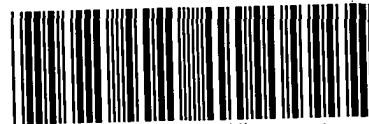


**HARPMANOR LIMITED**

**Annual Report and Financial Statements**

**For The Year ended 30 June 2014**

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# **HARPMANOR LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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# **HARPMANOR LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

H.N. Moser  
S.P. Baker  
G.D. Beckett  
M.R. Goldberg  
G.A. Jennison (appointed 4 October 2013)

### **COMPANY SECRETARY**

G.D. Beckett (appointed 6 December 2013)  
M.J. Ridley (resigned 6 December 2013)

### **REGISTERED OFFICE**

Lake View  
Lakeside  
Cheadle  
Cheshire  
United Kingdom  
SK8 3GW

### **PRINCIPAL BANKERS**

The Royal Bank of Scotland Plc  
Spinningfields  
Manchester  
M3 3AP

### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

# **HARPMANOR LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 2014.

### **PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The principal activity of the company continued to be that of financiers.

The directors consider the results for the year to be satisfactory and look forward to the future with confidence. The directors do not expect any significant change to the activities of the company.

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

### **RESULTS AND DIVIDENDS**

The audited financial statements for the year ended 30 June 2014 are set out on pages 6 to 13. The profit for the year after tax was £2,571,578 (2013: £1,603,418).

The directors do not recommend the payment of a dividend (2013: £nil).

### **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 reliant on its parent company, Jerrold Holdings Limited, 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 the basis that the Group has adequate funding as detailed above, together with its current performance and financial position, the directors have a reasonable expectation that 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 thereafter except as noted on page 1.

### **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 he ought to have taken as a director to make himself 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(2) of the Companies Act 2006.

**DIRECTORS' REPORT (continued)**

**AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



G.D. Beckett

Company Secretary

2nd October 2014

**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 HARPMANOR LIMITED**

We have audited the financial statements of Harpmanor Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its profit 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.

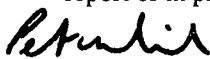
### **Opinion on other matter prescribed by the Companies Act 2006**

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 from preparing a strategic report or 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

21/10/2014

# HARPMANOR LIMITED

## PROFIT AND LOSS ACCOUNT For The Year ended 30 June 2014

	Note	2014 £	2013 £
<b>TURNOVER</b>	2	6,411,237	4,170,435
Cost of sales		(777,984)	(543,325)
<b>GROSS PROFIT</b>		5,633,253	3,627,110
Administrative expenses		(994,595)	(749,603)
<b>OPERATING PROFIT</b>		4,638,658	2,877,507
Interest payable and similar charges	5	(1,319,558)	(773,093)
Interest receivable and similar income	5	-	130
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	3,319,100	2,104,544
Tax on profit on ordinary activities	6	(747,522)	(501,126)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	12	2,571,578	1,603,418

All activity has arisen from continuing operations.

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



# HARPMANOR LIMITED

## BALANCE SHEET

As at 30 June 2014

	Note	2014 £	2013 £
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	7	13,899,722	5,781,178
- due after one year	7	29,444,772	21,730,681
Cash at bank and in hand		239,274	-
		<u>43,583,768</u>	<u>27,511,859</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(1,586,847)</u>	<u>(1,796,676)</u>
<b>NET CURRENT ASSETS</b>		41,996,921	25,715,183
<b>CREDITORS: Amounts falling due after more than one year</b>	9	<u>(29,388,700)</u>	<u>(15,678,540)</u>
<b>NET ASSETS</b>		<u>12,608,221</u>	<u>10,036,643</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	2	2
Profit and loss account	12	<u>12,608,219</u>	<u>10,036,641</u>
<b>SHAREHOLDER'S FUNDS</b>	13	<u>12,608,221</u>	<u>10,036,643</u>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

These financial statements of Harpmanor Limited were approved by the Board of Directors and authorised for issue on 2nd October 2014.

Company Registration No. 01954109

Signed on behalf of the Board of Directors



G D Beckett  
Director

G A Jennison  
Director



**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year ended 30 June 2014**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**Accounting convention**

The company prepares its financial statements 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 Limited 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.

**Loan notes**

Loan notes are recognised at amortised cost net of debt issue costs. Interest and fees payable to the loan note holders during the financial period are recognised in the profit and loss account over the term of the notes using the effective interest rate method.

