

ARTHUR  
ANDERSEN

## Factfocus Limited

Accounts 30 June 1997

together with directors' and auditors' reports

Registered number: 1402330



**DIRECTORS**

H.N. Moser  
C.J. Punshon  
S.E. Kramrisch

**SECRETARY**

M.B. Richards

**REGISTERED OFFICE**

Bracken House  
Charles Street  
Manchester  
M1 7BD

**AUDITORS**

Arthur Andersen  
Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

**BANKERS**

British Linen Bank  
4 Melville Street  
Edinburgh  
EH3 7NZ

## 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 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. All of the directors served throughout the year.

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 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 auditors during the year, and Arthur Andersen were appointed as 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,



M.B. Richards  
Secretary

Bracken House  
Charles Street  
Manchester  
M1 7BD

10 December 1997

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.

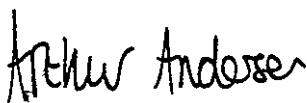
**Basis of opinion**

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 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<br>£      | 1996<br>(Note 1a)<br>£<br>As restated |
|--|-------|----------------|---------------------------------------|
| Turnover   | 2     | 1,280,278      | 1,359,500                             |
| Cost of sales  |       | (339,621)      | (372,581)                             |
| <b>Gross profit</b>                                  |       | <u>940,657</u> | <u>986,919</u>                        |
| Administrative expenses                              |       | (690,893)      | (494,833)                             |
| <b>Operating profit</b>                              |       | <u>249,764</u> | <u>492,086</u>                        |
| Gain arising on disposal of investment properties    |       | 20,966         | 1,024                                 |
| Investment income                                    | 3     | 126,570        | 3,938                                 |
| Interest payable                                     | 4     | (79,940)       | (352,828)                             |
| <b>Profit on ordinary activities before taxation</b> | 5     | <u>317,360</u> | <u>144,220</u>                        |
| Tax on profit on ordinary activities                 | 6     | (111,393)      | (68,818)                              |
| <b>Retained profit for the financial year</b>        | 19    | <u>205,967</u> | <u>75,402</u>                         |

All activity has arisen from continuing activities.

A movement of reserves is given in note 19.

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 1997

|  | Notes | 1997<br>£      | 1996<br>As restated<br>£ |
|--|-------|----------------|--------------------------|
| Profit for the year  |       | 205,967        | 75,402                   |
| Unrealised surplus on revaluation of investment properties   |       | -              | 28,893                   |
| <b>Total recognised gains relating to the year</b>           |       | <u>205,967</u> | <u>104,295</u>           |
| Prior year adjustment (as explained in note 9)               |       | (139,092)      |                          |
| <b>Total recognised gains and losses since last accounts</b> |       | <u>66,875</u>  |                          |

## Balance sheet

30 June 1997

|  | Notes | 1997<br>£          | 1996<br>(Note 1a)<br>£<br>As restated |
|--|-------|--------------------|---------------------------------------|
| <b>Fixed assets</b>  |       |                    |                                       |
| Investment properties  | 10    | 4,937,629          | 4,259,457                             |
| Other tangible assets  | 11    | 496                | 4,104                                 |
| Investments  | 12    | 99,292             | 108,350                               |
|  |       | <u>5,037,417</u>   | <u>4,371,911</u>                      |
| <b>Current assets</b>  |       |                    |                                       |
| Stocks   | 13    | 1,220,684          | 1,255,046                             |
| Debtors  | 14    | 8,661,238          | 8,526,429                             |
| Cash at bank and in hand                                       |       | 270,388            | 200                                   |
|  |       | <u>10,152,310</u>  | <u>9,781,675</u>                      |
| <b>Creditors: Amounts falling due within one year</b>          | 15    | <u>(6,955,854)</u> | <u>(4,842,411)</u>                    |
| <b>Net current assets</b>                                      |       | <u>3,196,456</u>   | <u>4,939,264</u>                      |
| <b>Total assets less current liabilities</b>                   |       | <u>8,233,873</u>   | <u>9,311,175</u>                      |
| <b>Creditors: Amounts falling due after more than one year</b> | 16    | <u>(122,882)</u>   | <u>(1,406,151)</u>                    |
| <b>Net assets</b>  |       | <u>8,110,991</u>   | <u>7,905,024</u>                      |
| <b>Capital and reserves</b>                                    |       |                    |                                       |
| Called-up share capital  | 18    | 200,000            | 200,000                               |
| Profit and loss account  | 19    | 7,730,555          | 7,524,588                             |
| Revaluation reserve  | 19    | 180,436            | 180,436                               |
| <b>Equity shareholders' funds</b>                              |       | <u>8,110,991</u>   | <u>7,905,024</u>                      |

Signed on behalf of the Board

H.N. Moser



Director

C.J. Punshon



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 financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of investment properties and listed investments. The financial statements are prepared in accordance with applicable accounting standards 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 £100,000 (1996 : £92,000). 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.

