

ARTHUR
ANDERSEN

Heywood Leasing Limited

Accounts 30 June 1998
together with directors' and auditors' reports
Registered number: 3459649



DIRECTORS

H.N. Moser	(Appointed 3 November 1997)
P. Heywood	(Appointed 3 November 1997)
M.B. Richards	(Appointed 6 August 1998)

SECRETARY

G.D. Beckett	(Appointed 6 August 1998)
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REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

AUDITORS

Arthur Andersen
Bank House
9 Charlotte Street
Manchester
M1 4EU

BANKERS

British Linen Bank Limited
Ship Canal House
98 King Street
Manchester
M2 4WU

Directors' report

For the year ended 30 June 1998

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the period ended 30 June 1998.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 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 was incorporated on 3 November 1997 as Heywood Leasing Limited and commenced trading on 18 January 1998. Its principal activity is that of financiers.

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.

Directors

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.

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.

Directors' report

For the year ended 30 June 1998

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

18 December 1998

ARTHUR ANDERSEN

Auditors' report

Manchester

To the Shareholders of Heywood Leasing Limited:

We have audited the accounts on pages 5 to 10 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. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

18 December 1998

Profit and loss account

For the period ended 30 June 1998

	Notes	1998 £
Turnover	2	10,433
Administrative expenses		(9,117)
Operating profit		1,316
Interest payable	3	(9,031)
Loss on ordinary activities before taxation	4	(7,715)
Tax on loss on ordinary activities		-
Loss for the financial period	9	(7,715)

All activity has arisen from continuing operations. The company has no recognised gains or losses other than the loss for the financial period.

A statement of movements on reserves is given in note 9.

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

Balance sheet

30 June 1998

	Notes	1998 £
Current assets		
Debtors – due after one year	6	111,041
Debtors – due within one year	6	115,830
		<hr/> 226,871
Creditors: Amounts falling due within one year	7	(234,486)
Net liabilities		<hr/> (7,615)
Capital and reserves		
Called-up share capital	8	100
Profit and loss account	9	(7,715)
Equity shareholders' deficit	10	<hr/> (7,615)

Signed on behalf of the Board

M.B. Richards

Director

H.N. Moser

Director

18 December 1998

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 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) Prior year comparatives

This is the first period of account for the company. Accordingly, there are no prior year comparatives.

c) 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.

2 Turnover

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

3 Interest payable

	1998
	£
Bank overdraft	9,031

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1998
	£
Audit fee	500

Notes to accounts (continued)

5 Staff costs

The company has no employees and paid no directors emoluments during the period.

6 Debtors

	1998 £
Amounts falling due within one year:	
Trade debtors	82,813
Amounts due from fellow group undertakings	14,528
Other debtors	18,489
	<hr/> 115,830
Amounts falling due after more than one year:	
Trade debtors	111,041
	<hr/> 226,871

7 Creditors: Amounts falling due within one year

	1998 £
Bank overdraft	43,869
Amounts owed to group undertakings	190,617
	<hr/> 234,486

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

Notes to accounts (continued)

8 Share capital

	1998 £
<i>Authorised, allotted, called up, and fully paid</i>	
100 ordinary shares of £1 each	100

9 Profit and loss account

	1998 £
Loss for the financial period	
Beginning of period	(7,715)
End of period	-
	(7,715)

10 Reconciliation of shareholders' deficit

	1998 £
Issue of shares	
Loss for the financial period	100
Beginning of period	(7,715)
End of period	-
	(7,615)

11 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of £27 million of bank borrowings of the group (1997 - £20 million).

12 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.

13 Cash flow statement

As permitted by Financial Reporting Standard No. 1 1996 (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 a consolidated cash flow statement in its accounts.

Notes to accounts (continued)

14 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.

15 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 accounts are drawn up is that headed by Blemain Group plc, whose principal place of business is Bracken House, Charles Street Manchester M1 7BD.