

JERROLD HOLDINGS LIMITED
(formerly *Jerrold Holdings plc*)

Report and Consolidated Financial Statements

30 June 2006

Deloitte & Touche LLP
Manchester

SATURDAY



A4J7UMDX

A03

20/01/2007

162

COMPANIES HOUSE

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	Page
Officers and professional advisers	1
<i>Directors' report</i>	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A.P. Shearer	Non-Executive Chairman (appointed 19 October 2006)
H.N. Moser	Managing Director
B.S. Pollock	(resigned 13 September 2006)
D.L. Moser	(resigned 13 September 2006)
J.M. Shaoul	Non-Executive Director
G.D. Beckett	
M.R. Goldberg	
J.L. Walker	(appointed 15 September 2006)

SECRETARY

M.J. Ridley	(appointed 5 April 2006)
-------------	--------------------------

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 LIMITED

(formerly Jerrold Holdings plc)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

ENHANCED BUSINESS REVIEW

The company's principle activity during the year under review continues to be the provision of secured property finance along with ancillary activities including property investment and development.

A number of key indicators (KPIs) on performance, position and liquidity are monitored in order to control the business and to plan for future growth.

Profitability

As shown in the Group's profit and loss accounts on page 7, profit before tax has increased by 27.6% to £47.6m (2005: £37.3m), whilst net profit margin has reduced slightly to 45.6% (2005: 48.8%). The slight reduction being the absorption of increased borrowing costs as UK base rates have increased.

No dividend was paid (2005: £Nil)

Position

As shown in the Group's balance sheet on page 8, loan book values (classified within trade debtors) have increased by 54% to £596m (2005: £387m). This is reflective of an increase in new business levels throughout the year. At the same time, shareholder reserves have increased by 32% to £139.1m (2005: £105.3m).

Liquidity

The ability of the company to service its debts is measured using an interest cover ratio being profit before tax and interest divided by interest. This remains fairly constant at 3.0:1 (2005: 3.3:1). At the same time, the gearing ratio has increased to 3.46 (2005: 2.97), reflecting the fact that the company has drawn further on its borrowing facilities to fund its increased loan book value.

Non-financial KPIs

The Directors monitor certain non-financial KPIs, relating to employee consultation and involvement, and the environment, which are detailed below. In addition, the Directors monitor compliance with FSA and Consumer Credit Act regulation, and in particular the level of complaints received. Complaints levels in the year have been minimal.

Post balance sheet events

On 15 September 2006 Barclays Private Equity acquired 30% of the issued share capital of the Group. Details of this transaction are provided in note 25 to the financial statements.

On 12 September 2006 the company re-registered from being a public company to being a private company.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to changes in economic position of its customers, which may impact adversely on their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as levels of consumer indebtedness, as well as by factors relating to specific customers, such as the failure of the business of a corporate customer. Credit risk is managed at loan inception via stringent underwriting policies with regard to equity levels and affordability ratios, and throughout the life of the loan via monitoring by the Board of arrears levels.

Interest rate risk

The company is financed by variable rate facilities. Interest rate risk is managed through the use of hedging instruments.

Regulatory risk

The company undertakes activities which are regulated by the Financial Services Authority and the Office of Fair Trading. The company has an established compliance function and uses third party specialist advisors to support its business operations.

Exchange rate risk

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

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

DIRECTORS' REPORT (continued)

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Where appropriate employee representatives are consulted on matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ENVIRONMENT

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

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2006 are set out on pages 7 to 27. The group profit for the year, after tax was £33,215,000 (2005 - £26,174,000).

The directors do not recommend payment of a dividend (2005 – £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:

	2006	2005
	Number	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.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

DIRECTORS' REPORT (continued)

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provisions of S2342A of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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

M.J. Ridley



JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

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 LIMITED (formerly Jerrold Holdings plc)

We have audited the group and parent company financial statements (the "financial statements") of Jerrold Holdings Limited (formerly Jerrold Holdings plc) for the year ended 30 June 2006 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 25. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

