

**JERROLD HOLDINGS PLC**

**Report and Consolidated Financial Statements**

**30 June 2004**

**Deloitte & Touche LLP  
Manchester**



# **JERROLD HOLDINGS PLC**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **JERROLD HOLDINGS PLC**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H.N. Moser	Chairman and Chief Executive
B.S. Pollock	
D.L. Moser	
J.M. Shaoul	Non-Executive Director
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  
9<sup>th</sup> Floor  
No. 1 Marsden Street  
Manchester  
M2 1HW

#### **AUDITORS**

Deloitte & Touche LLP  
Manchester

## **DIRECTORS' REPORT**

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

### **ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the group continue to be finance property investment property development.

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 21. The group profit for the year, after tax was £18,234,000 (2003 - £11,215,000).

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

### **DIRECTORS AND THEIR INTERESTS**

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

Those directors serving at the end of the year had interests in the share capital of the company at 30 June as follows:

	2004 Number	2003 Number
H.N. Moser	1,448,875	1,448,875
B.S. Pollock	1,300,049	1,300,049
D.L. Moser	<u>7,251,076*</u>	<u>7,251,076*</u>

\* Held in trust by D.L. Moser and H.N. Moser as trustees of a family settlement.

### **SUPPLIER PAYMENT POLICY**

The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions being set by the suppliers.

As the company is a holding company it has no trade creditors and accordingly no disclosure can be made of the year end creditor days.

### **AUDITORS**

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

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



G.D. Beckett

**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 and the group as at the end of the financial year and of the profit or loss of the group 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 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 group 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 the group and to 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 JERROLD HOLDINGS PLC

We have audited the financial statements of Jerrold Holdings plc for the year ended 30 June 2004 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 24. 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 and other members of the group 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 or material inconsistencies with the financial statements.

### 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 and group'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 affairs of the group and company as at 30 June 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Manchester

*24 November 2004*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Year ended 30 June 2004**

	Note	2004 £'000	2003 £'000
<b>TURNOVER</b>	2	54,708	37,977
Cost of sales		(1,648)	(1,494)
<b>GROSS PROFIT</b>		53,060	36,483
Administrative expenses		(17,051)	(13,036)
Other operating income		164	169
<b>OPERATING PROFIT</b>		36,173	23,616
Profit/(loss) on sale of investment properties		294	(53)
Finance charges (net)	3	(10,308)	(7,388)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	26,159	16,175
Tax on profit on ordinary activities	5	(7,911)	(4,922)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		18,248	11,253
Minority interests	19	(14)	(38)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	17	18,234	11,215

All activity has arisen from continuing operations.

No consolidated note of historical cost profits and losses has been prepared as there is no material difference between the retained profit in either year if an historical cost basis had been adopted.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 30 June 2004**

	Note	2004 £'000	2003 £'000
Profit for the financial year		18,234	11,215
Unrealised gain on revaluation of land and buildings	7	-	3,755
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		18,234	14,970

**CONSOLIDATED BALANCE SHEET**  
**30 June 2004**

	Note	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Investment properties	7	19,749	15,948
Tangible assets	8	957	544
Investments	9	28	23
		<u>20,734</u>	<u>16,515</u>
<b>CURRENT ASSETS</b>			
Stocks	10	7,834	7,215
Debtors			
- due within one year	11	123,364	79,118
- due after one year	11	138,268	101,971
Investments	12	551	595
Cash at bank and in hand		111	33
		<u>270,128</u>	<u>188,932</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(14,978)</u>	<u>(12,908)</u>
<b>NET CURRENT ASSETS</b>		<u>255,150</u>	<u>176,024</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>275,884</u>	<u>192,539</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(206,116)</u>	<u>(141,019)</u>
<b>NET ASSETS</b>		<u>69,768</u>	<u>51,520</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	10,000	10,000
Merger reserve	17	(9,645)	(9,645)
Capital reserve	17	-	-
Revaluation reserve	17	4,266	4,377
Profit and loss account	17	65,055	46,710
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>69,676</u>	<u>51,442</u>
Minority interests	19	92	78
<b>TOTAL CAPITAL EMPLOYED</b>		<u>69,768</u>	<u>51,520</u>

These financial statements were approved by the Board of Directors on <sup>th</sup> 24 November 2004.

