

**JERROLD HOLDINGS PLC (formerly
Blemain Group plc)**

Report and Consolidated Financial Statements

30 June 2003

**Deloitte & Touche LLP
Manchester**



JERROLD HOLDINGS PLC (formerly Blemain Group plc)

REPORT AND FINANCIAL STATEMENTS 2003

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JERROLD HOLDINGS PLC (formerly Blemain Group plc)

REPORT AND FINANCIAL STATEMENTS 2003

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
9th Floor
No. 1 Marsden Street
Manchester
M2 1HW

AUDITORS

Deloitte & Touche LLP
Manchester

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

ACTIVITIES AND BUSINESS REVIEW

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

On 3 November 2003 the company changed its name from Blemain Group PLC to Jerrold Holdings plc.

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 2003 are set out on pages 5 to 22. The group profit for the year, after tax was £11,215,000 (2002 - £6,492,000).

The directors do not recommend payment of a dividend (2002 – £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year 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:

	Ordinary shares of £1 each	
	2003 Number	2002 Number
H.N. Moser	1,448,875	1,448,875
B.S. Pollock	1,300,049	1,300,049
D.L. Moser	7,251,076*	7,251,076*

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

SUPPLIER PAYMENT POLICY

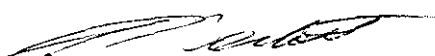
The group agrees terms and conditions for its transactions with its suppliers. Payments are then made, subject to the terms and conditions being set by the suppliers.

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

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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
Secretary

29 January 2004

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;
- 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 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 (formerly Blemain Group plc)

We have audited the financial statements of Jerrold Holdings plc for the year ended 30 June 2003 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.

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 2003 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
29 January 2004

JERROLD HOLDINGS PLC (formerly Blemain Group plc)**CONSOLIDATED PROFIT AND LOSS ACCOUNT****Year ended 30 June 2003**

	Note	2003 £'000	2002 £'000
TURNOVER		37,977	24,981
Cost of sales		(1,494)	(370)
GROSS PROFIT		36,483	24,611
Administrative expenses		(13,036)	(9,934)
OPERATING PROFIT		23,447	14,677
(Loss)/profit on sale of investment properties		(53)	205
Profit on sale of listed investments		169	-
Finance charges (net)	3	(7,388)	(5,609)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	16,175	9,273
Tax on profit on ordinary activities	5	(4,922)	(2,837)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,253	6,436
Minority interests	19	(38)	56
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	11,215	6,492

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 2003**

	Note	2003 £'000	2002 £'000
Profit for the financial year		11,215	6,492
Unrealised gain on revaluation of land and buildings	7	3,755	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		14,970	6,492

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

CONSOLIDATED BALANCE SHEET

30 June 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Investment properties	7	15,948	13,382
Tangible assets	8	544	1,214
Investments	9	23	30
		<u>16,515</u>	<u>14,626</u>
CURRENT ASSETS			
Stocks	10	7,215	1,613
Debtors			
- due within one year	11	79,118	57,026
- due after one year	11	101,971	67,201
Investments	12	595	106
Cash at bank and in hand		33	52
		<u>188,932</u>	<u>125,998</u>
CREDITORS: Amounts falling due within one year	13	<u>(12,908)</u>	<u>(7,011)</u>
NET CURRENT ASSETS		<u>176,024</u>	<u>118,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>192,539</u>	<u>133,613</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(141,019)</u>	<u>(97,053)</u>
		<u>51,520</u>	<u>36,560</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Merger reserve	17	(9,645)	(9,645)
Capital reserve	17	-	48
Revaluation reserve	17	4,377	622
Profit and loss account	17	46,710	35,495
EQUITY SHAREHOLDERS' FUNDS			
Minority interests	18	51,442	36,520
	19	78	40
TOTAL CAPITAL EMPLOYED		<u>51,520</u>	<u>36,560</u>

These financial statements were approved by the Board of Directors on 29 January 2004.

Signed on behalf of the Board of Directors

H.N. Moser
Director



G.D. Beckett
Director



JERROLD HOLDINGS PLC (formerly Blemain Group plc)

COMPANY BALANCE SHEET

Year ended 30 June 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Investments	9	10,001	10,001
CURRENT ASSETS			
Debtors	11	142,571	98,304
Cash at bank and in hand		21	13
		142,592	98,317
CREDITORS: Amounts falling due within one year	13	(1,593)	(1,318)
NET CURRENT ASSETS		140,999	96,999
TOTAL ASSETS LESS CURRENT LIABILITIES		151,000	107,000
CREDITORS: Amounts falling due after more than one year	14	(141,000)	(97,000)
NET ASSETS		10,000	10,000
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	16	10,000	10,000

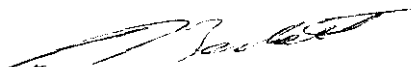
These financial statements were approved by the Board of Directors on 29 January 2004.