17 JANUARY 2007

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2006

	Note	2006 £'000	2005 £'000
TURNOVER			
Cost of sales	2	104,504 (16,138)	76,383 (9,315)
GROSS PROFIT		88,366	67,068
Administrative expenses		(18,300)	(14,812)
Other operating income		120	141
OPERATING PROFIT		70,186	52,397
Profit on sale of investment properties		1,084	1,298
Interest payable and similar charges	3	(23,741)	(16,400)
Interest receivable and similar income	3	81	41
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	47,610	37,336
Tax on profit on ordinary activities	5	(14,395)	(11,162)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		33,215	26,174
Minority interests	19	(43)	(28)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	33,172	26,146

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 2006

	Note	2006 £'000	2005 £'000
Retained profit for the financial year		33,172	26,146
Unrealised gain on revaluation of land and buildings	7	620	9,485
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		33,792	35,631

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

CONSOLIDATED BALANCE SHEET
30 June 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Investment properties	7	32,333	30,471
Tangible assets	8	1,293	1,150
Investments	9	35	35
		<u>33,661</u>	<u>31,656</u>
CURRENT ASSETS			
Stocks	10	19,161	15,339
Debtors			
- due within one year	11	287,601	196,622
- due after one year	11	313,458	193,849
Investments	12	263	803
Cash at bank and in hand		24	133
		<u>620,507</u>	<u>406,746</u>
CREDITORS: Amounts falling due within one year	13	<u>(33,780)</u>	<u>(19,915)</u>
NET CURRENT ASSETS		<u>586,727</u>	<u>386,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>620,388</u>	<u>418,487</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(481,126)</u>	<u>(313,060)</u>
NET ASSETS		<u>139,262</u>	<u>105,427</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Merger reserve	17	(9,645)	(9,645)
Capital reserve	17	-	-
Revaluation reserve	17	13,575	13,545
Profit and loss account	17	125,169	91,407
		<u>139,099</u>	<u>105,307</u>
EQUITY SHAREHOLDERS' FUNDS	18	<u>139,099</u>	<u>105,307</u>
Minority interests	19	163	120
TOTAL CAPITAL EMPLOYED		<u>139,262</u>	<u>105,427</u>

These financial statements were approved by the Board of Directors on 17 January 2007.
Signed on behalf of the Board of Directors

H.N. Moser
Director



G.D. Beckett
Director



JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

COMPANY BALANCE SHEET
30 June 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Investments	9	10,001	10,001
CURRENT ASSETS			
Debtors	11	484,251	314,220
Cash at bank and in hand		-	1,937
		484,251	316,157
CREDITORS: Amounts falling due within one year	13	(3,252)	(3,158)
NET CURRENT ASSETS		480,999	312,999
TOTAL ASSETS LESS CURRENT LIABILITIES		491,000	323,000
CREDITORS: Amounts falling due after more than one year	14	(481,000)	(313,000)
NET ASSETS		10,000	10,000
Called up share capital	16	10,000	10,000
EQUITY SHAREHOLDERS' FUNDS		10,000	10,000

These financial statements were approved by the Board of Directors on 17 January 2007.
Signed on behalf of the Board of Directors

H.N. Moser
Director



G.D. Beckett
Director



JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2006

	Note	2006 £'000	2005 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20a	(139,905)	(80,305)
Returns on investments and servicing of finance	20d	(23, 183)	(15,231)
Taxation		(11,211)	(8,175)
Capital expenditure and financial investment	20d	(524)	(3,742)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND REFINANCING		(174,823)	(107,453)
Management of liquid resources	20d	662	(209)
Financing	20d	167,846	106,903
DECREASE IN CASH IN THE YEAR	20b	(6,315)	(759)

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

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 Limited 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:

Auction Finance Limited
Bridging Finance Limited
Bridgingfinance.co.uk. Limited
Classic Car Finance Limited
Finance Your Property Limited
General Allied Properties Limited
Heywood Finance Limited
Hello Finance UK Limited (formerly Cresthaven Properties Limited)
Heywood Leasing Limited
Manchester Property Investments 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.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

No profit and loss account is presented for Jerrold Holdings Limited 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 (2005 - £Nil).

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. A full valuation by an external valuer is made at least every five years. 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 not have been materially different from the reported result.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

1. ACCOUNTING POLICIES (continued)

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.

Pension benefits

The group operates a hybrid pension scheme with both a defined benefit and defined contribution element. It also operates a separate defined contribution scheme.

