

**CHESHIRE MORTGAGE CORPORATION  
LIMITED**

**Report and Financial Statements**

**Year ended 30 June 2010**

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# **CHESHIRE MORTGAGE CORPORATION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **CHESHIRE MORTGAGE CORPORATION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H N Moser  
T Bailey  
G Bailey  
S P Baker  
S Bean (resigned 3 August 2010)  
G D Beckett  
M R Goldberg  
A G Lawton (resigned 3 August 2010)  
M J Ridley (resigned 3 August 2010)  
J M Shaoul

#### **SECRETARY**

M J Ridley

#### **REGISTERED OFFICE**

Bracken House  
Charles Street  
Manchester  
M1 7BD

#### **PRINCIPAL BANKERS**

Royal Bank of Scotland Plc  
Spinningfields  
Manchester  
M3 3AP

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Manchester  
M60 2AT

#### **LEGAL ADVISORS**

Eversheds  
70 Great Bridgewater Street  
Manchester  
M1 5ES

# CHESHIRE MORTGAGE CORPORATION LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2010

### ENHANCED BUSINESS REVIEW

The company's principal activity during the year under review continues to be that of financiers. A number of key performance indicators (KPIs) on performance, position and liquidity are monitored in order to control the business and to plan for future growth.

#### **Profitability**

As shown in the company's profit and loss accounts on page 7, profit before tax has decreased to £1.3m (2009 £4.5m).

The directors of the company do not recommend the payment of a dividend (2009 £nil).

#### **Position**

As shown in note 8 to the financial statements, loan book values (classified within trade debtors) have decreased by 1.4% to £130.5m (2009 £132.3m). At the same time, shareholder's funds have increased by £0.9m to £8.1m (2009 £7.2m).

#### **Liquidity**

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 has decreased to 1.2:1 (2009 1.7:1). The directors monitor the unutilised facility position on a regular basis. Where and when required further facilities are either negotiated or new business levels are adjusted.

#### **Non-financial KPIs**

The directors monitor certain non-financial KPIs relating to the environment, which are detailed below. In addition, the directors monitor compliance with FSA and Consumer Credit Act regulation, and in particular the level of complaints received.

## 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 levels of consumer indebtedness, as well as by factors relating to specific customers, such as a change in borrowers' circumstances. Credit risk is managed at loan inception, via stringent underwriting policies with regard to equity levels and affordability ratios and throughout the life of the loan via monitoring by the Board of arrears levels.

#### **Interest rate risk**

The company is financed by another group company and a revolving securitisation facility. These are funded by variable rate facilities. Interest rate risk is managed by the group through the use of hedging instruments.

#### **Liquidity risk**

The company is financed by another group company. The group monitors its liquidity position including redemption and funding levels against its business plan at regular intervals. Material deviations are quickly determined and appropriate action taken to ensure that appropriate headroom exists at all times.

#### **Regulatory risk**

The company undertakes activities which are regulated by the Financial Services Authority and the Office of Fair Trading. The company continues to enhance its quality assurance, compliance and internal audit functions as part of its ongoing focus on developing a robust and effective corporate governance structure. It also uses third party specialist advisors to support its business operations.

# **CHESHIRE MORTGAGE CORPORATION LIMITED**

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

#### ***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.

### **STATEMENT OF GOING CONCERN**

As set out in the Statement of Directors' Responsibilities, 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 facilities insofar as to the extent to which they might affect the preparation of the company's financial statements on a going concern basis.

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.

Current group funding primarily consists of a £378m drawn syndicated loan facility (made between Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in the notes of the Jerrold Holdings Limited accounts) and a £386m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers).

The syndicated facility is not due for renewal until 9 November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2010. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast.

On this basis the directors have a reasonable expectation that, despite the uncertainty in market 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 AND THEIR INTERESTS**

The directors of the company are set out on page 1. All directors served throughout the year except as noted on page 1.

# CHESHIRE MORTGAGE CORPORATION LIMITED

## DIRECTORS' REPORT (continued)

### 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 (as defined in the Companies Act 2006) of which the company's auditors are 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 (as defined) and to establish that the company's auditors are 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

### AUDITORS

A resolution to re-appoint Deloitte LLP as the company's auditors 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

21 October 2010

# **CHESHIRE 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,
- 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 AUDITORS' REPORT TO THE MEMBERS OF CHESHIRE MORTGAGE CORPORATION LIMITED**

We have audited the financial statements of Cheshire Mortgage Corporation Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. 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 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**

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 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 (APB'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.

