

**CHESHIRE MORTGAGE CORPORATION
LIMITED**

Report and Financial Statements

Year ended 30 June 2004



CHESHIRE MORTGAGE CORPORATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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CHESHIRE MORTGAGE CORPORATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser
A.J. Grant
G.D. Beckett
M.R. Goldberg

SECRETARY

G.D. Beckett

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Bank of Scotland Corporate Banking
9th Floor
No. 1 Marsden Street
Manchester
M2 1HW

AUDITORS

Deloitte & Touche LLP
Manchester

CHESHIRE MORTGAGE CORPORATION LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

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 satisfactory and look forward to the future with confidence.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2004 are set out on pages 5 to 10. The profit for the year after tax was £598,953 (2003 – £355,581).

The directors do not recommend the payment of a dividend (2003 - £nil).

DIRECTORS AND THEIR INTERESTS

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

Mr. H.N. Moser is a director of Jerrold Holdings plc, the ultimate parent company, and his interests in the share capital of that company are disclosed in its financial statements. None of the other directors have interests in the share capital of the company, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985. No director has, or had any material interest in any contract or agreement entered into by the company during the year.

AUDITORS

A resolution to re-appoint Deloitte & Touche 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



G.D. Beckett
Secretary

27 April 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for establishing and maintaining the system of internal control, 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 2004 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. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

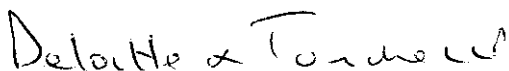
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

28 April 2005

CHESHIRE MORTGAGE CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2004

	Note	2004 £	2003 £
TURNOVER			
Administrative expenses	2	1,446,340 (331,557)	1,162,891 (377,921)
OPERATING PROFIT		1,114,783	784,970
Interest payable (net)	4	(259,136)	(281,570)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	855,647	503,400
Tax on profit on ordinary activities	6	(256,694)	(147,819)
RETAINED PROFIT FOR THE FINANCIAL YEAR	11	598,953	355,581

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 and consequently no separate statement of total recognised gains and losses has been presented.

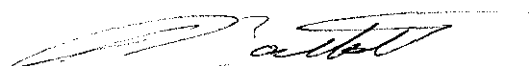
CHESHIRE MORTGAGE CORPORATION LIMITED

BALANCE SHEET 30 June 2004

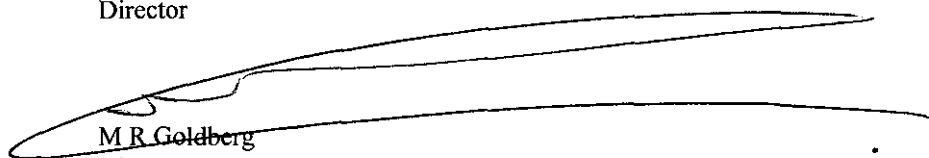
	Note	2004 £	2003 £
CURRENT ASSETS			
Debtors			
- due within one year	7	4,281,441	3,082,421
- due after one year	7	3,245,626	3,411,190
Cash at bank and in hand		206,996	9,888
		<u>7,734,063</u>	<u>6,503,499</u>
CREDITORS: Amounts falling due within one year	8	<u>(6,773,001)</u>	<u>(6,141,390)</u>
NET ASSETS		<u>961,062</u>	<u>362,109</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	<u>961,060</u>	<u>362,107</u>
EQUITY SHAREHOLDER'S FUNDS	12	<u>961,062</u>	<u>362,109</u>

These financial statements were approved by the Board of Directors on 27 April 2005.

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 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable 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 financial statements are prepared under the historical cost convention.

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

Turnover consists of interest receivable and related commissions on money lending agreements. The interest credit to the profit and loss account is calculated on an accruals basis.

Bad and doubtful debts

Specific provisions are made when the directors consider that the creditworthiness of a customer has deteriorated so that the recoverability of the advance is in part or in whole doubtful. General 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.

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.

CHESHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

4. INTEREST PAYABLE (NET)

	2004 £	2003 £
Bank interest receivable	60	86
Bank interest payable	(259,196)	(281,656)
	<u>(259,136)</u>	<u>(281,570)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- audit	-	515
- non-audit	-	-
	<u>-</u>	<u>-</u>

In the current year the audit fee is borne by another group undertaking.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004 £	2003 £
Current tax		
UK corporation tax	254,569	160,343
Total current tax	<u>254,569</u>	<u>160,343</u>
Deferred tax		
Origination and reversal of timing differences (see note 9)	2,125	(12,524)
Total tax on profit on ordinary activities	<u>256,694</u>	<u>147,819</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 is as follows:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>855,647</u>	<u>503,400</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003 - 30%)	256,694	151,020
Effects of:		
Expenses not deductible for tax purposes	-	1
Other timing differences	(2,125)	9,322
Current tax charge for year	<u>254,569</u>	<u>160,343</u>

There is no unprovided deferred tax at the year end (2003 - £Nil).

CHESHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

7. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	2,421,631	2,967,541
Amounts owed by fellow group undertakings	1,859,810	114,880
	<u>4,281,441</u>	<u>3,082,421</u>
Amounts falling due after more than one year:		
Trade debtors	3,228,824	3,392,263
Deferred taxation (see note 9)	16,802	18,927
	<u>3,245,626</u>	<u>3,411,190</u>
	<u>7,527,067</u>	<u>6,493,611</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	-	1,521,007
Amounts owed to group undertakings	6,517,509	4,453,933
Corporation tax	254,569	160,343
Accruals and deferred income	923	6,107
	<u>6,773,001</u>	<u>6,141,390</u>

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

9. DEFERRED TAXATION

	£
Balance at 1 July 2003	18,927
Charge to the profit and loss account	(2,125)
	<u>16,802</u>
Balance at 30 June 2004	<u>16,802</u>

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

	Provided 2004 £	Provided 2003 £
Other timing differences	<u>16,802</u>	<u>18,927</u>

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

CHESHIRE MORTGAGE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

10. CALLED-UP SHARE CAPITAL

	2004 £	2003 £
Authorised 100 ordinary shares of £1 each	100	100
Called-up, allotted and fully-paid 2 ordinary shares of £1 each	2	2

11. PROFIT AND LOSS ACCOUNT

	2004 £
At 1 July 2003	362,107
Retained profit for the financial year	598,953
At 30 June 2004	961,060

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2004 £	2003 £
Profit for the financial year	598,953	355,581
Opening equity shareholder's funds	362,109	6,528
Closing equity shareholder's funds	961,062	362,109

13. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £206 million of bank borrowings of the group (2003 - £141 million).

14. 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 plc which has produced consolidated financial statements that are publicly available.

15. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Jerrold Holdings plc, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Jerrold Holdings plc.

16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings plc 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 plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.