In respect of the hybrid scheme, the benefit accruing to the defined contribution members is the residue after deducting the benefit accruing to the defined benefit members. On this basis, whilst the assets of the scheme exceed the liabilities accruing to the defined benefit members, the scheme has neither an actuarial surplus nor deficit as any balance accrues to the defined contribution members.

For the defined contribution scheme, 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.

Provisions for bad and doubtful debt

Specific provisions are made in respect of loans and advances where recovery is considered doubtful; a general provision is made for losses, which although not specifically identified, are known to be inherent in any portfolio of lending.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

1. ACCOUNTING POLICIES (continued)

Turnover and cost of sales

Turnover consists of proceeds of stock properties disposed of; interest recoverable on loans and commissions income, rental income and the invoiced value (excluding VAT) for goods and services supplied to third parties.

Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when they are earned.

Income from disposal of stock properties is recognised at completion of the sale, with the related cost recognised within cost of sales.

Cost of sales includes the cost of stock properties sold during the year, and direct costs of the financing business, including commissions payable.

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

	2006	2005
	£'000	£'000
<i>Interest receivable and similar income</i>		
Interest receivable and income from listed investments	77	41
Revaluation of investments	4	-
	<u>81</u>	<u>41</u>
	2006	2005
	£'000	£'000
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts	23,322	15,991
Hire purchase	13	11
Other interest	406	307
Devaluation of investments	-	91
	<u>23,741</u>	<u>16,400</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	2005
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	407	322
Held under hire purchase contracts	64	36
Profit on sale of investment properties	(1,084)	(1,298)
Loss on sale of other fixed assets	4	(1)
Profit on sale of listed investments	(120)	(141)
Operating lease rentals		
Land and buildings	269	164
Auditors' remuneration		
For audit services	45	42
For non-audit services	147	43

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2006	2005
	£'000	£'000
Current tax		
Corporation tax	15,037	11,549
Adjustment in respect of previous years	11	(3)
Total current tax	<u>15,048</u>	<u>11,546</u>
Deferred tax		
Origination and reversal of timing differences	(646)	(370)
Tax rate difference	(27)	(6)
Adjustment in respect of prior years	20	(8)
Total deferred tax (see note 15)	<u>(653)</u>	<u>(384)</u>
Total tax on profit on ordinary activities	<u><u>14,395</u></u>	<u><u>11,162</u></u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	<u>47,610</u>	<u>37,336</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	14,283	11,200
Effects of:		
Expenses not deductible for tax purposes	69	12
Capital allowances in excess of depreciation	21	10
Other deferred tax movements	-	(7)
Utilisation of tax losses	-	-
Tax rate difference	(2)	5
Other timing differences	624	383
Net chargeable gains and losses	42	(54)
Adjustments in respect of previous years	11	(3)
Group current tax charge for year	<u><u>15,048</u></u>	<u><u>11,546</u></u>

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%.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

6. STAFF COSTS

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

	2006	2005
	Number	Number
Management and administration		
- full time	230	210
- part time	8	10
	<u>238</u>	<u>220</u>

	2006	2005
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	7,334	6,393
Social security costs	766	673
Pension costs	81	73
	<u>8,181</u>	<u>7,139</u>

Directors' remuneration:		
Emoluments	1,383	1,344
Company contributions to defined contribution pension schemes	15	15
	<u>1,398</u>	<u>1,359</u>

The emoluments of the highest paid director were £678,420 (2005 - £678,420) including £nil (2005 - £ nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

	Freehold investment properties £'000
Group	
Valuation	
At 1 July 2005	30,471
Additions	5,427
Revaluation	620
Disposals	(4,185)
	<u>32,333</u>
At 30 June 2006	<u>32,333</u>

If investment properties had not been revalued, they would have been included in the balance sheet at £18,758,000 (2005 - £16,926,000). 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 2005.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

8. OTHER TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation			
At 1 July 2005	1,594	826	2,420
Additions	314	439	753
Disposals	-	(281)	(281)
At 30 June 2006	1,908	984	2,892
Depreciation			
At 1 July 2005	925	345	1,270
Charge for the year	323	148	471
Disposals	-	(142)	(142)
At 30 June 2006	1,248	351	1,599
Net book value			
At 1 July 2005	669	481	1,150
At 30 June 2006	660	633	1,293