Signed on behalf of the Board of Directors

H.N. Moser  
Director



G.D. Beckett  
Director





# JERROLD HOLDINGS PLC

## COMPANY BALANCE SHEET 30 June 2004

	Note	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Investments	9	10,001	10,001
<b>CURRENT ASSETS</b>			
Debtors	11	207,009	142,571
Cash at bank and in hand		1,333	21
		208,342	142,592
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,343)	(1,593)
<b>NET CURRENT ASSETS</b>		205,999	140,999
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		216,000	151,000
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(206,000)	(141,000)
<b>NET ASSETS</b>		10,000	10,000
<b>EQUITY SHAREHOLDERS' FUNDS</b>		10,000	10,000
Called up share capital	16	10,000	10,000

These financial statements were approved by the Board of Directors on <sup>24</sup>24 November 2004.

Signed on behalf of the Board of Directors

H.N. Moser  
Director



G.D. Beckett  
Director



**JERROLD HOLDINGS PLC****CONSOLIDATED CASH FLOW STATEMENT****Year ended 30 June 2004**

	Note	2004 £'000	2003 £'000
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	20a	(43,688)	(34,238)
Returns on investments and servicing of finance	20d	(10,017)	(7,388)
Taxation		(4,125)	(2,867)
Capital expenditure and financial investment	20d	(3,945)	(1,713)
		<hr/>	<hr/>
<b>CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING</b>		(61,775)	(46,206)
Management of liquid resources	20d	(83)	(489)
Financing	20d	64,919	43,935
		<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>	20b	<u>3,061</u>	<u>(2,760)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 June 2004**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and listed investments, and in accordance with applicable United Kingdom accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of Jerrold Holdings plc and all its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. The acquisition method of accounting has been adopted for the consolidation of the following subsidiaries:

Bridgingfinance.co.uk. Limited  
Classic Car Finance Limited  
Cresthaven Properties Limited  
General Allied Properties Limited  
Heywood Finance Limited  
Heywood Leasing Limited  
Manor Golf Club Limited  
Morgancrest Properties Limited  
Northwestern Properties & Developments Limited  
Phone-a-loan Limited  
Privileged Estates Limited  
Provincial & Northern Properties Limited  
Privileged Properties (Northern) Limited  
Spot Finance Limited  
Sterling Property Co. Limited

Goodwill arising on acquisitions in the year ended 30 June 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

*Merger accounting has been used for the consolidation of the following subsidiaries:*

Blemain Finance Limited  
Briar Hill Court Limited  
Cheshire Mortgage Corporation Limited  
Factfocus Limited  
Harpmanor Limited  
Jerrold Mortgage Corporation Limited  
Lancashire Mortgage Corporation Limited  
Monarch Recoveries Limited  
Supashow Limited

Under this method any difference arising on consolidation is treated as a reduction in reserves.

In the company's financial statements, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for Jerrold Holdings plc as permitted by section 230 of the Companies Act 1985. The company's profit for the financial year, determined in accordance with the Act, was £Nil (2003 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 June 2004****1. ACCOUNTING POLICIES (continued)****Investment properties**

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

**Other 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 or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	15% straight-line on cost
Motor vehicles	25% reducing balance on cost
Office equipment	20% straight-line on cost
Computer equipment	33% straight-line on cost

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

**Investments**

Fixed asset investments are stated at cost less provision for impairment with the exception of listed investments which are stated at market value. Current asset investments are stated at the lower of cost and net realisable value, except when listed whereby they are stated at market value. Changes in the market value of current asset investments are taken to the profit and loss account.

In respect of current asset investments the requirement of the Companies Act is to disclose the gains on these investments to be reflected in the revaluation reserve, however the directors feel that to treat them in such a manner would not give a true and fair view, and that it is necessary to adopt the "mark to market" treatment to reflect the Tech 7/03 classification of such gains as realised. If this departure from the Act has not been adopted, the profit for the year and prior year would have been immaterially different from the reported result.

