

**LANCASHIRE MORTGAGE
CORPORATION LIMITED**

Report and Financial Statements

Year ended 30 June 2013



LANCASHIRE MORTGAGE CORPORATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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LANCASHIRE MORTGAGE CORPORATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
G Bailey (resigned 6 September 2012)
S P Baker
G D Beckett
M R Goldberg
A J Grant (resigned 6 February 2013)
R Watson (resigned 30 January 2013)

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2013

ENHANCED BUSINESS REVIEW

The company's principal activity during the year under review continues to be that of financiers. The directors do not expect any significant change to the activities of the company. A number of key performance indicators (KPIs) are monitored in order to review and control performance, position and liquidity and to plan for the future.

Results and dividends

As shown in the company's profit and loss account on page 7, profit before tax was £6.3m (2012: £0.6m) due to an increase in turnover resulting from improved loan book performance coupled with lower cost of funding.

The directors do not recommend the payment of a dividend (2012: nil).

Position

As shown in note 7 to the financial statements, loan book values (classified as trade debtors) have decreased by 4.1% to £327.8m (2012: £341.8m). Shareholder's funds at 30 June 2013 were £70.8m (2012: £66.2m). The gearing ratio (being the ratio of debt to equity) has decreased to 3.57:1 (2012: 4.11:1) as the company continues to fund a greater proportion of its loan book through reserves. For the purposes of calculating the company's gearing ratio the amounts owed to Group Undertakings is treated as 'debt'.

Liquidity

The company is financed by its parent company, Jerrold Holdings Limited, and a securitisation facility provided by Charles Street Conduit Asset Backed Securitisation 1 Limited.

In August 2012, the Group renewed and amended the £400m (£378m drawn at 30 June 2012) syndicated loan facility which was in place at the 30 June 2012 year end. The new facility of £245m (£204.5m drawn and available at 30 June 2013) expires on 28 August 2015. In addition, in August 2012, the Group renewed and amended the £288.5m (£288.5m drawn at 30 June 2012) securitisation facility and its associated liquidity lines which were in place at the 30 June 2012 year end. The new facility and its associated liquidity lines of £395.5m (£382m drawn and available at 30 June 2013) expire on 31 July 2015. The net reduction in the total loan facilities available to the Group has been financed through cash reserves.

The ability of the company to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest, this was 1.4:1 for the year ended 30 June 2013 (2012: 1.0:1). The company closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Any material deviations are identified and appropriate action taken to ensure that sufficient headroom exists at all times.

Non-financial KPIs

The directors support and monitor compliance with the Consumer Credit Act regulations. The company is an Introducer Appointed Representative of Cheshire Mortgage Corporation Limited which is regulated by the FCA (which succeeded the Financial Services Authority, "FSA", on 1 April 2013). Employees undertake appropriate training which is supported by operational quality assurance, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance, including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes, along with employee and customer feedback including the assessment and understanding of complaints received.

POST BALANCE SHEET EVENT

In September 2013 Jerrold FinCo plc, a subsidiary of Jerrold Holdings Limited, issued and closed an offering of £200 million Senior Secured Notes repayable in 2018. The proceeds will be used to reduce the syndicated loan facility and to provide additional funding capacity for the Group.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The company is exposed to changes in economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as house prices, as well as by factors relating to specific customers, such as a change in borrower's circumstances. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, credit worthiness and loan to property value ratios, and throughout the life of the loan, via monitoring of arrears levels, property loan to value ratios and by applying macroeconomic sensitivity analysis.

Interest rate risk

The company's loan book consists primarily of variable rate mortgages. This is matched by the company's and group's funding facilities which are subject to monthly movements in the external costs of funds. In addition, the group has the ability to undertake hedging transactions in order to mitigate potential interest rate risk.

Liquidity risk

The company is financed by its parent company and a securitisation facility. The company actively monitors and considers compliance with its funding covenants, including formal monthly reporting and by performing stress test analysis as part of the budgeting and forecasting process.

Regulatory risk

The company undertakes activities which are regulated by the Office of Fair Trading. The company has in place a governance and management structure that provides effective risk management, supports decision making and provides strong oversight over our business activities. As part of the Group's governance and management structure, we have a three-tiered risk management framework, the "3 Lines of Defence" model, to help ensure that risk management and adherence to regulatory compliance is integral to all business activities and decision-making processes. The first line of defence comprises all managers and staff, including the Chief Executive Officer, as well as our operational committees, including the Executive, Treating Customers Fairly ("TCF") and Fraud Committees and the Credit Risk Arrears Forum. The second line of defence comprises risk, compliance, legal and financial control functions, as well as the Executive Risk Committee and the Retail and Commercial Credit Risk Committees. The third line of defence includes our internal audit function, our Audit, Risk and Compliance Committee and the Board of Directors.