The net book value of tangible fixed assets includes £318,000 (2005 - £197,000) in respect of assets held under hire purchase contracts.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

9. FIXED ASSET INVESTMENTS

	Group Other investments £'000	Company Subsidiary undertakings £'000
Balance at 1 July 2005	35	10,001
Valuation and adjustment	-	-
Balance at 30 June 2006	<u>35</u>	<u>10,001</u>

a) Subsidiary undertakings

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

Non trading subsidiaries	Shares and voting rights	Principal activities
Auction Finance Limited	100%	Dormant
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Finance Your Property Limited	100%	Dormant
Hello Finance UK Limited	100%	Dormant
Manchester Property Investments Limited	100%	Dormant

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.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

10. STOCKS

	2006	2005
	£'000	£'000
Properties		
- work-in-progress	14,507	6,461
- held for resale	4,654	8,878
	<u>19,161</u>	<u>15,339</u>

There is no material difference between the balance sheet value of stocks and their replacement cost. During the year, properties with a cost of £531,000 (2005 - £3,303,000) were transferred to stock from investment properties.

11. DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	284,622	194,753	-	-
Amounts owed by group undertakings	-	-	483,979	313,467
Amounts owed by related companies	93	293	-	-
Other debtors	2,480	776	78	135
Prepayments and accrued income	406	800	194	618
	<u>287,601</u>	<u>196,622</u>	<u>484,251</u>	<u>314,220</u>
Amounts falling due after one year:				
Trade debtors	311,553	192,597	-	-
Deferred taxation (see note 15)	1,905	1,252	-	-
	<u>313,458</u>	<u>193,849</u>	<u>-</u>	<u>-</u>
	<u>601,059</u>	<u>390,471</u>	<u>484,251</u>	<u>314,220</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 £4,939,822 (2005 - £4,651,160) loaned to August Blake Developments Limited, £4,911,362 (2005 - £4,047,715) loaned to Sunnywood Estates Limited, £626,490 (2005 - £nil) loaned to Oakbray Developments Limited, and £2,856,943 (2005 - £2,565,991) loaned to Edgeworth Developments Limited, companies in which H N Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

12. CURRENT ASSET INVESTMENTS

	2006	2005
	£'000	£'000
Listed investments	152	692
Other investments	111	111
	<u>263</u>	<u>803</u>

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	126	94	-	-
Bank overdrafts	7,999	1,793	28	-
Trade creditors	252	499	-	-
Amounts owed to group undertakings	-	-	768	1,091
Amounts owed to related companies	95	93	-	-
Corporation tax	15,389	11,549	-	-
Other taxation and social security	327	215	-	-
Other creditors	527	201	1	1
Accruals and deferred income	9,065	5,471	2,455	2,066
	<u>33,780</u>	<u>19,915</u>	<u>3,252</u>	<u>3,158</u>

Amounts due to related companies are in respect of UK Mortgage Corporation Limited, August Blake Developments Limited and Sproston Green 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	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	126	60	-	-
Bank loans	481,000	313,000	481,000	313,000
	<u>481,126</u>	<u>313,060</u>	<u>481,000</u>	<u>313,000</u>
The bank loans are repayable as follows:				
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Between one and two years	481,000	313,000	481,000	313,000

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

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

15. DEFERRED TAXATION

	£'000
Deferred tax asset	
At 1 July 2005	1,252
Credited to profit and loss account	653
	<u>1,905</u>
At 30 June 2006	<u>1,905</u>

The group has an unrecognised deferred tax liability of £4,250,000 (2005 - £4,064,000) on the revaluation of properties (This relates to group only).

Deferred tax asset is recognised as follows:

	2006 £'000	2005 £'000
Accelerated capital allowances	38	17
Other timing differences	1,867	1,235
	<u>1,905</u>	<u>1,252</u>
Deferred tax asset	<u>1,905</u>	<u>1,252</u>

16. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised, allotted, called-up and fully paid 10,000,002 (2005 - 10,000,002) ordinary shares of £1 each	10,000	10,000
	<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 2005	(9,645)	-	13,545	91,407	95,307
Retained profit for the financial year	-	-	-	33,172	33,172
Transfer to profit and loss account reserve	-	-	(590)	590	-
Revaluation in the year	-	-	620	-	620
	<u>(9,645)</u>	<u>-</u>	<u>13,575</u>	<u>125,169</u>	<u>129,099</u>
At 30 June 2006	<u>(9,645)</u>	<u>-</u>	<u>13,575</u>	<u>125,169</u>	<u>129,099</u>