**Stocks**

Properties and goods held for resale are valued at the lower of cost and estimated net realisable value. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Leased assets**

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the profit and loss account, over the period of the agreement in proportion to the balance of capital repayments outstanding.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

## 1. ACCOUNTING POLICIES (continued)

**Pension benefits**

The group operates two defined contribution pension schemes. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Taxation**

Current 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 group'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.

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.

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 proceeds of properties disposed of which were previously held for resale, interest recoverable on loans and related commissions on money lending agreements, rental income and the invoiced value (excluding VAT) for goods and services supplied to third parties.

The interest credit to the profit and loss account is calculated on an accruals basis.

## 2. SEGMENTAL INFORMATION

Segmental analysis of the group's turnover, results and net assets has not been disclosed as in the opinion of the directors this would be seriously prejudicial to the interests of the group.

## 3. FINANCE CHARGES (NET)

	2004 £'000	2003 £'000
<i>Investment income</i>		
Revaluation of investments	(291)	-
Income from fixed asset investments	-	4
Interest receivable and similar income	39	20
	<u>(252)</u>	<u>24</u>
	2004 £'000	2003 £'000
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts	9,923	7,398
Hire purchase	8	7
Other interest	125	7
	<u>10,056</u>	<u>7,412</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

## 3. FINANCE CHARGES (NET) (continued)

	2004 £'000	2003 £'000
<i>Finance charges (net)</i>		
Interest payable and similar charges	10,056	7,412
Less: Investment income	252	(24)
	<u>10,308</u>	<u>7,388</u>

## 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	180	140
Held under hire purchase contracts	46	58
Loss/(profit) on sale of fixed assets	6	(17)
Profit on sale of listed investments	164	169
Operating lease rentals		
Land and buildings	114	85
Auditors' remuneration		
For audit services	39	29
For non-audit services	67	32
	<u>          </u>	<u>          </u>

## 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004 £'000	2003 £'000
<b>Current tax</b>		
Corporation tax	8,178	5,007
Adjustment in respect of previous years	(6)	50
<b>Total current tax</b>	<u>8,172</u>	<u>5,057</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(261)	(135)
<b>Total deferred tax (see note 15)</b>	<u>(261)</u>	<u>(135)</u>
<b>Total tax on profit on ordinary activities</b>	<u>7,911</u>	<u>4,922</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 30 June 2004

### 5. 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:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	26,160	16,175
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003 – 30%)	7,848	4,853
Effects of:		
Expenses not deductible for tax purposes	113	8
Capital allowances (less than)/in excess of depreciation	(12)	7
Utilisation of tax losses	(11)	-
Tax rate difference	(9)	(10)
Other permanent difference	(3)	(29)
Other timing differences	252	178
Adjustments in respect of previous years	(6)	50
Group current tax charge for year	8,172	5,057

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

### 6. STAFF COSTS

The average monthly number of employees, including executive directors was:

	2004 Number	2003 Number
Management and administration		
- full time	182	136
- part time	9	13
	191	149

	2004 £'000	2003 £'000
Their aggregate remuneration comprised:		
Wages and salaries	4,603	3,590
Social security costs	614	462
Pension costs	139	226
	5,356	4,278

	2004 £'000	2003 £'000
Directors' remuneration:		
Emoluments	1,102	1,127
Company contributions to defined contribution pension schemes	102	195
	1,204	1,322

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

## 6. STAFF COSTS (continued)

The emoluments of the highest paid director were £578,420 (2003 - £698,172) including £100,000 (2003 - £193,700) of company contributions to a defined contribution pension scheme. In both years three of the directors were members of defined contribution pension schemes operated by group companies.

## 7. INVESTMENT PROPERTIES

	Freehold investment properties £'000
<b>Group</b>	
<b>Valuation</b>	
At 1 July 2003	15,948
Additions	5,081
Disposals	(1,280)
	<hr/>
At 30 June 2004	19,749
	<hr/>

If investment properties had not been revalued, they would have been included in the balance sheet at £15,483,000 (2003 - £11,571,000). The investment properties have been valued on an open market basis by Roger Hannah & Co. an external valuer and member of the Royal Institute of Chartered Surveyors as at 30 June 2003.

The directors believe there to be no material difference between the carrying value and the open market value of the properties at 30 June 2004.