Exchange rate risk

All the company's activities are in sterling and are not subject to exchange rate risk.

ENVIRONMENT

As the company operates in the financial services sector, its actions do not have a significant environmental impact. However, the company does recognise the importance of the environment and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

DIRECTORS' REPORT (continued)

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 of the Companies Act 2006

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


M J Ridley
Secretary

3 October

2013

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,
- state whether applicable UK 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 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 LANCASHIRE MORTGAGE CORPORATION LIMITED

We have audited the financial statements of Lancashire Mortgage Corporation Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 2013 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.



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

3 October

2013

LANCASHIRE MORTGAGE CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2013

	Note	2013 £	2012 £
TURNOVER			
Cost of sales	2	35,721,449 (827,828)	30,032,864 (570,017)
GROSS PROFIT		34,893,621	29,462,847
Administrative expenses		(11,098,041)	(8,460,988)
OPERATING PROFIT		23,795,580	21,001,859
Interest payable and similar charges	4	(17,481,604)	(20 364,043)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	6,313,976	637,816
Tax on profit on ordinary activities	6	(1,804,532)	(599,183)
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	4,509,444	38,633

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.

LANCASHIRE MORTGAGE CORPORATION LIMITED


BALANCE SHEET As at 30 June 2013

	Note	2013 £	2012 £
CURRENT ASSETS			
Debtors			
- due within one year	7	184,514,544	197,442,114
- due after one year	7	143,906,056	145,102,562
Cash at bank and in hand		540,859	239,834
		<u>328,961,459</u>	<u>342,784,510</u>
CREDITORS. Amounts falling due within one year	8	<u>(5,862,417)</u>	<u>(57,393,965)</u>
NET CURRENT ASSETS		323,099,042	285,390,545
CREDITORS. Amounts falling due after more than one year	9	<u>(252,344,590)</u>	<u>(219,145,537)</u>
NET ASSETS		<u>70,754,452</u>	<u>66,245,008</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	<u>70,754,450</u>	<u>66,245,006</u>
SHAREHOLDER'S FUNDS	13	<u>70,754,452</u>	<u>66,245,008</u>

These financial statements were approved by the Board of Directors on 3 October 2013

Company Registration No 2058813

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 2013

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 throughout 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 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.

Turnover and cost of sales

Turnover consists of interest recoverable on loans 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 financing, including commissions payable.

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.

LANCASHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2013

1. ACCOUNTING POLICIES (continued)

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.

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.

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. FINANCE CHARGES

	2013 £	2012 £
<i>Interest payable and similar charges</i>		
Interest payable on intragroup loans	(14,114,769)	(17,989,521)
Discount and fees payable on loan notes	(3,359,881)	(2,370,048)
Other interest	(6,954)	(4,474)
	<u>(17,481,604)</u>	<u>(20,364,043)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee was borne by another group undertaking.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2013	2012
	£	£
Current tax		
- UK corporation tax	1,771,303	536,468
Adjustment in respect of previous periods	(1,654)	-
Total current tax	<u>1,769,649</u>	<u>536,468</u>
Deferred tax		
Origination and reversal of timing differences	18,909	62,923
Effect of changes in tax rates	16,516	-
Adjustment in respect of prior years	(542)	(208)
Total deferred tax (see note 10)	<u>34,883</u>	<u>62,715</u>
Total tax on profit on ordinary activities	<u><u>1,804,532</u></u>	<u><u>599,183</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

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>6,313,976</u>	<u>637,816</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.75% (2012: 25.5%)	1,499,614	162,661
Effects of		
Expenses not deductible for tax purposes	290,598	401,996
Capital allowances in excess of depreciation	(112)	(22)
Other timing differences	(18,797)	(27,963)
Utilisation of tax losses	-	(204)
Adjustment in tax charge in respect of previous periods	(1,654)	-
Current tax charge for year	<u><u>1,769,649</u></u>	<u><u>536,468</u></u>

The main rate of corporation tax reduced from 24% to 23% from 1 April 2013 resulting in a standard rate of corporation tax for the year to 30 June 2013 of 23.75%. Expenses not deductible for tax purposes arise on interest charged on related party loans that has not been recognised during the year due to concerns over recoverability.

