

ARTHUR  
ANDERSEN

Factfocus Limited

Accounts 30 June 1998

together with directors' and auditors' reports

Registered number: 1402330



**DIRECTORS**

H.N. Moser

S.E. Kramrisch

M.B. Richards

(Appointed 6 August 1998)

**SECRETARY**

G.D. Beckett

(Appointed 6 August 1998)

**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 9WU

## Directors' report

For the year ended 30 June 1998

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 1998.

### 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

The principal activities of the company continued to be those of financiers, property developers and property rentals.

### Business review and future developments

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

### Results and dividend

The results for the period are set out in detail on page 5. The directors do not recommend payment of a dividend.

### Directors

The present directors of the company are set out on page 1. C.J. Punshon died on 16 August 1998.

Mr. 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 directors report. None of the other directors had an interest in the share capital of the company at any time during the year. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

## Directors' report (continued)

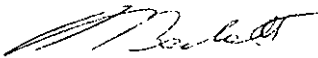
### Payments to suppliers

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

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,



G.D. Beckett  
Secretary

18 December 1998

Auditors' report

Manchester

**To the Shareholders of Factfocus Limited:**

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**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 profit for the year 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 year ended 30 June 1998

	Notes	1998 £	1997 £
Turnover	2	1,861,173	1,280,278
Cost of sales		(451,606)	(339,621)
<b>Gross profit</b>		<b>1,409,567</b>	<b>940,657</b>
Administrative expenses		(757,664)	(690,893)
<b>Operating profit</b>		<b>651,903</b>	<b>249,764</b>
Gain arising on disposal of investment properties		227,884	20,966
Interest receivable and similar income	3	48,451	126,570
Interest payable	4	(210)	(79,940)
<b>Profit on ordinary activities before taxation</b>	5	<b>928,028</b>	<b>317,360</b>
Tax on profit on ordinary activities	6	(242,656)	(111,393)
<b>Profit for the financial year</b>	18	<b>685,372</b>	<b>205,967</b>

All activity has arisen from continuing operations. There are no recognised gains or losses other than the profit for the financial year.

A statement of movement in reserves is given in note 18.

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

## Balance sheet

30 June 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Investment properties	9	6,885,817	4,937,629
Other tangible assets	10	1	496
Investments	11	113,598	99,292
		<u>6,999,416</u>	<u>5,037,417</u>
<b>Current assets</b>			
Stocks	12	777,549	1,220,684
Debtors - due after one year	13	323,208	375,634
Debtors - due within one year	13	7,163,131	8,285,604
Cash at bank and in hand		200	270,388
		<u>8,264,088</u>	<u>10,152,310</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(6,374,980)</u>	<u>(6,955,854)</u>
<b>Net current assets</b>		<u>1,889,108</u>	<u>3,196,456</u>
<b>Total assets less current liabilities</b>		<u>8,888,524</u>	<u>8,233,873</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(92,161)</u>	<u>(122,882)</u>
<b>Net assets</b>		<u>8,796,363</u>	<u>8,110,991</u>
<b>Capital and reserves</b>			
Called-up share capital	17	200,000	200,000
Profit and loss account	18	8,415,927	7,730,555
Revaluation reserve	18	180,436	180,436
<b>Equity shareholders' funds</b>	19	<u>8,796,363</u>	<u>8,110,991</u>

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 this balance sheet.

## Notes to accounts

30 June 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 financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of investment properties and listed investments, 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 effect of this is to reduce the value of the assets by £110,650 (1997 : £100,000). 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.

#### b) Turnover

Turnover, which is derived wholly within the UK, consists of proceeds of properties disposed of which were previously held for resale, interest received and related commissions on money lending agreements and rental income. The interest credit to the profit and loss account is calculated on a straight line basis pro rata to repayments recoverable on accruals basis.

#### c) Tangible fixed assets and depreciation

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

Motor vehicles	25% reducing balance
Office equipment	20% on cost
Computer equipment	33% on cost

#### d) 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.



## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### e) *Fixed asset investments*

Investments in listed companies are included at market value.

#### f) *Investment properties*

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

Additions to investment properties under development comprise construction costs excluding attributable interest incurred in bringing a project to its present state of completion.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

#### g) *Stocks*

Properties 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.

## Notes to accounts (continued)

### 2 Turnover

	1998 £	1997 £
Disposal of properties	578,781	447,825
Loan interest and commissions	367,658	62,482
Rental income	882,326	769,971
Other income	32,408	-
	<u>1,861,173</u>	<u>1,280,278</u>

### 3 Interest receivable and similar income

	1998 £	1997 £
Income from listed investments	2,576	3,280
Other interest receivable	5,165	123,290
Bank interest	40,710	-
	<u>48,451</u>	<u>126,570</u>

### 4 Interest payable

	1998 £	1997 £
Bank loans and overdrafts	4	-
Other loans	-	63,515
Other interest	206	7,367
Provision against listed investment	-	9,058
	<u>210</u>	<u>79,940</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting)