## 8. OTHER TANGIBLE FIXED ASSETS

	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
<b>Group</b>			
<b>Cost or valuation</b>			
At 1 July 2003	815	556	1,371
Additions	383	310	693
Disposals	-	(141)	(141)
	<hr/>	<hr/>	<hr/>
At 30 June 2004	1,198	725	1,923
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 July 2003	574	253	827
Charge for the year	127	99	226
Disposals	-	(87)	(87)
	<hr/>	<hr/>	<hr/>
At 30 June 2004	701	265	966
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 July 2003	241	303	544
	<hr/>	<hr/>	<hr/>
At 30 June 2004	497	460	957
	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £258,000 (2003 - £91,000) in respect of assets held under hire purchase contracts.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 June 2004**

**9. FIXED ASSET INVESTMENTS**

	Group £'000	Company £'000
Balance at 1 July 2003	23	10,001
Additions	5	-
Balance at 30 June 2004	<u>28</u>	<u>10,001</u>

a) Subsidiary undertakings

Principal trading subsidiaries	Shares and voting rights	Principal activities
Blemain Finance Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Factfocus Limited	100%	Financier and property transactions
Harpmanor Limited	100%	Financier
Supashow Limited	100%	House builder
Briar Hill Court Limited	100%	Rental of residential flats
Jerrold Mortgage Corporation Limited	100%	Financier
Spot Finance Limited	100%	Financier
Cheshire Mortgage Corporation Limited	100%	Financier
Monarch Recoveries Limited	100%	Debt recovery
General Allied Properties Limited	100%	Property investment
Privileged Properties (Northern) Limited	100%	Property investment
Provincial & Northern Properties Limited	100%	Property investment
Northwestern Properties & Developments Limited	100%	Property investment
Heywood Finance Limited	90%	Hire purchase finance
Privileged Estates Limited	100%	Property investment
Heywood Leasing Limited	90%	Leasing finance
Sterling Property Co. Limited	100%	Property management
Bridgingfinance.co.uk Limited	100%	Financier

All the above subsidiaries are incorporated in Great Britain and are registered and operate in England and Wales.

The above are direct holdings with the exception of Spot Finance Limited which is held by Blemain Finance Limited.

b) Other investments

Other investments are listed investments stated at market value.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

## 10. STOCKS

	2004 £'000	2003 £'000
Properties		
- work-in-progress	4,101	4,051
- held for resale	3,733	3,164
	<u>7,834</u>	<u>7,215</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

## 11. DEBTORS

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts falling due within one year:				
Trade debtors	122,492	78,631	-	-
Amounts owed by group undertakings	-	-	206,922	142,507
Amounts owed by related companies	115	108	-	-
Other debtors	556	182	87	64
Prepayments and accrued income	201	197	-	-
	<u>123,364</u>	<u>79,118</u>	<u>207,009</u>	<u>142,571</u>
Amounts falling due after one year:				
Trade debtors	137,400	101,364	-	-
Deferred taxation (see note 15)	868	607	-	-
	<u>138,268</u>	<u>101,971</u>	<u>-</u>	<u>-</u>
	<u>261,632</u>	<u>181,089</u>	<u>207,009</u>	<u>142,571</u>

Trade debtors include amounts due in respect of loans provided during the normal course of business. Amounts owed by related companies are in respect of August Blake Developments Limited, UK Mortgage Corporation Limited and Centrestand Limited, companies in which H N Moser is a director and shareholder (see note 23). Also included in trade debtors is an amount of £2,948,000 (2003 - £2,698,000) loaned to August Blake Developments Limited and £1,696,000 (2003 - £nil) loaned to Edgeworth Developments Limited, companies in which H N Moser is a director and shareholder. Both loans are on a commercial basis secured on certain assets of these companies.

