

Lancashire Mortgage Corporation  
Limited

Accounts 30 June 1997  
together with directors' and auditors' reports

Registered number: 2058813



**DIRECTORS**

H.N. Moser

A.J. Grant

C.J. Punshon

**SECRETARY**

M.B. Richards

**REGISTERED OFFICE**

Bracken House

Charles Street

Manchester

M1 7BD

**AUDITORS**

Arthur Andersen

Bank House

9 Charlotte Street

Manchester

M1 4EU

## Directors' report

For the year ended 30 June 1997

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 June 1997.

### 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 activities and business review

The company's principal activity of the company continues to be that of financiers.

### 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.

### Directors

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

H.N. Moser is a director of the company's parent company, Blemain Group plc and as such, his interest in the share capital of that company is disclosed in its accounts. None of the other directors have an interest in the share capital of the company. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

## Directors' report (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 resigned as the company's auditors during the year. Arthur Andersen were appointed as the company's auditors during the year.

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

By order of the Board,

A handwritten signature in dark ink, appearing to be 'M.B. Richards', written over a horizontal line.

M.B. Richards  
Secretary

10 December 1997

## Auditors' report

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Manchester

### To the Shareholders of Lancashire Mortgage Corporation Limited:

We have audited the accounts on pages 5 to 12 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.

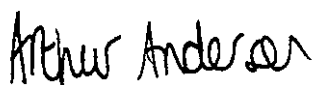
### Basis of opinion

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 1997 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

10 December 1997

## Profit and loss account

For the year ended 30 June 1997

	Notes	1997 £	1996 £ (Note 1a)
<b>Turnover</b>	2	1,291,288	1,825,018
Other operating expenses		(224,498)	(353,110)
<b>Operating profit</b>		1,066,790	1,471,908
Interest payable	4	(215,998)	(301,459)
<b>Profit on ordinary activities before taxation</b>	5	850,792	1,170,449
Tax on profit on ordinary activities	6	(230,597)	(236,749)
<b>Profit for the financial year</b>	12	620,195	933,700

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 movement in reserves is provided in note 12.

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

# Balance sheet

30 June 1997

	Notes	1997 £	1996 (Note 1a) £
<b>Fixed assets</b>			
Tangible assets	7	100	1,773
<b>Current assets</b>			
Debtors	8	11,599,851	12,253,652
Cash at bank and in hand		154	54
		11,600,005	12,253,706
<b>Creditors: Amounts falling due within one year</b>	9	(5,714,573)	(6,415,601)
<b>Net current assets</b>		5,885,432	5,838,105
<b>Total assets less current liabilities</b>		5,885,532	5,839,878
<b>Creditors: Amounts falling due after more than one year</b>	10	(75,951)	(650,492)
<b>Net assets</b>		5,809,581	5,189,386
<b>Capital and reserves</b>			
Called-up share capital	11	2	2
Profit and loss account	12	5,809,579	5,189,384
<b>Equity shareholders' funds</b>		5,809,581	5,189,386

Signed on behalf of the Board

C.J. Punshon

 Director

H.N. Moser

 Director

10 December 1997

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

# Notes to accounts

30 June 1997

## 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 are prepared under the historical cost convention in accordance with applicable accounting standards.

The accounts for the year ended 30 June 1996 were reported on without qualification by a firm of Chartered Accountants other than Arthur Andersen.

### *b) Tangible fixed assets and depreciation*

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

Computer equipment	33% straight-line on cost
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### *c) Taxation*

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

Advance corporation tax payable on dividends paid or provided for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous periods when it is recovered against corporation tax liabilities.

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) 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.



## Notes to accounts (continued)

### 2 Turnover

	1997 £	1996 £
Loan interest and commissions	1,291,146	1,811,658
Other income	142	13,360
	<u>1,291,288</u>	<u>1,825,018</u>

### 3 Staff costs

The company had no employees and paid no directors' emoluments during the year or prior year.

### 4 Interest payable

	1997 £	1996 £
Bank overdraft	163,217	170,276
Other loans	38,473	109,285
Other interest	14,308	21,898
	<u>215,998</u>	<u>301,459</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1997 £	1996 £
Auditors' remuneration	4,700	6,750
Depreciation and amounts written off tangible fixed assets	<u>1,673</u>	<u>1,825</u>

## Notes to accounts (continued)

### 6 Tax on profit on ordinary activities

	1997 £	1996 £
Corporation tax at 32½% (1996 - 33%)	230,597	265,584
Adjustment to prior periods	-	(28,835)
	<u>230,597</u>	<u>236,749</u>

No unprovided deferred tax arose at the year end (1996 - £Nil).

### 7 Tangible fixed assets

	Fixtures, fitting and equipment £
<b>Cost</b>	
Beginning and end of year	<u>5,473</u>
<b>Depreciation</b>	
Beginning of year	3,700
Charge	<u>1,673</u>
End of year	<u>5,373</u>
<b>Net book value</b>	
End of year	<u>100</u>
Beginning of year	<u>1,773</u>

## Notes to accounts (continued)

### 8 Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	5,745,790	6,234,385
Other debtors	53,371	50,432
Amounts owed by fellow group undertakings	3,117,257	2,514,516
Amount owed by related party	412,811	680,695
	<u>9,329,229</u>	<u>9,480,028</u>
Amounts falling due after one year		
Trade debtors	2,270,622	2,773,624
	<u>11,599,851</u>	<u>12,253,652</u>

Amounts owed by related party are in respect of Terrusview Limited and Sedgewick House Properties Limited, companies in which H.N. Moser is a director and shareholder.

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

	1997 £	1996 £
Bank loans and overdrafts	90,343	2,625,546
Corporation tax	401,778	382,193
Accruals and deferred income	96,702	90,620
Other creditors	113,692	162,191
Amounts owed to fellow group undertakings	5,004,464	3,155,051
Amounts owed to related undertakings	7,594	-
	<u>5,714,573</u>	<u>6,415,601</u>

Amounts owed to related party is in respect of Regency Securities and Investments Limited, a company in which H.N. Moser is a director and shareholder.

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

## Notes to accounts (continued)

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

	1997 £	1996 £
Bank loans repayable within five years by instalments	-	555,553
Corporation tax	75,951	94,939
	<u>75,951</u>	<u>650,492</u>

### 11 Called-up share capital

	1997 £	1996 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 12 Profit and loss account

	1997 £	1996 £
Beginning of year	5,189,384	4,255,684
Profit for the financial year	620,195	933,700
End of year	<u>5,809,579</u>	<u>5,189,384</u>

### 13 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Total recognised gains	620,195	933,700
Opening shareholders' funds	5,189,386	4,255,686
Closing shareholders' funds	<u>5,809,581</u>	<u>5,189,386</u>

### 14 Contingent liability

The company's assets are subject to a fixed and floating charge in respect of the £20 million bank loan held in the parent company.

## Notes to accounts (continued)

### 15 Cash flow statement

As permitted by Financial Reporting Standard No. 1, the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of the Blemain Group plc, which has produced a group cash flow statement in its accounts.

### 16 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 Lancashire Mortgage Corporation Limited is a member and for which group accounts are drawn up is that headed by the Blemain Group plc, whose principal place of business is at Bracken House, Charles Street, Manchester M1 7BD.