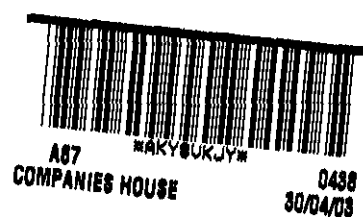


## Heywood Leasing Limited

Annual report and financial statements  
for the year ended 30 June 2002

Registered number: 3459649



**DIRECTORS**

H.N. Moser

P. Heywood

G.D. Beckett

C.W. Hacking (resigned 7 November 2001)

D.M. Hyland

M. Goldberg

D.J. Seabridge (appointed 3 September 2001, resigned 1 November 2002)

**SECRETARY**

G.D. Beckett

**REGISTERED OFFICE**

Bracken House

Charles Street

Manchester

M1 7BD

**AUDITORS**

Deloitte & Touche

Manchester

**BANKERS**

Bank of Scotland

19/21 Spring Gardens

Manchester

M2 1FB

## **Directors' report**

For the year ended 30 June 2002

The directors present their report on the affairs of the company, together with the financial statements and auditors' report for the year ended 30 June 2002.

### **Principal activity and business review**

The company's principal activity is that of financiers. The directors are satisfied with the financial position of the company and look forward to the future with confidence.

### **Results and dividends**

The audited financial statements for the year ended 30 June 2002 are set out on pages 6 to 14. The profit for the year, after tax was £16,173 (2001 - £28,042 restated).

The directors do not recommend the payment of a dividend (2001 - £nil).

### **Directors and their interests**

The directors of the company are set out on page 1.

H.N. Moser is a director of the company's ultimate parent company, Blemain Group plc and as such, his interests in the share capital of that company are disclosed in its directors' report. None of the other directors have interests in the share capital of the company, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

### **Directors' responsibilities**

United Kingdom 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 those financial statements, 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 financial statements; and
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Directors' report (continued)

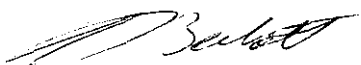
### Payments to suppliers

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

On 31 July 2002 Arthur Andersen resigned as auditors of the company and the directors appointed Deloitte & Touche to fill the casual vacancy. A resolution re-appointing Deloitte & Touche as auditors for the ensuing year will be proposed at the Annual General Meeting.

By order of the Board,



G.D. Beckett  
Secretary

29 April 2003

**Independent auditors' report****To the members of Heywood Leasing Limited**

We have audited the financial statements of Heywood Leasing Limited for the year ended 30 June 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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.

Independent auditors' report (continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2002 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**

Chartered Accountants and Registered Auditors

Manchester

29 April 2003

## Profit and loss account

For the year ended 30 June 2002

	Notes	2002 £	2001 Restated £
<b>Turnover</b>	1	98,803	64,748
Administrative expenses		(46,601)	(10,469)
<b>Operating profit</b>		52,202	54,279
Interest payable and similar charges	2	(32,577)	(26,116)
<b>Profit on ordinary activities before taxation</b>	3	19,625	28,163
Tax on profit on ordinary activities	5	(3,452)	(121)
<b>Profit for the financial year</b>	13	16,173	28,042

All activity has arisen from continuing operations.

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

## Statement of total recognised gains and losses

For the year ended 30 June 2002

	Notes	2002 £	2001 Restated £
<b>Total recognised gains and losses relating to the year</b>		16,173	28,042
<b>Prior year adjustment</b>	6	479	
<b>Total gains and losses recognised since last annual report and financial statements</b>		16,652	

The accompanying notes are an integral part of this statement of total recognised gains and losses.

# Balance sheet


30 June 2002

	Notes	2002 £	2001 Restated £
<b>Fixed assets</b>			
Tangible assets	7	18,000	18,000
<b>Current assets</b>			
Debtors			
- due within one year	8	476,960	231,304
- due after one year	8	-	117,525
Cash at bank and in hand		100	100
		<u>477,060</u>	<u>348,929</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(449,629)</u>	<u>(337,787)</u>
<b>Net current assets</b>		<u>27,431</u>	<u>11,142</u>
<b>Total assets less current liabilities</b>		<u>45,431</u>	<u>29,142</u>
<b>Provisions for liabilities and charges</b>	10	<u>(116)</u>	<u>-</u>
<b>Net assets</b>		<u>45,315</u>	<u>29,142</u>
<b>Capital and reserves</b>			
Called-up share capital	11	100	100
Profit and loss account	12	45,215	29,042
<b>Equity shareholders' funds</b>	13	<u>45,315</u>	<u>29,142</u>

The financial statements were approved by the board of directors and signed on its behalf by:



G.D. Beckett  
Director



M. Goldberg  
Director

29 April 2003

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



## Statement of accounting policies

30 June 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, except the policy on deferred tax which has been changed, as explained in note 6, to comply with Financial Reporting Standard 19.