## 12. CURRENT INVESTMENTS

	2004 £'000	2003 £'000
Listed investments at market value	445	489
Other investments at cost	106	106
	<u>551</u>	<u>595</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2004

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

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	85	51	-	-
Bank overdrafts	1,012	3,995	-	-
Trade creditors	400	313	-	-
Amounts owed to group undertakings	-	-	1,153	917
Amounts owed to related companies	80	68	-	-
Corporation tax	8,178	4,131	-	-
Other taxation and social security	170	123	-	-
Other creditors	725	853	1	1
Accruals and deferred income	4,328	3,374	1,189	675
	<u>14,978</u>	<u>12,908</u>	<u>2,343</u>	<u>1,593</u>

Amounts due to related companies are in respect of UK Mortgage Corporation Limited, Regency Securities and Investments Limited and Sedgewick House Properties Limited, companies in which H.N. Moser is a director and shareholder (see note 23).

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

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	116	19	-	-
Bank loans	206,000	141,000	206,000	141,000
	<u>206,116</u>	<u>141,019</u>	<u>206,000</u>	<u>141,000</u>

The bank loans are repayable as follows:

	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
In more than two years but not more than five years	<u>206,000</u>	<u>141,000</u>	<u>206,000</u>	<u>141,000</u>

The bank loans are secured through a fixed and floating charge on the assets of the group.

## 15. DEFERRED TAXATION

	£'000
<b>Deferred tax asset</b>	
At 1 July 2003	607
Credited to profit and loss account	<u>261</u>
At 30 June 2004	<u>868</u>

The group has an unrecognised deferred tax liability of £1,279,000 (2003 - £1,313,000) on the revaluation of properties.

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 30 June 2004

### 15 DEFERRED TAXATION (continued)

Deferred tax asset is recognised as follows:

	2004 £'000	2003 £'000
Accelerated capital allowances	25	37
Other timing differences	753	548
Losses	-	22
Wages and salaries	90	-
<b>Deferred tax asset</b>	<b>868</b>	<b>607</b>

### 16. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised, allotted, called-up and fully paid 10,000,000 ordinary shares of £1 each	10,000	10,000

### 17. RESERVES

	Merger reserve £'000	Capital reserve £'000	Revalua- tion reserve £'000	Profit and loss account £'000	Total £'000
<b>Group</b>					
At 1 July 2003	(9,645)	-	4,377	46,710	41,442
Retained profit for the financial year	-	-	-	18,234	18,234
Transfer	-	-	(111)	111	-
<b>At 30 June 2004</b>	<b>(9,645)</b>	<b>-</b>	<b>4,266</b>	<b>65,055</b>	<b>59,676</b>

### 18. RECONCILIATION OF MOVEMENTS IN GROUP EQUITY SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Retained profit for the financial year	18,234	11,215
Other recognised gains and losses relating to the year (net)	-	3,755
	18,234	14,970
Elimination of goodwill on capital reserve on disposal of subsidiary	-	(48)
Net addition to shareholders' funds	18,234	14,922
Opening shareholders' funds	51,442	36,520
<b>Closing shareholders' funds</b>	<b>69,676</b>	<b>51,442</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 30 June 2004

### 19. MINORITY INTERESTS

	2004 £'000
At 1 July 2003	78
Profit on ordinary activities after taxation	14
At 30 June 2004	<u>92</u>

### 20. CASH FLOW INFORMATION

#### a) Reconciliation of operating profit to net cash outflow from operating activities

	2004 £'000	2003 £'000
Operating profit	36,173	23,616
Depreciation of tangible fixed assets	226	198
Loss/(profit) on disposal of tangible fixed assets	6	(17)
(Profit) on disposal of current asset investments	(164)	(169)
Increase in stocks	(619)	(2,865)
Increase in debtors	(80,282)	(56,573)
Increase in creditors	972	1,752
<b>Net cash outflow from operating activities</b>	<u>(43,688)</u>	<u>(34,238)</u>

#### b) Analysis of net debt

	Beginning of year £'000	Cash flow £'000	Other non- cash changes £'000	End of year £'000
Cash at bank and in hand	33	78	-	111
Overdrafts	(3,995)	2,983	-	(1,012)
	<u>(3,962)</u>	<u>3,061</u>	<u>-</u>	<u>(901)</u>
Finance leases	(70)	81	(212)	(201)
Loans due after one year	(141,000)	(65,000)	-	(206,000)
Current asset investments	595	247	(291)	551
	<u>(140,475)</u>	<u>(64,672)</u>	<u>(503)</u>	<u>(205,650)</u>
<b>Net debt</b>	<u>(144,437)</u>	<u>(61,611)</u>	<u>(503)</u>	<u>(206,551)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 30 June 2004