### **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 2010 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.



Stephen Williams (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester, United Kingdom

21st October 2010



# CHESHIRE MORTGAGE CORPORATION LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 June 2010

|  | Note | 2010<br>£               | 2009<br>£               |
|--|------|-------------------------|-------------------------|
| <b>TURNOVER</b>                                      |      |                         |                         |
| Cost of sales  | 2    | 14,803,413<br>(165,911) | 13,838,206<br>(595,174) |
| <b>GROSS PROFIT</b>                                  |      | 14,637,502              | 13,243,032              |
| Administrative expenses                              |      | (6,331,001)             | (2,066,884)             |
| <b>OPERATING PROFIT</b>                              |      | 8,306,501               | 11,176,148              |
| Interest payable                                     | 4    | (6,994,704)             | (6,660,313)             |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 5    | 1,311,797               | 4,515,835               |
| Tax charge on profit on ordinary activities          | 6    | (367,799)               | (1,265,087)             |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>        | 13   | <u>943,998</u>          | <u>3,250,748</u>        |

All activity has arisen from continuing operations

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

# CHESHIRE MORTGAGE CORPORATION LIMITED


## BALANCE SHEET 30 June 2010

|  | Note | 2010<br>£           | 2009<br>£           |
|--|------|---------------------|---------------------|
| <b>FIXED ASSETS</b>  |      |                     |                     |
| Tangible assets  | 7    | 10,417              | -                   |
| <b>CURRENT ASSETS</b>  |      |                     |                     |
| Debtors  |      |                     |                     |
| - due within one year  | 8    | 15,998,431          | 9,674,372           |
| - due after one year   | 8    | 115,059,972         | 122,822,733         |
| Cash at bank and in hand                                       |      | -                   | 9,461               |
|  |      | <u>131,058,403</u>  | <u>132,506,566</u>  |
| <b>CREDITORS: Amounts falling due within one year</b>          | 9    | <u>(56,553,940)</u> | <u>(66,432,066)</u> |
| <b>NET CURRENT ASSETS</b>                                      |      | 74,504,463          | 66,074,500          |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 10   | <u>(66,366,688)</u> | <u>(58,870,306)</u> |
| <b>NET ASSETS</b>  |      | <u>8,148,192</u>    | <u>7,204,194</u>    |
| <b>CAPITAL AND RESERVES</b>                                    |      |                     |                     |
| Called up share capital  | 12   | 2                   | 2                   |
| Profit and loss account  | 13   | <u>8,148,190</u>    | <u>7,204,192</u>    |
| <b>EQUITY SHAREHOLDER'S FUNDS</b>                              | 14   | <u>8,148,192</u>    | <u>7,204,194</u>    |

These financial statements were approved by the Board of Directors on 21 October 2010

Company Registration No 2613335

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 2010**

**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 and going concern**

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.

**Tangible fixed assets**

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of valuation, less estimated residual value, of each asset over its expected useful life as follows:

|                |                      |
|----------------|----------------------|
| Motor vehicles | 25% reducing balance |
|----------------|----------------------|

**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 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, 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, including fees and commissions payable.

**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.

# CHESHIRE MORTGAGE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

### 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

### 4. INTEREST PAYABLE

|   | 2010<br>£          | 2009<br>£          |
|---|--------------------|--------------------|
| Interest payable on intercompany borrowings | (5,339,378)        | (3,681,521)        |
| Discount payable on loan notes              | (1,655,326)        | (2,978,792)        |
|   | <u>(6,994,704)</u> | <u>(6,660,313)</u> |

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|  | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Profit on ordinary activities before taxation is stated after charging/(crediting) |           |           |
| Depreciation of tangible fixed assets  |           |           |
| Owned assets   | 2,083     | -         |

The audit fee of £900 (2009 £750) was borne by another group undertaking

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

|  | 2010<br>£      | 2009<br>£        |
|--|----------------|------------------|
| <b>Current tax</b>   |                |                  |
| UK corporation tax on profits of the periods                 | 365,197        | 1,285,671        |
| <b>Total current tax</b>                                     | <u>365,197</u> | <u>1,285,671</u> |
| <b>Deferred tax</b>  |                |                  |
| Origination and reversal of timing differences (see note 11) | 2,602          | (20,584)         |
| <b>Total tax on profit on ordinary activities</b>            | <u>367,799</u> | <u>1,265,087</u> |

# CHESHIRE MORTGAGE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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

|   | 2010<br>£        | 2009<br>£        |
|---|------------------|------------------|
| <b>Profit on ordinary activities before tax</b>   | <u>1,311,797</u> | <u>4,515,835</u> |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 28%<br>(2009 28%) | 367,303          | 1,264,434        |
| Effects of  |                  |                  |
| Expenses not deductible for tax purposes  | 496              | 653              |
| Movement in short term timing differences   | (2,602)          | 20,584           |
| <b>Current tax charge for year</b>  | <u>365,197</u>   | <u>1,285,671</u> |