### **Basis of accounting**

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

### **Tangible fixed assets**

Fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on the cost of tangible fixed assets to write them down to their estimated residual value over their expected useful lives. The principal rates are:

Computer equipment            -        33% straight line of cost

### **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.

### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## Statement of accounting policies (continued)

### **Taxation (continued)**

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Notes to the financial statements

30 June 2002

## 1 Turnover

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

## 2 Interest payable and similar charges

	2002 £	2001 £
Bank overdraft	18	26,116
Other loans	32,559	-
	<u>32,577</u>	<u>26,116</u>

## 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Auditors' remuneration	<u>777</u>	<u>1,508</u>

## 4 Staff costs

The company had no employees and paid no directors' emoluments during the year (2001 - £Nil).

## 5 Tax on profit on ordinary activities

The tax charge comprises:

	2002 £	2001 Restated £
<b>Current tax</b>		
UK corporation tax	3,000	3,000
Adjustments in respect of previous periods		
- UK corporation tax	<u>(143)</u>	<u>(2,158)</u>
<b>Total current tax</b>	<u>2,857</u>	<u>842</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>595</u>	<u>(721)</u>
<b>Total deferred tax (see note 10)</b>	<u>595</u>	<u>(721)</u>
<b>Total tax on profit on ordinary activities</b>	<u>3,452</u>	<u>121</u>

## Notes to the financial statements (continued)

### 5 Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2002 £	2001 £
<b>Profit on ordinary activities before tax</b>	<u>19,625</u>	<u>28,163</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2001 - 20%)	3,925	5,633
Effects of:		
Expenses not deductible for tax purposes	-	(1,208)
Capital allowances in excess of depreciation	(844)	675
Other timing differences	249	46
Group relief received free of charge	(330)	(2,146)
Adjustments to tax charge in respect of previous periods	<u>(143)</u>	<u>(2,158)</u>
<b>Current tax charge for period</b>	<u>2,857</u>	<u>842</u>

### 6 Prior year adjustment

Financial Reporting standard 19 "Deferred Tax" has been adopted for the first time in these results. The adoption of FRS 19 has resulted in a change in accounting policy and a restatement of the prior year's results. FRS 19 deals with the treatment of deferred taxation and, as required by the Standard, full provision has been made for all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future.

The effects of this restatement is summarised below:

	2002 £	2001 £
<b>Profit and loss account</b>		
Tax on profit on ordinary activities	<u>(595)</u>	<u>(721)</u>
Decrease in profit for the financial year	<u>(595)</u>	<u>(721)</u>
<b>Balance sheet</b>		
Deferred tax (liability) asset	<u>(116)</u>	<u>479</u>
(Decrease) increase in net assets	<u>(116)</u>	<u>479</u>

## Notes to the financial statements (continued)

### 7 Tangible fixed assets

	Computer equipment £
<b>Cost and net book value</b>	
Beginning and end of year	<u>18,000</u>

No depreciation was charged during the year as the equipment has not yet been brought into use.

### 8 Debtors

	2002 £	2001 Restated £
Amounts falling due within one year:		
Trade debtors	471,342	231,304
Other taxes and social security	<u>5,618</u>	<u>-</u>
	476,960	231,304
Amounts falling due after more than one year:		
Trade debtors	-	117,045
Deferred taxation (see note 10)	<u>-</u>	<u>479</u>
	-	117,525
	<u>476,960</u>	<u>348,829</u>

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

	2002 £	2001 £
Bank overdraft	90,504	14,088
Amounts owed to fellow group undertakings	353,239	318,150
Corporation tax	3,000	3,000
Other taxes and social security	-	10
Accruals and deferred income	<u>2,886</u>	<u>2,539</u>
	<u>449,629</u>	<u>337,787</u>

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

## Notes to the financial statements (continued)

### 10 Deferred taxation

	Restated £
Beginning of year	479
Charged to profit and loss account	(595)
End of year	<u>(116)</u>

Deferred tax (liability) asset is recognised as follows:

	2002 £	2001 £
Accelerated capital allowances	(1,069)	(225)
Other timing differences	953	704
<b>Deferred tax (liability) asset</b>	<u>(116)</u>	<u>479</u>

### 11 Share capital

	2002 £	2001 £
<i>Authorised, allotted, called up, and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 12 Reserves

	Profit and loss account £
At 30 June 2001 as previously stated	28,563
Prior year adjustment	<u>479</u>
At 30 June 2001 as restated	29,042
Retained profit for the financial year	<u>16,173</u>
At 30 June 2002	<u>45,215</u>

## Notes to the financial statements (continued)

### 13 Reconciliation of movements in equity shareholders' funds

	2002	2001
	£	Restated £
Profit for the financial year	16,173	28,042
Opening shareholders' funds	29,142	1,100
Closing shareholders' funds	<u>45,315</u>	<u>29,142</u>

The opening shareholders' funds at 1 July 2001 as previously reported amounted to £28,663 before the prior year adjustment of £479 (see note 6).

### 14 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £97 million of bank borrowings of the group (2001 - £68.5 million).

### 15 Cash flow statement

As permitted by Financial Reporting Standard No. 1 (Revised 1996), 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 financial statements 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 Leasing Limited is a member and for which group financial statements are drawn up is that headed by Blemain Group plc, whose principal place of business is Bracken House, Charles Street, Manchester M1 7BD.