	1998 £	1997 £
Auditors' remuneration	2,475	4,700
Depreciation and amounts written off tangible fixed assets	62	3,489
Staff costs (see note 7)	439,389	384,454
Loss on sale of fixed assets	183	744
Movement in value of listed investments	<u>(14,306)</u>	<u>-</u>

## Notes to accounts (continued)

### 6 Tax on profit on ordinary activities

	1998	1997
	£	£
Corporation tax at 31% (1997 – 32½%)	268,628	111,393
Adjustment in respect of prior year	(25,972)	-
	<u>242,656</u>	<u>111,393</u>

### 7 Staff costs

	1998	1997
	£	£
Staff costs, including directors:		
Wages and salaries	399,683	366,364
Social security costs	39,706	18,090
	<u>439,389</u>	<u>384,454</u>

The average monthly number of employees, including directors, during the year was made up as follows:

	1998	1997
	Number	Number
Office and management	<u>8</u>	<u>7</u>

### 8 Directors' remuneration

The remuneration of the directors was as follows:

	1998	1997
	£	£
Emoluments	<u>330,140</u>	<u>323,340</u>

The above amounts for remuneration were in relation to the chairman. No other director received any emoluments from the company.

## Notes to accounts (continued)

### 9 Investment properties

	1998 £	1997 £
Beginning of year	4,937,629	4,252,764
Additions	2,984,406	977,265
Grants received	(10,650)	(8,000)
Disposals	(1,025,568)	(284,400)
End of year	<u>6,885,817</u>	<u>4,937,629</u>

### 10 Other tangible fixed assets

	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>			
Beginning of year	16,805	625	17,430
Disposals	-	(625)	(625)
End of year	<u>16,805</u>	<u>-</u>	<u>16,805</u>
<b>Depreciation</b>			
Beginning of year	16,804	130	16,934
Disposals	-	(192)	(192)
Charge	-	62	62
End of year	<u>16,804</u>	<u>-</u>	<u>16,804</u>
<b>Net book value</b>			
End of year	<u>1</u>	<u>-</u>	<u>1</u>
Beginning of year	<u>1</u>	<u>495</u>	<u>496</u>

### 11 Fixed asset investments

	1998 £	1997 £
Listed investments at market value	<u>113,598</u>	<u>99,292</u>

The cost of the above investments at 30 June 1998 was £193,797 (1997 - £193,797).

## Notes to accounts (continued)

### 12 Stocks

	1998 £	1997 £
Properties held for resale	<u>777,549</u>	<u>1,220,684</u>

### 13 Debtors

	1998 £	1997 £
Amounts falling due within one year:		
Trade debtors	1,394,487	1,464,641
Amount owed by group undertakings	5,694,714	6,742,489
Amount owed by related companies	67,675	70,613
Other debtors	6,255	7,861
	<u>7,163,131</u>	<u>8,285,604</u>

#### Amounts falling due after one year:

Trade debtors	323,208	375,634
	<u>7,486,339</u>	<u>8,661,238</u>

Amounts owed by related companies are in respect of Centrestand Limited and Basilgrove Limited, companies in which H.N. Moser is a director and shareholder.

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

	1998 £	1997 £
Bank overdraft	33,515	-
Amounts owed to fellow group undertakings	5,174,483	5,942,344
Corporation tax	384,770	333,856
Other taxation and social security	1,050	10,397
Other creditors	644,602	537,542
Accruals	113,560	108,715
Amount owed to related company	23,000	23,000
	<u>6,374,980</u>	<u>6,955,854</u>

The related company balance is with Sedgewick House Properties Limited, a company in which H.N. Moser is a director and shareholder .

## Notes to accounts (continued)

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

	1998 £	1997 £
Corporation tax	92,161	122,882
	<u>92,161</u>	<u>122,882</u>

### 16 Deferred taxation

There is no unprovided deferred taxation (1997 - £Nil).

There is no provision relating to the revaluation surplus on the company's investment properties. It is anticipated that, if they were disposed of at their revalued amounts, a tax liability would not arise, due to the relief expected to be available as a result of investing in replacement assets.

### 17 Called-up share capital

	1998 £	1997 £
<i>Authorised, allotted, called-up and fully paid</i> 200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

### 18 Reserves

	Investment property revaluation reserve £	Profit and loss account £
Profit for the financial year	-	685,372
At beginning of year	180,436	7,730,555
At end of year	<u>180,436</u>	<u>8,415,927</u>

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

	1998 £	1997 £
Profit for the financial year	685,372	205,967
Opening shareholders' funds	8,110,991	7,905,024
Closing shareholders' funds	<u>8,796,363</u>	<u>8,110,991</u>

## Notes to accounts (continued)

### **21 Capital commitments**

Capital expenditure commitments which represent refurbishment work on investment properties were £nil at 30 June 1998 (1997 - £14,178). Grants in respect of this work and work already paid for, totalling £nil (1997 - £34,281) are receivable by the company.

### **22 Contingent liability**

The company's assets are subject to a fixed and floating charge in respect of the £27 million bank loan held in the parent company.

### **23 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 group cash flow statement in its accounts.

### **24 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 Factfocus 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 at Bracken House, Charles Street, Manchester, M1 7BD.