

**JERROLD MORTGAGE CORPORATION
LIMITED**

Report and Financial Statements

Year ended 30 June 2012

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JERROLD MORTGAGE CORPORATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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JERROLD MORTGAGE CORPORATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S P Baker
G D Beckett
M R Goldberg
A J Grant

SECRETARY

M J Ridley

REGISTERED OFFICE

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

PRINCIPAL BANKERS

The Royal Bank of Scotland Plc
Spinningfields
Manchester
M3 3AP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
PO Box 500
2 Hardman Street
Manchester
M60 2AT

JERROLD MORTGAGE CORPORATION LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2012

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company continues to be that of financiers

The directors consider the results for the year to be in line with expectations. The directors do not expect any significant change to the activities of the company.

The company qualifies as small in accordance with S382(3) of the Companies Act 2006 and is therefore exempt from the requirement to present an enhanced business review.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2012 are set out on pages 7 to 13. Profit before tax has reduced due to an increase in provisioning levels. The loss incurred for the year after tax was £256,387 (2011 £42,916 profit).

The directors do not recommend the payment of a dividend (2011 £nil).

POST BALANCE SHEET EVENTS

On 28 August 2012, the group renewed and amended the £400m (£378m drawn) syndicated loan facility which was in place at the year end and which was due to expire in November 2012. The new facility of £245m (£240m drawn) expires on 28 August 2015. In addition, on 28 August 2012, the group and the company renewed and amended the £288.5m (£288.5m drawn) securitisation facility and its associated liquidity lines which were in place at the year end and which were due to expire in November 2012. The new facility and its associated liquidity lines of £395.5m (£395.5m drawn) expire on 31 July 2015. The net reduction in the total loan facilities available to the group has been financed through cash reserves.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the company have considered the group's forecast funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the company's financial statements on a going concern basis is appropriate.

The company is part of the group headed by Jerrold Holdings Limited. The company is reliant on other companies in the group for a significant proportion of its funding. The Board of Jerrold Holdings Limited has confirmed that it is a going concern and that it will provide funding to the company for the foreseeable future.

On 28 August 2012, the group renewed and amended the £400m (£378m drawn) syndicated loan facility which was in place at the year end and which was due to expire in November 2012. The new facility of £245m (£240m drawn) expires on 28 August 2015. In addition, on 28 August 2012, the group and the company renewed and amended the £288.5m (£288.5m drawn) securitisation facility and its associated liquidity lines which was in place at the year end and which was due to expire in November 2012. The new facility and its associated liquidity lines of £395.5m (£395.5m drawn) expire on 31 July 2015.

The group syndicated loan facility is made between The Royal Bank of Scotland plc, Lloyds TSB Bank plc, National Australia Bank Limited and Co-operative Bank plc (as Mandated Lead arrangers), The Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading, non trading and dormant group subsidiary companies as listed in the notes of the accounts of Jerrold Holdings Limited.

JERROLD MORTGAGE CORPORATION LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF GOING CONCERN (continued)

The securitisation facility is made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Loan Purchaser and Note Issuer, The Royal Bank of Scotland plc as Facility Agent, Liquidity Facility provider, Standby Cash Administrator and Security Trustee, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators, Servicers and Subscription Noteholders, Jerrold Holdings Limited as Cash Administrator and Guarantor, National Westminster Bank plc as Account Bank, Thames Asset Global Securitization No 1 INC, National Australia Bank Limited and Gresham Receivables (No 20) Limited as Loan Note Purchasers, and Lloyds TSB Bank Plc as Gresham's Agent

The company is expected to make a loss in the year ended 30 June 2013. The parent company, Jerrold Holdings Limited, has confirmed that it will continue to support the day to day funding requirements of the company for a period of 12 months following the date of signing the directors report.

On the basis that the group and company have adequate funding as detailed above, together with the financial position of the company, the directors have a reasonable expectation that, despite the continued economic conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year and subsequently.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M J Ridley
Secretary

25 OCTOBER 2012

JERROLD MORTGAGE CORPORATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD MORTGAGE CORPORATION LIMITED

We have audited the financial statements of Jerrold Mortgage Corporation Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

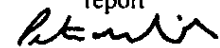
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.


Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

26th October 2012

JERROLD MORTGAGE CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2012

	Note	2012 £	2011 £
TURNOVER	2	340,283	274,953
Administrative expenses		<u>(470,147)</u>	<u>(43,347)</u>
OPERATING (LOSS)/PROFIT		(129,864)	231,606
Interest payable and similar charges	4	<u>(125,015)</u>	<u>(185,644)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(254,879)	45,962
Tax on (loss)/profit on ordinary activities	6	<u>(1,508)</u>	<u>(3,046)</u>
RETAINED (LOSS)/ PROFIT FOR THE FINANCIAL YEAR	12	<u><u>(256,387)</u></u>	<u><u>42,916</u></u>

All activity has arisen from continuing operations

There were no recognised gains or losses in either year other than the (loss)/profit for that year shown above
Accordingly, a separate statement of total recognised gains and losses has not been presented