18. RECONCILIATION OF MOVEMENTS IN GROUP EQUITY SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Retained profit for the financial year	33,172	26,146
Other recognised gains and losses relating to the year (net)	620	9,485
	<u>33,792</u>	<u>35,631</u>
Net addition to shareholders' funds	33,792	35,631
Opening shareholders' funds	105,307	69,676
	<u>139,099</u>	<u>105,307</u>
Closing shareholders' funds	139,099	105,307

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

19. MINORITY INTERESTS

	2006 £'000
At 1 July 2005	120
Profit on ordinary activities after taxation	43
	<u>163</u>
At 30 June 2006	<u>163</u>

20. CASH FLOW INFORMATION

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

	2006 £'000	2005 £'000
Operating profit	70,186	52,397
Depreciation of tangible fixed assets	471	358
Loss/(profit) on disposal of tangible fixed assets	4	(1)
Profit on disposal of current asset investments	(120)	(141)
Increase in stocks	(3,822)	(4,202)
Increase in debtors	(209,934)	(128,455)
Decrease/(increase) in creditors	3,310	(261)
Net cash outflow from operating activities	<u><u>(139,905)</u></u>	<u><u>(80,305)</u></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	133	(109)	-	24
Overdrafts	(1,793)	(6,206)	-	(7,999)
	<u>(1,660)</u>	<u>(6,315)</u>	<u>-</u>	<u>(7,975)</u>
Finance leases	(154)	154	(252)	(252)
Loans due after one year	(313,000)	(168,000)	-	(481,000)
Current asset investments	803	(542)	2	263
	<u>(312,351)</u>	<u>(168,388)</u>	<u>(250)</u>	<u>(480,989)</u>
Net debt	<u><u>(314,011)</u></u>	<u><u>(174,703)</u></u>	<u><u>(250)</u></u>	<u><u>(488,964)</u></u>

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

20. CASH FLOW INFORMATION (continued)

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

	2006	2005
	£'000	£'000
Decrease in cash in year	6,315	759
Cash inflow from increase in debt and lease financing	167,846	106,903
Cash inflow/(outflow) from increase in current asset investments	542	(350)
Change in net debt resulting from cash flows	174,703	107,312
New finance leases	252	50
Revaluation of current asset investments	(2)	98
Movement in net debt in year	174,953	107,460
Net debt, beginning of year	314,011	206,551
Net debt, end of year	488,964	314,011

d) Analysis of cash flows

	2006	2005
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	79	41
Interest element of finance lease payments	(13)	(12)
Interest paid	(23,249)	(15,261)
Net cash outflow from returns on investments and servicing of finance	(23,183)	(15,232)

	2006	2005
	£'000	£'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(501)	(531)
Purchase of investment properties	(5,427)	(6,312)
Sales of tangible fixed assets	135	31
Sales of investment properties	5,269	3,070
Net cash outflow from capital expenditure and financial investments	(524)	(3,742)

	2006	2005
	£'000	£'000
Management of liquid resources		
Purchase of current asset investments	(2,226)	(858)
Sale of current asset investments	2,888	649
	662	(209)

	2006	2005
	£'000	£'000
Financing		
Proceeds from new borrowings	168,000	107,000
Capital element of finance lease payments	(154)	(97)
Net cash inflow from financing	167,846	106,903

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are no group capital expenditure commitments at 30 June 2006 (2005 - £nil).

Operating lease commitments

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

	2006	2005
	£'000	£'000
Land and buildings, lease expiring:		
- after five years	<u>327</u>	<u>269</u>

22. PENSION ARRANGEMENTS

The group operates two defined contribution schemes for which the pension cost charge for the year amounted to £nil (2005 - £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £81,000 (2005 - £73,000).

The group also sponsors the Jerrold Manufacturing Company (Textiles) Limited Pension Scheme which is a hybrid arrangement containing both a defined benefit and a defined contribution element. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 30 June 2005.

No employer contributions were made over the financial year.

Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	30 June 2006 % per annum	30 June 2005 % per annum	30 June 2004 % per annum
Inflation	3.1	2.7	3.1
Salary increases	3.1	2.7	3.1
Rate of discount	5.3	5.0	5.8
Pension in payment increases	<u>3.1</u>	<u>2.7</u>	<u>3.1</u>
	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Assets	11,863	11,502	7,298
Liabilities	<u>(6,641)</u>	<u>(6,248)</u>	<u>(5,673)</u>
Surplus in scheme	5,222	5,254	1,625
Amount of surplus in scheme not recoverable by employer	<u>(4,938)</u>	<u>(4,902)</u>	<u>(1,246)</u>
Available surplus	284	352	379
Less amount allocated to defined contribution members	<u>(284)</u>	<u>(352)</u>	<u>(379)</u>
Net pension liability	<u>-</u>	<u>-</u>	<u>-</u>

As there is no net pension asset or liability in any of the above years, the group's net assets and profit and loss reserve would be unaffected by the adoption of FRS 17.

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

22. PENSION ARRANGEMENTS (continued)

Assets

	30 June 2006 £'000	30 June 2005 £'000	30 June 2004 £'000
Properties	8,419	8,455	5,339
Equities	93	98	82
Loans	1,768	1,894	1,514
Cash	1,583	1,055	363
	<u>11,863</u>	<u>11,502</u>	<u>7,298</u>

Expected long term rate of return

	30 June 2006	30 June 2005	30 June 2004
Properties	8%	8%	8%
Equities	8%	8%	8%
Loans	9%	9%	9%
Cash	4.5%	4.75%	4.5%

Illustrative charge to the profit and loss account over the financial year

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Operating charge		
Current service cost	110	97
Total operating charge	<u>110</u>	<u>97</u>
Operating finance charge		
Interest on pension scheme liabilities	309	325
Expected return on pension scheme assets	(419)	(573)
Net finance credit	<u>(110)</u>	<u>(248)</u>
Total credit to profit and loss account (not recoverable by employer)	<u>-</u>	<u>(151)</u>

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

22. PENSION ARRANGEMENTS (continued)

History of experience gains and losses

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Difference between expected and actual return on scheme assets			
Amount of gain	235	3,893	37
Percentage of scheme assets	2.0%	33.8%	0.5%
Experience gains and losses arising on the scheme liabilities:			
Amount of loss	(168)	(77)	(97)
Percentage of present value of scheme liabilities	2.5%	(1.2%)	1.7%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:			
Amount of (loss)/gain	(99)	(338)	241
Percentage of present value of scheme liabilities	1.5%	(5.4%)	4.2%

Illustrative amounts which would be included within the statement of total recognised gains and losses (STRGL)

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Total amount recognised in STRGL:		
Amount of gain	(32)	3,478
Percentage of present value of scheme liabilities	0.5%	55.7%
Less amounts not recoverable by employer	32	(3,478)
	-	-

Movement in surplus during the year

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Surplus in scheme at beginning of year	5,254	1,625
Movement in year:		
Current service cost	(110)	(97)
Net finance credit/(charge)	110	248
Contributions	-	-
Amount of gain	(32)	3,478
Surplus in scheme at end of year	5,222	5,254

JERROLD HOLDINGS LIMITED
(formerly Jerrold Holdings plc)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

23. RELATED PARTY TRANSACTIONS

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

	Balances due to		Balances due from	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Victoria Court (Tottington) Management Company Limited	-	-	-	5
Oakbray Developments Limited	-	-	-	195
Sproston Green Limited	7	7	-	-
August Blake Developments Limited	9	-	3	3
Centrestand Limited	-	-	13	13
UK Mortgage Corporation Limited	79	79	77	77
Regency Securities and Investments Limited	-	7	-	-
	<u>95</u>	<u>93</u>	<u>93</u>	<u>293</u>

24. CONTROLLING PARTY

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

25. POST BALANCE SHEET EVENT

On 15 September 2006 Barclays Private Equity acquired 30% of the issued share capital of the group. Immediately prior to the acquisition of the shares by Barclays Private Equity the group disposed of its investment property and stock property portfolios to Bracken House Properties LLP, a partnership in which H N Moser is a partner, for £43.6 million giving a loss on disposal of £0.4 million and a realisation of the revaluation reserve of £13.6 million and also paid an ordinary dividend of £37,733,000.