Signed on behalf of the Board of Directors

H.N. Moser
Director



G.D. Beckett
Director



JERROLD HOLDINGS PLC (formerly Blemain Group plc)**CONSOLIDATED CASH FLOW STATEMENT****Year ended 30 June 2003**

	Note	2003 £'000	2002 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20a	(34,238)	(16,445)
Returns on investments and servicing of finance	20d	(7,388)	(5,606)
Taxation		(2,867)	(2,401)
Capital expenditure and financial investment	20d	(1,713)	(4,526)
		<hr/>	<hr/>
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING		(46,206)	(28,978)
Management of liquid resources	20d	(489)	-
Financing	20d	43,935	28,490
		<hr/>	<hr/>
DECREASE IN CASH IN THE YEAR	20b	<u>(2,760)</u>	<u>(488)</u>

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

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 (2002 - £Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

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:

Freehold buildings	2% straight-line on valuation/cost
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.

Revaluation of properties

The group has previously taken advantage of the transitional provisions of FRS15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to the implementation of that standard. The properties were last revalued in 1993.

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.

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 2003

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)

	2003 £'000	2002 £'000
<i>Investment income</i>		
Income from fixed asset investments	4	4
Interest receivable and similar income	20	18
	<u>24</u>	<u>22</u>
	2003 £'000	2002 £'000
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts	7,398	5,619
Hire purchase	7	11
Other interest	7	1
	<u>7,412</u>	<u>5,631</u>

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

3. FINANCE CHARGES (NET) (continued)

	2003 £'000	2002 £'000
<i>Finance charges (net)</i>		
Interest payable and similar charges	7,412	5,631
Less: Investment income	(24)	(22)
	<u>7,388</u>	<u>5,609</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
Owned assets	140	160
Held under hire purchase contracts	58	53
Profit on sale of fixed assets	(17)	(1)
Operating lease rentals		
Land and buildings	85	87
Staff costs	4,278	3,444
Auditors' remuneration		
For audit services	29	29
For non-audit services	32	37
	<u></u>	<u></u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2003 £'000	2002 £'000
Current tax		
Corporation tax	5,007	2,987
Adjustment in respect of previous years' corporation tax	50	(16)
Total current tax	<u>5,057</u>	<u>2,971</u>
Deferred tax		
Origination and reversal of timing differences	(135)	(134)
Total deferred tax (see note 15)	<u>(135)</u>	<u>(134)</u>
Total tax on profit on ordinary activities	<u>4,922</u>	<u>2,837</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

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 is as follows:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	16,175	9,273
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002 – 30%)	4,853	2,782
Effects of:		
Expenses not deductible for tax purposes	8	(5)
Capital allowances in excess of depreciation	7	10
Utilisation of tax losses	-	(6)
Tax rate difference	(10)	-
Other permanent difference	(29)	-
Other timing differences	178	206
Adjustments in respect of previous periods	50	(16)
Group current tax charge for year	5,057	2,971

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:

	2003	2002
	Number	Number
Management and administration		
- full time	136	117
- part time	13	22
	149	139

	2003	2002
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	3,590	3,004
Social security costs	462	319
Pension costs	226	121
	4,278	3,444

	2003	2002
	£'000	£'000
Directors remuneration:		
Emoluments	1,127	1,223
Company contributions to defined contribution pension schemes	195	102
	1,322	1,325

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

6. STAFF COSTS (continued)

The emoluments of the highest paid director were £698,172 (2002 - £824,619) including £193,700 (2002 - £100,000) 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
Group	
Valuation	
Beginning of year	13,382
Additions	2,578
Revaluation	3,755
Transfers to stock	(2,737)
Disposals	(1,030)
End of year	15,948

If investment properties had not been revalued, they would have been included in the balance sheet at £11,571,000 (2002 - £12,760,000). 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

8. OTHER TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
Beginning of year	743	740	685	2,168
Additions	-	169	75	244
Sale of subsidiary	(743)	(94)	(85)	(922)
Disposals	-	-	(119)	(119)
End of year	-	815	556	1,371
Depreciation				
Beginning of year	90	562	302	954
Charge for the year	10	101	87	198
Sale of subsidiary	(100)	(89)	(62)	(251)
Disposals	-	-	(74)	(74)
End of year	-	574	253	827
Net book value				
Beginning of year	653	178	383	1,214
End of year	-	241	303	544

