**Factfocus Limited**

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

Registered number: 1402330

**DIRECTORS**

H.N. Moser
S.E. Kramrisch
G.D. Beckett
C.W. Hacking (resigned 7 November 2001)
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 annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 2002.

**Principal activities**

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

**Business review**

The directors consider the results for the year to be satisfactory 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 19. The profit for the year, after tax was £704,955 (2001 - £579,185 restated).

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

**Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements 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 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 and their interests**

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

Mr. H.N. Moser is a director of the company's 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 had an interest in the share capital of the company at any time during the year 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.

**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**

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

Deloitte & Touche

# Independent auditors' report

**To the members of Factfocus Limited**

We have audited the financial statements of Factfocus Limited for the year ended 30 June 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet, the statement of accounting policies and the related notes numbered 1 to 22. 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 £ |
|---|---|---|---|
| **Turnover** | 1 | 1,542,740 | 1,521,507 |
| Cost of sales | | (31,979) | (104,428) |
| **Gross profit** | | 1,510,761 | 1,417,079 |
| Administrative expenses | | (703,930) | (722,111) |
| **Operating profit** | | 806,831 | 694,968 |
| Gain arising on disposal of investment properties | | 204,835 | 80,002 |
| Finance charges (net) | 2 | (45,579) | 136,414 |
| **Profit on ordinary activities before taxation** | 3 | 966,087 | 911,384 |
| Tax on profit on ordinary activities | 6 | (261,132) | (332,199) |
| **Profit for the financial year** | 17 | 704,955 | 579,185 |

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 £ |
|---|---|---|---|
| **Total recognised gains and losses relating to the year** | | 704,955 | 579,185 |
| **Prior year adjustment** | 7 | 39,440 | |
| **Total gains and losses recognised since last annual report and financial statements** | | 744,395 | |

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

## Note of historical cost profits and losses

For the year ended 30 June 2002

| | 2002<br>£ | 2001<br>Restated<br>£ |
|---|---|---|
| Reported profit on ordinary activities before taxation | 966,087 | 911,384 |
| Realisation of property revaluation gains of previous years | 9,035 | 11,236 |
| **Historical cost profit on ordinary activities before taxation** | 975,122 | 922,620 |
| **Historical cost profit for the financial year** | 713,990 | 590,421 |

The accompanying notes are an integral part of this note of historical cost profits and losses.

# Balance sheet

30 June 2002

| | Notes | 2002 | 2001 Restated |
|---|---|---|---|
| | | £ | £ |
| **Fixed assets** | | | |
| Investment properties | 8 | 10,453,876 | 5,981,832 |
| Other tangible assets | 9 | 1 | 1 |
| Investments | 10 | 31,841 | 30,328 |
| | | 10,485,718 | 6,012,161 |
| **Current assets** | | | |
| Stocks | 11 | 1,169,221 | 327,445 |
| Debtors | | | |
| - due within one year | 12 | 11,062,126 | 10,901 815 |
| - due after one year | 12 | 171,198 | 53,664 |
| Cash at bank and in hand | | 200 | 271,883 |
| | | 12,402,745 | 11,554,807 |
| **Creditors:** Amounts falling due within one year | 13 | (11,170,735) | (6,554,195) |
| **Net current assets** | | 1,232,010 | 5,000,612 |
| **Total assets less current liabilities** | | 11,717,728 | 11,012,733 |
| **Net assets** | | 11,717,728 | 11,012,773 |
| **Capital and reserves** | | | |
| Called-up share capital | 15 | 200,000 | 200,000 |
| Revaluation reserve | 16 | 137,723 | 146,758 |
| Profit and loss account | 16 | 11,380,005 | 10,666,015 |
| **Equity shareholder's funds** | 17 | 11,717,728 | 11,012,773 |

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

G.D. Beckett
Director

M. Golderbg
Director

28 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 7, to comply with Financial Reporting Standard 19.

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and 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. The lack of depreciation is necessary to give a true and fair view for the reason explained below in the investment properties accounting policy note.

**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 values over their expected useful lives. The principal annual rates used are:

| | |
|---|---|
| Motor vehicles | 25% reducing balance |
| Other equipment | 20% to 33% on cost |

**Investments**

Fixed asset investments are stated at cost less provision for impairment.

Current assets investments are listed companies and are stated at market value.

**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.

**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.

**Investment properties**

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value. A sample of valuations is conducted by external Chartered Surveyors on a periodic basis. 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.