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

### 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

|                               | 1997             | 1996             |
|-------------------------------|------------------|------------------|
|                               | £                | As restated<br>£ |
| Disposal of properties        | 447,825          | 343,936          |
| Loan interest and commissions | 62,482           | 525,788          |
| Rental income                 | 769,971          | 489,776          |
|                               | <u>1,280,278</u> | <u>1,359,500</u> |

### 3 Investment income

|                                | 1997           | 1996         |
|--------------------------------|----------------|--------------|
|                                | £              | £            |
| Income from listed investments | 3,280          | 3,938        |
| Other interest receivable      | 123,290        | -            |
|                                | <u>126,570</u> | <u>3,938</u> |

### 4 Interest payable

|                                     | 1997          | 1996           |
|-------------------------------------|---------------|----------------|
|                                     | £             | £              |
| Bank loans and overdrafts           | -             | 217,116        |
| Other loans                         | 63,515        | 117,829        |
| Other interest                      | 7,367         | 16,616         |
| Provision against listed investment | 9,058         | 1,267          |
|                                     | <u>79,940</u> | <u>352,828</u> |

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

|  | 1997    | 1996    |
|--|---------|---------|
|  | £       | £       |
| Auditors' remuneration                                     | 4,700   | 8,500   |
| Depreciation and amounts written off tangible fixed assets | 3,489   | 4,799   |
| Staff costs (see note 7)                                   | 384,454 | 254,498 |
| Loss on sale of fixed assets                               | 744     | -       |

## Balance sheet

30 June 1997

### 6 Tax on profit on ordinary activities

|                                      | 1997           | 1996          |
|--------------------------------------|----------------|---------------|
|                                      | £              | £             |
| Corporation tax at 32½% (1996 - 33%) | 111,393        | 77,818        |
| Transfer from deferred taxation      | -              | (9,000)       |
|                                      | <u>111,393</u> | <u>68,818</u> |

### 7 Staff costs

|                                   | 1997           | 1996           |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Staff costs, including directors: |                |                |
| Wages and salaries                | 366,364        | 249,449        |
| Social security costs             | 18,090         | 5,049          |
|                                   | <u>384,454</u> | <u>254,498</u> |

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

|                       | 1997     | 1996     |
|-----------------------|----------|----------|
|                       | Number   | Number   |
| Office and management | <u>7</u> | <u>5</u> |

### 8 Directors' remuneration

The remuneration of the directors was as follows:

|            | 1997           | 1996           |
|------------|----------------|----------------|
|            | £              | £              |
| Emoluments | <u>323,340</u> | <u>228,140</u> |

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

### 9 Prior year adjustment

A fundamental accounting error arose in 1996 in recognising interest income with the result that the comparative figures in the profit and loss account and balance sheet have been restated in the current accounts.

As a result, turnover in 1996 has been reduced by £139,092 to £1,359,500. Profit on ordinary activities before taxation has similarly been reduced by £139,092 to £144,220. No adjustment to the tax charge arises from this error. The comparative balance sheet has been impacted with a reduction in debtors and net assets of £139,092.

## Balance sheet

30 June 1997

### 10 Investment properties

|                   | 1997<br>£        | 1996<br>£        |
|-------------------|------------------|------------------|
| Beginning of year | 4,252,764        | 2,577,378        |
| Additions         | 977,265          | 1,755,487        |
| Grants received   | (8,000)          | (92,000)         |
| Disposals         | (284,400)        | (10,301)         |
| Revaluation       | -                | 28,893           |
| End of year       | <u>4,937,629</u> | <u>4,259,457</u> |

### 11 Other tangible fixed assets

|                       | Fixtures,<br>fittings and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£    |
|-----------------------|---|------------------------|---------------|
| <b>Cost</b>           |   |                        |               |
| Beginning of year     | 16,805                                      | 850                    | 17,655        |
| Additions             | -   | 625                    | 625           |
| Disposals             | -   | (850)                  | (850)         |
| End of year           | <u>16,805</u>                               | <u>625</u>             | <u>17,430</u> |
| <b>Depreciation</b>   |   |                        |               |
| Beginning of year     | 13,480                                      | 71                     | 13,551        |
| Disposals             | -   | (106)                  | (106)         |
| Charge                | 3,324                                       | 165                    | 3,489         |
| End of year           | <u>16,804</u>                               | <u>130</u>             | <u>16,934</u> |
| <b>Net book value</b> |   |                        |               |
| End of year           | <u>1</u>                                    | <u>495</u>             | <u>496</u>    |
| Beginning of year     | <u>3,325</u>                                | <u>779</u>             | <u>4,104</u>  |