### 20. CASH FLOW INFORMATION (continued)

#### c) Reconciliation of net cash flow to movement in net debt

	2004 £'000	2003 £'000
(Increase)/decrease in cash in year	(3,061)	2,760
Cash inflow from increase in debt and lease financing	64,919	43,935
Cash outflow from increase in current asset investments	(247)	(489)
<b>Change in net debt resulting from cash flows</b>	<b>61,611</b>	<b>46,206</b>
New finance leases	212	-
Revaluation of investments	291	-
<b>Movement in net debt in year</b>	<b>62,114</b>	<b>46,206</b>
Net debt, beginning of year	144,437	98,231
<b>Net debt, end of year</b>	<b>206,551</b>	<b>144,437</b>

#### d) Analysis of cash flows

	2004 £'000	2003 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	39	17
Interest element of finance lease payments	(8)	(7)
Interest paid	(10,048)	(7,398)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(10,017)</b>	<b>(7,388)</b>

	2004 £'000	2003 £'000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(481)	(244)
Purchase of investment properties	(5,081)	(2,578)
Sales of tangible fixed assets	48	62
Sales of investment properties	1,574	1,047
Purchase of investments	(5)	-
<b>Net cash outflow from capital expenditure and financial investments</b>	<b>(3,945)</b>	<b>(1,713)</b>

	2004 £'000	2003 £'000
<b>Management of liquid resources</b>		
Purchase of current asset investments	(83)	(489)

	2004 £'000	2003 £'000
<b>Financing</b>		
Proceeds from new borrowings	65,000	44,000
Capital element of finance lease payments	(81)	(65)
<b>Net cash inflow from financing</b>	<b>64,919</b>	<b>43,935</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 30 June 2004

#### 21. GUARANTEES AND FINANCIAL COMMITMENTS

##### Capital commitments

There are no group capital expenditure commitments at 30 June 2004 (2003 - £nil).

##### Operating lease commitments

The payments which the group is committed to make in the next year under an operating lease is as follows:

	2004 £'000	2003 £'000
Land and buildings, lease expiring: - after five years	114	85

#### 22. PENSION ARRANGEMENTS

The group operates two defined contribution schemes for which the pension cost charge for the year amounted to £100,000 (2003 - £193,000).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £39,000 (2003 - £32,000).

#### 23. RELATED PARTY TRANSACTIONS

The group had the following balances with related parties at the year end:

	Balances due to		Balances due from	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Sproston Green Limited	10	-	-	-
August Blake Developments Limited	-	-	4	-
Centrestand Limited	-	-	13	13
Sedgewick House Properties Limited	3	3	-	-
UK Mortgage Corporation Limited	60	58	98	95
Regency Securities and Investments Limited	7	7	-	-
	80	68	115	108

Amounts due to and from related companies are in respect of Sproston Green Limited, August Blake Developments Limited, Centrestand Limited, Sedgewick House Properties Limited, UK Mortgage Corporation Limited and Regency Securities and Investments Limited, companies which H.N. Moser is a director and shareholder.

The following transactions took place during the year ended 30 June 2004:

- The group received £10,000 property disposal proceeds for and on behalf of Sproston Green Limited.
- The group made trade payment of £4,000 on behalf of August Blake Developments Limited.
- The movement on amounts owed to and due from UK Mortgage Corporation Limited relates to net money received and paid on behalf of that company during the year.

The following transactions took place during the year ended 30 June 2003:

- The group received net £79,000 from August Blake Developments Limited. This was to reduce an advance on a second charge over assets held in August Blake Developments Limited.
- The movement on amounts owed to and due from UK Mortgage Corporation Limited relates to the net money received and paid on behalf of that company during the year.

See additional disclosures in note 11.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 June 2004**

**24. CONTROLLING PARTY**

Mr. H.N. Moser, a director of Jerrold Holdings plc, and members of his close family, control the company as a result of controlling directly or indirectly 87% of the issued share capital of Jerrold Holdings plc.