Previously, grants received in respect of investment properties had been deducted from the cost of such assets. In the current year the company has changed its policy on such grants so that they are, to the extent that they remain repayable, included in creditors as deferred income. The directors feel that this more appropriately reflects the requirements of SSAP 4. There is no effect on any of the numbers in the financial statements in either the current or prior year as a result of this change.

## Statement of accounting policies (continued)

**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.

**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 an accruals basis.

## 1 Turnover

| | 2002 £ | 2001 £ |
|---|---|---|
| Disposal of properties | 49,119 | 119,492 |
| Loan interest and commissions | 418,233 | 382,186 |
| Rental income | 1,074,738 | 1,017,458 |
| Other income (net) | 650 | 2,371 |
| | 1,542,740 | 1,521,507 |

## 2 Finance charges (net)

| | 2002 £ | 2001 £ |
|---|---|---|
| *Investment income* | | |
| Income from listed investments | 2,619 | 706 |
| Bank interest | - | 130,885 |
| Other interest | 1,513 | 4,823 |
| | 4,132 | 136,414 |

*Interest payable*

| | 2002 £ | 2001 £ |
|---|---|---|
| Bank loans and overdrafts | 49,711 | - |

*Finance charges (net)*

| | 2002 £ | 2001 £ |
|---|---|---|
| Investment income | 4,132 | 136,414 |
| Interest payable | (49,711) | - |
| | (45,579) | 136,414 |

### 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | 2002 | 2001 |
|---|---|---|
| | £ | £ |
| Auditors' remuneration | 2,738 | 7,896 |
| Staff costs (see note 4) | 192,728 | 164,169 |

### 4 Staff costs

| | 2002 | 2001 |
|---|---|---|
| | £ | £ |
| Employee costs, including directors during the year amounted to: | | |
| Wages and salaries | 185,491 | 160,749 |
| Social security costs | 7,237 | 3,420 |
| | 192,728 | 164,169 |

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

| | 2002 | 2001 |
|---|---|---|
| | Number | Number |
| Office and management | 22 | 23 |

### 5 Directors' remuneration

The remuneration of the directors was as follows:

| | 2002 | 2001 |
|---|---|---|
| | £ | £ |
| Emoluments | 34,032 | 33,807 |

**6 Tax on profit on ordinary activities**

The tax charge comprises:

| | 2002 £ | 2001 Restated £ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax | 277,604 | 325,731 |
| Adjustments in respect of previous periods | | |
| - UK corporation tax | (25,364) | 9,440 |
| **Total current tax** | 252,240 | 335,171 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 8,892 | (2,972) |
| **Total deferred tax (see note 14)** | 8,892 | (2,972) |
| **Total tax on profit on ordinary activities** | 261,132 | 332,199 |

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 £ |
|---|---|---|
| **Profit on ordinary activities before tax** | 966,087 | 911,384 |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001 - 30%) | 289,826 | 273,415 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 58,121 | 78,701 |
| Gain not taxable for corporation tax | (61,451) | (24,000) |
| Capital allowances in excess of depreciation | (126) | (168) |
| Other timing differences | (8,766) | (2,217) |
| Adjustments to tax charge in respect of previous periods | (25,364) | 9,440 |
| **Current tax charge for period** | 252,240 | 335,171 |

There is no unprovided deferred tax at the year end (2001 - £Nil).

### 7 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<br>£ | 2001<br>£ |
|---|---|---|
| **Profit and loss account** | | |
| Tax (charge) credit on profit on ordinary activities | (8,892) | 2,972 |
| (Decrease) increase in profit for the financial year | (8,892) | 2,972 |
| **Balance sheet** | | |
| Deferred tax asset | 30,548 | 39,440 |
| Increase in net assets | 30,548 | 39,440 |

### 8 Investment properties

| **Valuation** | 2002<br>£ | 2001<br>£ |
|---|---|---|
| Beginning of year | 5,981,832 | 6,155,938 |
| Additions | 5,661,803 | 1,164,682 |
| Disposals | (1,189,759) | (1,338,788) |
| End of year | 10,453,876 | 5,981,832 |

The directors consider that the carrying values of investment properties are not materially different from the market value at year end.

If investment properties had not been revalued, they would have been included in the balance sheet at a cost of £10,316,153 (2001 - £5,835,074).