**Turnover and cost of sales**

Turnover consists of interest recoverable on loans, fees and commissions income. Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed. Cost of sales includes the direct costs of the financing, any fees and commissions payable.

**Provision 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

**Interest payable and similar charges**

Prepaid fees relating to financial liabilities are recognised in the profit and loss account over the term of the facilities.

**2. TURNOVER**

All turnover arises from the company's principal activity and in the UK.

**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 and Blemain Finance Limited.

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The audit fee was borne by another group undertaking.

**5. FINANCE CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<i>Interest payable and similar charges</i>		
Interest payable on loan notes	825,791	588,123
Interest payable on intragroup loans	492,767	184,970
Other interest	1,000	-
	<u>1,319,558</u>	<u>773,093</u>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<i>Interest receivable and similar income</i>		
Other interest	<u>-</u>	<u>130</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 30 June 2014**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	716,191	507,427
Adjustment in respect of previous years	-	-
<b>Total current tax</b>	<u>716,191</u>	<u>507,427</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,652	(7,584)
Effect of changes in tax rate	679	1,283
<b>Total deferred tax (see note 10)</b>	<u>31,331</u>	<u>(6,301)</u>
<b>Total tax charge on profit on ordinary activities</b>	<u><u>747,522</u></u>	<u><u>501,126</u></u>

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 are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Profit on ordinary activities before tax</b>	<u>3,319,100</u>	<u>2,104,544</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 22.5% (2013: 23.75%)	746,843	499,843
Effects of:		
Other timing differences	(30,652)	7,584
Adjustments in respect of previous years	-	-
<b>Current tax charge for year</b>	<u><u>716,191</u></u>	<u><u>507,427</u></u>

The main rate of corporation tax reduced from 23% to 21% from 1 April 2013 resulting in a standard rate of corporation tax for the year to 30 June 2014 of 22.5%.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 30 June 2014**

**7. DEBTORS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade debtors	13,885,577	5,769,132
Other debtors	10,000	10,017
Prepayments	4,145	2,029
	<u>13,899,722</u>	<u>5,781,178</u>
Amounts falling due after more than one year:		
Trade debtors	29,444,772	21,699,350
Deferred taxation (see note 10)	-	31,331
	<u>29,444,772</u>	<u>21,730,681</u>
	<u>43,344,494</u>	<u>27,511,859</u>

Included within Trade debtors are mortgage assets totalling £31,047,899 (2013: £21,277,887) which is funded through a securitisation vehicle.

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	430,979
Trade creditors	-	62
Corporation tax	716,191	507,427
Other taxes and social security	-	16
Other Creditors	23,068	17,882
Accruals and deferred income	847,588	840,310
	<u>1,586,847</u>	<u>1,796,676</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 30 June 2014**

**9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Loan notes	22,564,398	15,209,177
Amounts owed to group undertakings	6,824,302	469,363
	<u>29,388,700</u>	<u>15,678,540</u>
Borrowings are repayable as follows:		
Within one year	-	430,979
Between one and two years	6,824,302	15,678,540
Between two and five years	22,564,398	-
	<u>29,388,702</u>	<u>16,109,519</u>

The interest bearing loan notes are provided through a securitisation vehicle and are secured on specific loan assets. On 10 April 2014, the securitisation facility and its associated liquidity lines was renewed and amended with a new expiry date of 31 January 2018. The balance of £22.6m above is net of prepaid fees which are being amortised over the term of the facility.

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2015.

**10. DEFERRED TAX ASSET**

	<b>£</b>
Balance at 1 July 2013	31,331
Charge to profit and loss account	<u>(31,331)</u>
Balance at 30 June 2014	<u>-</u>

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other timing differences	<u>-</u>	<u>31,331</u>

**11. CALLED-UP SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called-up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 30 June 2014**

**12. PROFIT AND LOSS ACCOUNT**

	£
At 1 July 2013	10,036,641
Retained profit for the financial year	<u>2,571,578</u>
At 30 June 2014	<u><u>12,608,219</u></u>

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2014 £	2013 £
Opening shareholder's funds	10,036,643	8,433,225
Profit for the financial year	<u>2,571,578</u>	<u>1,603,418</u>
Closing shareholder's funds	<u><u>12,608,221</u></u>	<u><u>10,036,643</u></u>

**14. CONTINGENT LIABILITY**

As at 30 June 2014 the company's assets were subject to a fixed and floating charge in respect of £35.0m of bank borrowings of the group (2013: £204.5m).

**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 Harpmanor 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.