There is no unprovided deferred tax at the year end (2012: £nil)

LANCASHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2013

7. DEBTORS

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	184,230,274	197,219,750
Prepayments	6,383	16,260
Other debtors	277,835	206,104
Amounts due from related undertakings	52	-
	<u>184,514,544</u>	<u>197,442,114</u>
Amounts falling due after more than one year		
Trade debtors	143,530,752	144,579,730
Amounts owed by fellow group undertakings	-	112,645
Deferred taxation (see note 10)	375,304	410,187
	<u>143,906,056</u>	<u>145,102,562</u>
	<u>328,420,600</u>	<u>342,544,676</u>

Included in trade debtors is £602,703 (2012 £955,303) loaned to August Blake Developments Limited, £7,627,824 (2012 £7,244,788) loaned to Edgworth Developments Limited and £4,273,203 (2012 £5,387,759) loaned to Sunnywood Estates Limited. H N Moser is a director and shareholder of each of these companies. All loans are on a commercial basis and secured on the assets of that company.

Included within Trade debtors are mortgage assets totalling £101,090,958 (2012 £72,368,933) which is funded through a securitisation vehicle. The remainder of the loan book is funded by amounts owed to group undertakings and reserves.

The amounts owed by related undertakings are in respect of Sterling Property Co Limited of which H N Moser is a director and shareholder (see note 15).

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Loan notes	-	53,061,412
Trade creditors	6,512	2,966
Corporation tax	1,771,303	536,468
Other taxes and social security	850	757
Accruals and deferred income	3,076,596	2,700,080
Other creditors	1,007,156	1,092,282
	<u>5,862,417</u>	<u>57,393,965</u>

LANCASHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2013

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

	2013 £	2012 £
Loan notes	72,037,245	-
Amounts owed to group undertakings	180,307,345	219,145,537
	<u>252,344,590</u>	<u>219,145,537</u>

Borrowings are repayable as follows

	2013 £	2012 £
Less than one year	-	53,061,412
Between one and two years	252,344,590	219,145,537
	<u>252,344,590</u>	<u>272,206,949</u>

The loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. They are secured on specific loan assets. On 28 August 2012, the securitisation facility and its associated liquidity lines was renewed and amended with a new expiry date of 31 July 2015.

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2014.

10. DEFERRED TAXATION

	£
Balance at 1 July 2012	410,187
Charge to profit and loss account	(35,425)
Adjustment in respect of prior years	542
Balance at 30 June 2013	<u>375,304</u>

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

	2013 £	2012 £
Capital allowances in advance of depreciation	492	84
Other timing differences	374,812	410,103
	<u>375,304</u>	<u>410,187</u>

The directors believe that future profits will be sufficient to ensure that the deferred taxation asset is recovered.

11. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

LANCASHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2013

12. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2012	66,245,006
Retained profit for the financial year	4,509,444
At 30 June 2013	<u>70,754,450</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £	2012 £
Opening shareholder's funds	66,245,008	66,206,375
Profit for the financial year	4,509,444	38,633
Closing shareholder's funds	<u>70,754,452</u>	<u>66,245,008</u>

14. CONTINGENT LIABILITY

As at 30 June 2013 the company's assets were subject to a fixed and floating charge in respect of £204.5m of bank borrowings of the group (2012 £378m)

15. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Jerrold Holdings Limited, 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 Limited

The following balances with related parties existed at the year end (these entities are deemed related parties due to H N Moser's common directorship)

	Balances due to		Balances due from	
	2013 £	2012 £	2013 £	2012 £
Charles Street Commercial Investments Ltd	-	-	-	-
Sterling Property Co Limited	-	-	52	-
	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>
	-	-	52	-
	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>

Company transactions with related parties during the year were as follows

	2013 £	2012 £
Introduction fees due from Charles Street Commercial Investments Ltd	(115,260)	-
Introduction fees paid by Charles Street Commercial Investments Ltd	115,260	-
Costs paid on behalf of Sterling Property Co Limited	52	-
	<u>52</u>	<u>-</u>

LANCASHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2013

16. ULTIMATE PARENT COMPANY

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

The largest and smallest group of which Lancashire Mortgage Corporation Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings Limited, whose principal place of business is at Lakeview, 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

17. POST BALANCE SHEET EVENT

In September 2013 Jerrold FinCo plc, a subsidiary of Jerrold Holdings Limited, issued and closed an offering of £200 million Senior Secured Notes repayable in 2018. The proceeds will be used to reduce the syndicated loan facility and to provide additional funding capacity for the Group.