### 12 Fixed asset investments

|                                    | 1997<br>£     | 1996<br>£      |
|------------------------------------|---------------|----------------|
| Listed investments at market value | <u>99,292</u> | <u>108,350</u> |

The cost of the above investments at 30 June 1997 was £193,797 (1996 - £193,797).

## Balance sheet

30 June 1997

### 13 Stocks

|                            | 1997<br>£        | 1996<br>£        |
|----------------------------|------------------|------------------|
| Properties held for resale | <u>1,220,684</u> | <u>1,255,046</u> |

### 14 Debtors

|                                      | 1997<br>£        | 1996<br>As restated<br>£ |
|--------------------------------------|------------------|--------------------------|
| Amounts falling due within one year: |                  |                          |
| Trade debtors                        | 1,464,641        | 2,213,906                |
| Amount owed by group undertakings    | 6,742,489        | 5,774,441                |
| Amount owed by related companies     | 70,613           | 72,509                   |
| Other debtors                        | <u>7,861</u>     | <u>219</u>               |
|                                      | 8,285,604        | 8,061,075                |
| Amounts falling due after one year:  |                  |                          |
| Trade debtors                        | <u>375,634</u>   | <u>465,354</u>           |
|                                      | <u>8,661,238</u> | <u>8,526,429</u>         |

Amounts owed by related companies are in respect of Tennisview Limited, Centrestand Limited and Basilgrove Limited, companies related by way of a common director.

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

|   | 1997<br>£        | 1996<br>£        |
|---|------------------|------------------|
| Secured loan                              | -                | 500,000          |
| Bank overdraft                            | -                | 2,520,526        |
| Amounts owed to fellow group undertakings | 5,942,344        | 921,067          |
| Corporation tax                           | 333,856          | 191,742          |
| Other taxation and social security        | 10,397           | 23,052           |
| Other creditors                           | 537,542          | 480,121          |
| Accruals                                  | 108,715          | 182,903          |
| Amount owed to related company            | <u>23,000</u>    | <u>23,000</u>    |
|   | <u>6,955,854</u> | <u>4,842,411</u> |

The related company balance is with Sedgewick House Properties Limited which is related by way of common director.

## Balance sheet

30 June 1997

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

|                   | 1997           | 1996             |
|-------------------|----------------|------------------|
|                   | £              | £                |
| Pension fund loan | -              | 1,252,548        |
| Corporation tax   | 122,882        | 153,603          |
|                   | <u>122,882</u> | <u>1,406,151</u> |

### 17 Deferred taxation

There is no unprovided deferred taxation (1996 - £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.

### 18 Called-up share capital

|   | 1997           | 1996           |
|---|----------------|----------------|
|   | £              | £              |
| <i>Authorised, allotted, called-up and fully paid</i> |                |                |
| 200,000 Ordinary shares of £1 each                    | <u>200,000</u> | <u>200,000</u> |

### 19 Reserves

|                                      | Investment<br>property<br>revaluation<br>reserve | Profit and<br>loss account |
|--------------------------------------|--|----------------------------|
|                                      | £  | £                          |
| At 30 June 1996 as previously stated | 180,436  | 7,663,680                  |
| Prior year adjustment (see note 9)   | -  | (139,092)                  |
| Profit for the year                  | -  | 205,967                    |
| At 30 June 1997                      | <u>180,436</u>                                   | <u>7,730,555</u>           |

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

|  | 1997             | 1996             |
|--|------------------|------------------|
|  | £                | As restated<br>£ |
| Total recognised gains excluding prior year adjustment | 205,967          | 243,387          |
| Opening shareholders' funds as restated                | 7,905,024        | 7,661,637        |
| Closing shareholders' funds                            | <u>8,110,991</u> | <u>7,905,024</u> |

## Balance sheet

30 June 1997

### **21 Capital commitments**

Capital expenditure commitments which represent refurbishment work on investment properties were £14,178 at 30 June 1997 (1996 - £61,959). Grants in respect of this work and work already paid for, totalling £34,281 (1996 - £42,282) are receivable by the company.

### **22 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.

### **23 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 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.