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

8. OTHER TANGIBLE FIXED ASSETS (continued)

If the freehold land and buildings had not been revalued they would have been included in the balance sheet at the following amounts:

	2003 £'000	2002 £'000
Cost	-	605
Depreciation	-	(76)
Net book value	-	529

9. FIXED ASSET INVESTMENTS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Subsidiary undertakings	-	-	10,001	10,001
Other investments	23	30	-	-
	23	30	10,001	10,001

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

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.

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

9. FIXED ASSET INVESTMENTS (continued)

On 17 January 2003 the group disposed of its 75% shareholding in Manor Golf Club Limited for a consideration of £75. The loss on disposal was £173,273.

As the amounts involved are not material no disclosures have been made under FRS 3 regarding discontinued operations.

b) Other investments

Other investments are listed investments stated at market value.

10. STOCKS

	2003 £'000	2002 £'000
Properties		
- work-in-progress	4,051	1,091
- held for resale	3,164	520
Goods for resale	-	2
	<u>7,215</u>	<u>1,613</u>

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

11. DEBTORS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts falling due within one year:				
Trade debtors	78,631	55,582	-	-
Amounts owed by group undertakings	-	-	142,507	98,294
Amounts owed by related companies	108	186	-	-
ACT recoverable	-	38	-	-
Other debtors	182	1,070	64	10
Prepayments and accrued income	197	150	-	-
	<u>79,118</u>	<u>57,026</u>	<u>142,571</u>	<u>98,304</u>
Amounts falling due after one year:				
Trade debtors	101,364	66,741	-	-
Deferred taxation (see note 15)	607	460	-	-
	<u>101,971</u>	<u>67,201</u>	<u>-</u>	<u>-</u>
	<u>181,089</u>	<u>124,227</u>	<u>142,571</u>	<u>98,304</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 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 £2,698,088(2002 - £2,330,147) loaned to August Blake Developments Limited on a commercial basis secured on certain assets of that company and an amount of £nil (2002 -£350,000) loan to the Blemain Finance Pension Fund on a commercial basis secured on certain assets of that fund. £220,000 of this loan was repaid on 8 August 2002 and the balance on 4 October 2002.

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

12. CURRENT INVESTMENTS

	2003 £'000	2002 £'000
Listed investments at market value	489	20
Other investments at cost	106	86
	<u>595</u>	<u>106</u>
Balance at 30 June 2003	<u>595</u>	<u>106</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligations under hire purchase contracts	51	82	-	-
Bank overdrafts	3,995	1,254	-	-
Trade creditors	313	317	-	-
Amounts owed to group undertakings	-	-	917	734
Amounts owed to related companies	68	31	-	-
Corporation tax	4,131	1,929	-	-
Other taxation and social security	123	335	-	-
Other creditors	853	787	1	1
Accruals and deferred income	3,374	2,276	675	583
	<u>12,908</u>	<u>7,011</u>	<u>1,593</u>	<u>1,318</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	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligation under hire purchase contracts	19	53	-	-
Bank loans	141,000	97,000	141,000	97,000
	<u>141,019</u>	<u>97,053</u>	<u>141,000</u>	<u>97,000</u>

The bank loans are repayable as follows:

	2003 £'000	2002 £'000
In more than two years but not more than five years	<u>141,000</u>	<u>97,000</u>

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

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

15. DEFERRED TAXATION

	£'000
Beginning of year	460
Credited to profit and loss account	135
Disposal of subsidiary	12
	<u> </u>
End of year	<u>607</u>

The group has an unrecognised deferred tax liability of £1,313,000 (2002 - £186,000) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	37	(3)
Other timing differences	548	463
Losses	22	-
	<u> </u>	<u> </u>
Deferred tax asset	<u>607</u>	<u>460</u>

16. CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised, allotted, called-up and fully paid 10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

17. RESERVES

	Merger reserve £'000	Capital reserve £'000	Revalua- tion reserve £'000	Profit and loss account £'000	Total £'000
Group					
At 1 July 2002	(9,645)	48	622	35,495	26,520
Retained profit for the financial year	-	-	-	11,215	11,215
Disposal of subsidiary	-	(48)	-	-	(48)
Revaluation	-	-	3,755	-	3,755
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2003	<u>(9,645)</u>	<u>-</u>	<u>4,377</u>	<u>46,710</u>	<u>41,442</u>

