnover

Turnover consists of interest received and related commissions on money lending agreements. 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.

c) 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 6.

d) 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 are:

Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% straight-line on cost

2 Turnover

Turnover comprises income derived from the principal activity within the UK.

3 Interest payable

	2000	1999
	£	£
Bank overdraft	<u>814,311</u>	<u>595,194</u>

Notes to accounts (continued)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Auditors' remuneration	3,236	2,843
Depreciation of tangible fixed assets	11,838	14,874
Staff costs	<u>54,446</u>	<u>50,843</u>

5 Staff costs

Directors' remuneration

Directors' remuneration paid in respect of directors of the company was as follows:

	2000 £	1999 £
Emoluments	48,977	50,843
Contributions to money purchase pension schemes	<u>5,469</u>	<u>-</u>
	<u>54,446</u>	<u>50,843</u>

The company had no other employees who received remuneration during the year or prior year.

6 Tax on profit on ordinary activities

	2000 £	1999 £
Corporation tax	2,165	4,913
Adjustment in respect of prior year corporation tax	<u>(1,637)</u>	<u>(3,519)</u>
	<u>528</u>	<u>1,394</u>

The overall tax charge of the company has been reduced by the surrender of group relief from fellow subsidiary undertakings.

No unprovided deferred tax liability exists at the year end (1999 - £Nil).

Notes to accounts (continued)

7 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Total £
Cost			
Beginning of year	9,692	56,313	66,005
Additions	34,239	31,822	66,061
Disposals	-	(36,750)	(36,750)
End of year	<u>43,931</u>	<u>51,385</u>	<u>95,316</u>
Depreciation			
Beginning of year	5,012	19,625	24,637
Disposals	-	(16,700)	(16,700)
Charge in year	5,774	6,064	11,838
End of year	<u>10,786</u>	<u>8,989</u>	<u>19,775</u>
Net book value			
End of year	<u>33,145</u>	<u>42,396</u>	<u>75,541</u>
Beginning of year	<u>4,680</u>	<u>36,688</u>	<u>41,368</u>

8 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	5,139,219	3,957,261
Amounts due from fellow group undertakings	-	29,034
Other debtors	9,457	732
Prepayments and accrued income	-	1,500
	<u>5,148,676</u>	<u>3,988,527</u>
Amounts falling due after more than one year:		
Trade debtors	6,075,371	4,953,258
	<u>11,224,047</u>	<u>8,941,785</u>

Notes to accounts (continued)

9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Bank overdraft	45,355	259,050
Amounts owed to group undertakings	11,246,523	8,790,971
Amounts owed to related undertakings	1,876	1,876
Corporation tax	5,441	4,913
Other taxes and social security	425	-
Other creditors	224	4,818
Accruals and deferred income	59,212	29,992
	<u>11,359,056</u>	<u>9,091,620</u>

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

10 Share capital

	2000 £	1999 £
<i>Authorised, allotted, called up, and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Profit and loss account

	2000 £	1999 £
Beginning of year	(31,405)	(75,246)
Profit for the financial year	6,689	43,841
End of year	<u>(24,716)</u>	<u>(31,405)</u>

12 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit for the financial year	6,689	43,841
Opening deficit in shareholders' funds	(31,305)	(75,146)
Closing deficit in shareholders' funds	<u>(24,616)</u>	<u>(31,305)</u>

Notes to accounts (continued)

13 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £50 million of bank borrowings of the group (1999 - £36million).

14 Net liabilities

Under Section 123 of the Insolvency Act 1986, any creditor of the company could petition for it to be wound up on the grounds that it has net liabilities. However, the directors have drawn up the accounts on a going concern basis because they have received confirmation from the ultimate parent company that it will provide such financial support as is necessary to enable the company to meet its liabilities as they fall due.

15 Cash flow statement

As permitted by Financial Reporting Standard No. 1 (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 consolidated accounts that are publicly available.

16 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.

17 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 Heywood Finance Limited is a member and for which group accounts are drawn up is that headed by Blemain Group plc, whose principal place of business is Bracken House, Charles Street Manchester M1 7BD.