JERROLD MORTGAGE CORPORATION LIMITED

BALANCE SHEET

As at 30 June 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Debtors			
- due within one year	7	1,385,949	2,427,063
- due after one year	7	19,911	27,797
Cash at bank and in hand		32,744	51,728
		<u>1,438,604</u>	<u>2,506,588</u>
CREDITORS: Amounts falling due within one year	8	<u>(44,292)</u>	<u>(42,044)</u>
NET CURRENT ASSETS		<u>1,394,312</u>	<u>2,464,544</u>
CREDITORS: Amounts falling due after more than one year	9	<u>(1,334,699)</u>	<u>(2,148,544)</u>
NET ASSETS		<u>59,613</u>	<u>316,000</u>
CAPITAL AND RESERVES			
Called up share capital	11	55,000	55,000
Profit and loss account	12	<u>4,613</u>	<u>261,000</u>
SHAREHOLDER'S FUNDS	13	<u>59,613</u>	<u>316,000</u>

These financial statements were approved by the Board of Directors on 25 OCTOBER 2012

Company Registration No 521009

Signed on behalf of the Board of Directors


G D Beckett
Director


M.R. Goldberg
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently in the current and prior year.

Accounting convention

The company prepares its accounts under the historic cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

As permitted by FRS 1 (Revised 1996) "cash flow statements", the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Jerrold Holdings Ltd which has produced consolidated financial statements that are publicly available.

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 substantively 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.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover consists of interest recoverable on loans. Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed.

Provisions for bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. Incurred but not reported loss provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

Interest payable and similar charges

Finance costs of financial liabilities are recognised in the profit and loss account over the term of the facilities at the applicable rates on the carrying amounts in the financial period.

JERROLD MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2012

2. TURNOVER

Turnover is wholly-derived from within the UK and relates to the principal activity of the company

3. STAFF COSTS

The company had no employees and paid no directors' emoluments during either year

Directors' emoluments are borne by a fellow subsidiary company of Jerrold Holdings Limited, Blemain Finance Limited

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable on intragroup loans	<u>125,015</u>	<u>185,644</u>

5 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee was borne by another group undertaking

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2012 £	2011 £
Current tax		
UK corporation tax	<u>-</u>	<u>2,707</u>
Total current tax	<u>-</u>	<u>2,707</u>
Deferred tax		
Origination and reversal of timing differences (see note 10)	<u>1,508</u>	<u>339</u>
Total tax on (loss)/profit on ordinary activities	<u>1,508</u>	<u>3,046</u>

JERROLD MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2012

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

The difference between the total current tax shown above and the amount calculated by applying the standard companies rate of UK corporation tax to the profit before tax are as follows

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(254,879)	45,962
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 25.5% (2011 27.5%)	(65,001)	(12,632)
Effects of		
Group relief	-	8,963
Other timing differences	(1,340)	90
Adjustments to tax charge in respect of previous periods	66,341	872
Current tax charge for year	-	(2,707)

The main rate of corporation tax reduced from 26% to 24% from 1 April 2012 resulting in a standard rate of corporation tax for the year to 30 June 2012 of 25.5%

There is no unprovided deferred tax at the year end (2011 £nil)

7. DEBTORS

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,385,949	2,425,056
Other debtors	-	2,007
	1,385,949	2,427,063
Amounts falling due after more than one year		
Trade debtors	18,218	24,596
Deferred tax asset (see note 10)	1,693	3,201
	19,911	27,797
	1,405,860	2,454,860

JERROLD MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2012

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Other creditors	28,162	28,162
Accruals and deferred income	13,423	11,175
Corporation tax	2,707	2,707
	<u>44,292</u>	<u>42,044</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Amounts owed to group undertakings	<u>1,334,699</u>	<u>2,148,544</u>
Borrowings are repayable as follows		
Between one and two years	<u>1,334,699</u>	<u>2,148,544</u>

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2013

10. DEFERRED TAX

	£
Balance at 1 July 2011	3,201
Charge to profit and loss account	(1,508)
Balance at 30 June 2012	<u>1,693</u>

The amounts provided in the financial statements comprising full provision are as follows

	2012 £	2011 £
Other timing differences	<u>1,693</u>	<u>3,201</u>

The directors believe that future profitability will be sufficient to ensure that the deferred tax asset will be recovered

11. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised, called up, allotted and fully paid 55,000 ordinary shares of £1 each	<u>55,000</u>	<u>55,000</u>

JERROLD MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2012

12. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2011	261,000
Retained loss for the financial year	(256,387)
At 30 June 2012	<u>4,613</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Opening shareholder's funds	316,000	273,084
(Loss)/profit for the financial year	<u>(256,387)</u>	<u>42,916</u>
Closing shareholder's funds	<u>59,613</u>	<u>316,000</u>

14. CONTINGENT LIABILITY

As at 30 June 2012 the company's assets were subject to a fixed and floating charge in respect of £378m of bank borrowings of the group (2011 £378m). This charge has been replaced with a fixed and floating charge in respect of £245m of bank borrowings of the group on 28 August 2012.

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Jerrold Holdings Ltd, 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 Jerrold Holdings Ltd.

16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings Ltd, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which Jerrold Mortgage Corporation Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings Ltd, whose principal place of business is at Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

H N Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.