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

18. RECONCILIATION OF MOVEMENTS IN GROUP EQUITY SHAREHOLDERS' FUNDS

	2003 £'000
Retained profit for the financial year	11,215
Other recognised gains and losses relating to the year (net)	3,755
	<hr/>
	14,970
Elimination of goodwill in capital reserve on disposal of subsidiary	(48)
	<hr/>
Net addition to shareholders' funds	14,922
Opening equity shareholders' funds	36,520
	<hr/>
Closing equity shareholders' funds	51,442
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19. MINORITY INTERESTS

	2003 £'000
At 1 July 2002	40
Profit on ordinary activities after taxation	38
	<hr/>
At 30 June 2003	78
	<hr/>

20. CASH FLOW INFORMATION

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

	2003 £'000	2002 £'000
Operating profit	23,447	14,677
Depreciation of tangible fixed assets	198	213
Profit on disposal of tangible fixed assets	(17)	(1)
Increase in stocks	(2,865)	(539)
Increase in debtors	(56,753)	(31,581)
Increase in creditors	1,752	786
	<hr/>	<hr/>
Net cash outflow from operating activities	(34,238)	(16,445)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

20. CASH FLOW INFORMATION (CONTINUED)

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	52	(19)	-	33
Overdrafts	(1,254)	(2,741)	-	(3,995)
	(1,202)	(2,760)	-	(3,962)
Finance leases	(135)	65	-	(70)
Loans due after one year	(97,000)	(44,000)	-	(141,000)
Current asset investments	106	489	-	595
	(97,029)	(43,446)	-	(140,475)
Net debt	(98,231)	(46,206)	-	(144,437)

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

	2003 £'000	2002 £'000
Decrease in cash in year	2,760	488
Cash inflow from increase in debt and lease financing	43,935	28,422
Cash outflow from increase in current asset investments	(489)	(25)
Change in net debt resulting from cash flows	46,206	28,885
New finance leases	-	68
Movement in net debt in year	46,206	28,953
Net debt, beginning of year	98,231	69,278
Net debt, end of year	144,437	98,231

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2003 £'000	2002 £'000
Returns on investments and servicing of finance		
Investment income	-	4
Interest received	17	18
Interest element of finance lease payments	(7)	(11)
Interest paid	(7,398)	(5,617)
Net cash outflow from returns on investments and servicing of finance	(7,388)	(5,606)
	2003 £'000	2002 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(244)	(272)
Purchase of investment properties	(2,578)	(5,663)
Sales of tangible fixed assets	62	40
Sales of investment properties	1,047	1,394
Purchase of current asset investments	-	(25)
Net cash outflow from capital expenditure and financial investments	(1,713)	(4,526)
	2003 £'000	2002 £'000
Management of liquid resources		
Purchase of investments	(489)	-
	2003 £'000	2002 £'000
Financing		
Proceeds from new borrowings	44,000	28,500
Capital element of finance lease payments	(65)	(10)
Net cash inflow from financing	43,935	28,490

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are no group capital expenditure commitments at 30 June 2003 (2002 - £Nil).

Operating lease commitments

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

	2003 £'000	2002 £'000
Land and buildings, lease expiring:		
- after five years	85	85

JERROLD HOLDINGS PLC (formerly Blemain Group plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

22. PENSION ARRANGEMENTS

The group operates two defined contribution schemes for which the pension cost charge for the year amounted to £193,700 (2002 - £100,000).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £32,073 (2002 - £21,000).

23. RELATED PARTY TRANSACTIONS

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

	Balances due to		Balances due from	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
August Blake Developments Limited	-	-	-	79
Centrestand Limited	-	-	13	13
Sedgewick House Properties Limited	3	3	-	-
UK Mortgage Corporation Limited	58	21	95	94
Regency Securities and Investments Limited	7	7	-	-
	<u>68</u>	<u>31</u>	<u>108</u>	<u>186</u>

Amounts due to and from related companies are in respect of 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 2003:

- (i) 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.
- (ii) 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.

The following transactions took place in the year ended 30 June 2002:

- (i) The group received net £149,000 from August Blake Developments Limited during the year. This was to reduce an advance secured on a second charge over assets held in August Blake Developments Limited.
- (ii) The movement on amounts owed to UK Mortgage Corporation Limited relates to net money received and paid on behalf of that company during the year.

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.