### 7. TANGIBLE FIXED ASSETS

|                        | <b>Motor<br/>vehicles<br/>£</b> |
|------------------------|---------------------------------|
| <b>Cost</b>            |                                 |
| At 1 July 2009         | -                               |
| Additions              | <u>12,500</u>                   |
| At 30 June 2010        | <u>12,500</u>                   |
| <b>Depreciation</b>    |                                 |
| At 1 July 2009         | -                               |
| Charge for the year    | <u>2,083</u>                    |
| At 30 June 2010        | <u>2,083</u>                    |
| <b>Net book value</b>  |                                 |
| <b>At 30 June 2010</b> | <u><b>10,417</b></u>            |
| At 30 June 2009        | <u>-</u>                        |

# CHESHIRE MORTGAGE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2010

### 8. DEBTORS

|  | 2010<br>£          | 2009<br>£          |
|--|--------------------|--------------------|
| Amounts falling due within one year          |                    |                    |
| Trade debtors                                | 15,973,932         | 9,660,528          |
| Prepayments                                  | 17,559             | 13,844             |
| Other debtors                                | 6,940              | -                  |
|  | <u>15,998,431</u>  | <u>9,674,372</u>   |
| Amounts falling due after more than one year |                    |                    |
| Trade debtors                                | 114,556,992        | 122,636,586        |
| Amounts owed by fellow group undertakings    | 319,435            | -                  |
| Deferred taxation (see note 11)              | 183,545            | 186,147            |
|  | <u>115,059,972</u> | <u>122,822,733</u> |
|  | <u>131,058,403</u> | <u>132,497,105</u> |

Included within Trade Debtors is an amount of £64,994,033 (2009 £73,315,313) which is funded through a securitisation vehicle

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                  | 2010<br>£         | 2009<br>£         |
|----------------------------------|-------------------|-------------------|
| Secured bank loan and overdrafts | 402,739           | -                 |
| Trade creditors                  | 5,917             | -                 |
| Loan notes                       | 50,705,480        | 64,903,542        |
| Corporation tax                  | 182,598           | 642,836           |
| Accruals and deferred income     | 5,034,824         | 652,978           |
| Other creditors                  | 222,382           | 232,710           |
|                                  | <u>56,553,940</u> | <u>66,432,066</u> |

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

# CHESHIRE MORTGAGE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2010

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                     | 2010<br>£          | 2009<br>£          |
|-------------------------------------|--------------------|--------------------|
| Amounts owed to group undertakings  | 66,366,688         | 58,870,306         |
| Borrowings are repayable as follows |                    |                    |
| Less than one year                  | 51,108,219         | 64,903,542         |
| Between one and two years           | 66,366,688         | 58,870,306         |
|                                     | <u>117,474,907</u> | <u>123,773,848</u> |

Loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. All loan notes revolve within a three month period. The Loan notes are supported by a renewable annual liquidity facility. In November 2009 the liquidity facility was renewed until 11 November 2010 and at the same time the maturity date of the Loan Note facility was extended to coincide with the next liquidity renewal date. The directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast.

### 11. DEFERRED TAXATION

|                                      | £              |
|--------------------------------------|----------------|
| Balance at 1 July 2009               | 186,147        |
| Debit to the profit and loss account | (2,602)        |
| Balance at 30 June 2010              | <u>183,545</u> |

The deferred tax asset in the financial statements is as follows

|                          | 2010<br>£      | 2009<br>£      |
|--------------------------|----------------|----------------|
| Other timing differences | <u>183,545</u> | <u>186,147</u> |

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

### 12. CALLED-UP SHARE CAPITAL

|                                    | 2010<br>£  | 2009<br>£  |
|------------------------------------|------------|------------|
| 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>   |

# CHESHIRE MORTGAGE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2010

### 13. PROFIT AND LOSS ACCOUNT

|  | £                |
|--|------------------|
| At 1 July 2009                         | 7,204,192        |
| Retained profit for the financial year | 943,998          |
| At 30 June 2010                        | <u>8,148,190</u> |

### 14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

|                                    | 2010<br>£        | 2009<br>£        |
|------------------------------------|------------------|------------------|
| Opening equity shareholder's funds | 7,204,194        | 3,953,446        |
| Profit for the financial year      | <u>943,998</u>   | <u>3,250,748</u> |
| Closing equity shareholder's funds | <u>8,148,192</u> | <u>7,204,194</u> |

### 15. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £378m of bank borrowings of the group (2009 £378m)

### 16. CASH FLOW STATEMENT

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

### 17. RELATED PARTY TRANSACTIONS

As a 100% 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

### 18. 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 Cheshire 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 Bracken House, Charles Street, Manchester, M1 7BD