## 9 Other tangible fixed assets

| | Fixtures, fittings and equipment |
|---|---|
| | £ |
| **Cost** | |
| Beginning and end of year | 16,805 |
| **Depreciation** | |
| Beginning and end of year | 16,804 |
| **Net book value** | |
| Beginning and end of year | 1 |

## 10 Fixed asset investments

| | 2002 | 2001 |
|---|---|---|
| | £ | £ |
| Listed investments at market value | 31,841 | 30,328 |

The cost of the above investments at 30 June 2002 was £118,458 (2001 - £120,727).

## 11 Stocks

| | 2002 | 2001 |
|---|---|---|
| | £ | £ |
| Properties held for resale | 1,169,221 | 327,445 |

## 12 Debtors

| | 2002 | 2001 Restated |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 1,565,140 | 4,144,198 |
| Amounts owed by fellow group undertakings | 8,605,621 | 6,588,109 |
| Amounts owed by related companies | 185,734 | 167,484 |
| Other debtors | 705,631 | 2,024 |
| | 11,062,126 | 10,901,815 |
| Amounts falling due after one year: | | |
| Trade debtors | 140,650 | 14,224 |
| Deferred taxation (see note 14) | 30,548 | 39,440 |
| | 171,198 | 53,664 |
| | 11,233,324 | 10,955,479 |

Amounts owed by related companies are in respect of August Blake Developments Limited, Centrestand Limited and UK Mortgage Corporation Limited, companies in which H.N. Moser is a director and shareholder.

## Notes to financial statements (continued)

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

| | 2002 £ | 2001 £ |
|---|---|---|
| Bank overdraft | 3,339,929 | - |
| Amounts owed to fellow group undertakings | 7,212,619 | 5,866,343 |
| Amount owed to related company | 2,495 | 2,495 |
| Corporation tax | 277,604 | 356,451 |
| Other taxation and social security | 2,088 | - |
| Other creditors | 42,144 | 42,614 |
| Accruals and deferred income | 293,856 | 286,292 |
| | 11,170,735 | 6,554,195 |

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

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

### 14 Deferred taxation

| | Restated £ |
|---|---|
| Beginning of year | 39,440 |
| Charged to profit and loss account | (8,892) |
| End of year | 30,548 |

Deferred tax asset is recognised as follows:

| | 2002 £ | 2001 £ |
|---|---|---|
| Accelerated capital allowances | 379 | 505 |
| Other timing differences | 30,169 | 38,935 |
| | 30,548 | 39,440 |

### 15 Called-up share capital

| | 2002 £ | 2001 £ |
|---|---|---|
| *Authorised, allotted, called-up and fully-paid* | | |
| 200,000 Ordinary shares of £1 each | 200,000 | 200,000 |

**16 Reserves**

| | Revaluation reserve £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At 30 June 2001 as previously stated | 146,758 | 10,626,575 | 10,773,333 |
| Prior year adjustment | - | 39,440 | 39,440 |
| At 30 June 2001 as restated | 146,758 | 10,666,015 | 10,812,773 |
| Retained profit for the financial year | - | 704,955 | 704,955 |
| Transfer | (9,035) | 9,035 | - |
| At 30 June 2002 | 137,723 | 11,380,005 | 11,517,728 |

**17 Reconciliation of movements in equity shareholder's funds**

| | 2002 £ | 2001 Restated £ |
|---|---|---|
| Profit for the financial year | 704,955 | 579,185 |
| Opening shareholder's funds | 11,012,773 | 10,433,588 |
| Closing shareholder's funds | 11,717,728 | 11,012,773 |

The opening shareholder's funds at 1 July 2001 as previously reported amounted to £10,973,333 before the prior year adjustment of £39,440 (see note 7).

**18 Capital commitments**

There were no capital commitments as at the year end (2001 - £nil).

**19 Contingent liability**

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

**20 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.

Notes to financial statements (continued)

**21 Related party transactions**

As a subsidiary 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.

During the year the company advanced a further £18,250 to August Blake Developments Limited, increasing the balance outstanding to £78,500. The balance outstanding from UK Mortgage Corporation remained at £94,211 and from Centrestand Limited remained at £13,023. The balance outstanding to Sedgewick House Properties Limited remained at £2,495.

During the prior year the company advanced £60,250 to August Blake Developments Limited and a further £2,461 to UK Mortgage Corporation Limited; and paid £20,505 to Sedgewick House Properties Limited reducing the balance outstanding to £2,495. The balance to Centrestand Limited remained at £13,023 throughout the prior year.

H.N. Moser is a director and shareholder in all the above companies.

**22 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 financial statements are drawn up, is that headed by Blemain Group plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.