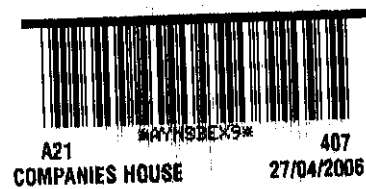


**BRIDGING FINANCE LIMITED**

**Report and Financial Statements**

**Year ended 30 June 2005**



# **BRIDGING FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **BRIDGING FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

H.N. Moser  
G.D. Beckett  
M.R. Goldberg

#### **SECRETARY**

M.J. Ridley (appointed 5 April 2006)

#### **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  
Chartered Accountants  
Manchester

# **BRIDGING FINANCE LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

### **PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The principal activity of the company is that of financier.

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 2005 are set out on pages 5 to 10. The profit for the year after tax was £172,635 (2004 - £24,479 loss).

No dividend is proposed (2004 - £nil).

### **DIRECTORS AND THEIR INTERESTS**

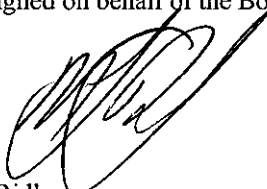
The directors of the company are set out on page 1. All directors served throughout the year.

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

### **AUDITORS**

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

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



M.J. Ridley  
Secretary

27 April 2006

# **BRIDGING FINANCE LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 BRIDGING FINANCE LIMITED**

We have audited the financial statements of Bridging Finance Limited for the year ended 30 June 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

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

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

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its 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

27 April 2006

# BRIDGING FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 June 2005

		2005	2004 Restated (see note 1)
	Note	£	£
<b>TURNOVER</b>			
Cost of sales	2	859,804 (54,291)	130,915 (31,236)
<b>GROSS PROFIT</b>		805,513	99,679
Administrative expenses		(406,849)	(51,814)
<b>OPERATING PROFIT</b>		398,664	47,865
Interest payable	5	(155,220)	(75,338)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		243,444	(27,473)
Tax (charge)/credit on profit/(loss) on ordinary activities	4 6	(70,809)	2,994
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	11	172,635	(24,479)

All activity has arisen from continuing operations.

There were no recognised gains or losses in either year other than the result for that year and consequently no separate statement of total recognised gains and losses has been presented.

# BRIDGING FINANCE LIMITED


## BALANCE SHEET

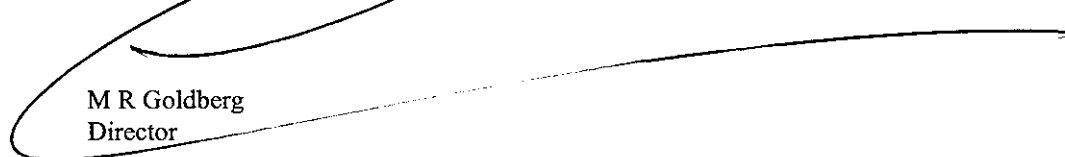
30 June 2005

	Note	2005 £	2004 £
<b>CURRENT ASSETS</b>			
Debtors	7	8,682,935	2,425,880
Cash at bank and in hand		<u>123,722</u>	<u>476,444</u>
		8,806,657	2,902,324
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(8,658,401)</u>	<u>(2,926,703)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>148,256</u>	<u>(24,379)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>148,156</u>	<u>(24,479)</u>
<b>EQUITY SHAREHOLDER'S FUNDS/(DEFICIT)</b>	12	<u>148,256</u>	<u>(24,379)</u>

These financial statements were approved by the Board of Directors on 27/4/2006.

Signed on behalf of the Board of Directors

  
G D Beckett  
Director

  
M R Goldberg  
Director



# BRIDGING FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2005

### 1. ACCOUNTING POLICIES

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

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The comparatives have been adjusted to reflect what the directors believe to be a more appropriate classification of certain costs relating to the financing business.

The restatement is summarised as follows:

	Cost of sales 2004 £	Administrative expenses 2004 £
As previously stated	-	83,050
Reclassification	31,236	(31,236)
As restated	<u>31,236</u>	<u>51,814</u>

#### Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is 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. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Turnover and cost of sales

Turnover consists of interest recoverable on loans and commissions income. Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed.

Cost of sales includes the direct costs of the financing, including commissions payable.

#### Bad and doubtful debts

Specific provisions are made when the directors consider that the creditworthiness of a customer has deteriorated so that the recoverability of the advance is in part or in whole doubtful. General provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

# BRIDGING FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2005

### 2. TURNOVER

All turnover arises from the company's principal activity and in the UK.

### 3. STAFF COSTS

The company had no employees and paid no directors' emoluments during either year.

### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration was borne by another group undertaking in both years.

### 5. INTEREST PAYABLE

	2005 £	2004 £
Other interest payable	155,220	75,338

### 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) comprises:

	2005 £	2004 £
<b>Current tax</b>		
UK corporation tax	74,041	1,063
<b>Total current tax</b>	74,041	1,063
<b>Deferred tax</b>		
Origination and reversal of timing differences	(883)	(4,057)
Decrease in tax rate	(2,349)	-
<b>Total deferred tax (see note 9)</b>	(3,232)	(4,057)
<b>Total tax on profit/(loss) on ordinary activities</b>	70,809	(2,994)

The differences between the total current tax shown above and the amount calculated by applying the small companies rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2005 £	2004 £
<b>Profit/(loss) on ordinary activities before tax</b>	243,444	(27,473)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2004 – 19%)	73,033	(5,220)
Effects of:		
Expenses not deductible for tax purposes	125	-
Group relief surrendered	-	2,226
Movement in short term timing differences	883	4,057
<b>Current tax charge for the year</b>	74,041	1,063

There was no unprovided tax liability at the year end (2004 - £nil).

# BRIDGING FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2005

### 7. DEBTORS

	2005 £	2004 £
Trade debtors	2,421,411	2,114,167
Amounts owed by group undertakings	6,254,235	307,656
Deferred tax asset (see note 9)	7,289	4,057
	<u>8,682,935</u>	<u>2,425,880</u>

Management believe the deferred tax asset to be recoverable against the anticipated future profits of the company.

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

	2005 £	2004 £
Amounts owed to group undertakings	8,580,135	2,922,665
Other taxes and social security	-	315
Corporation tax	74,041	1,063
Accruals and deferred income	4,225	2,660
	<u>8,658,401</u>	<u>2,926,703</u>

### 9. DEFERRED TAXATION

	£
<b>Deferred taxation</b>	
Balance at 1 July 2004	4,057
Credit to profit and loss account	3,232
	<u>7,289</u>
Balance at 30 June 2005	<u>7,289</u>

The deferred tax asset in the financial statements is as follows:

	2005 £	2004 £
Other timing differences	<u>7,289</u>	<u>4,057</u>

### 10. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

# BRIDGING FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2005

### 11. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2004	(24,479)
Retained profit for the financial year	172,635
	<hr/>
At 30 June 2005	148,156
	<hr/>

### 12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS/(DEFICIT)

	2005 £	2004 £
Profit/(loss) for the financial year	172,635	(24,479)
Opening equity shareholder's (deficit)/funds	(24,379)	100
	<hr/>	<hr/>
Closing equity shareholder's funds/(deficit)	148,256	(24,379)
	<hr/>	<hr/>

### 13. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £313 million of bank borrowings of the group (2004 - £206 million).

### 14. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the company has not produced a cash flow statement as it is a wholly owned subsidiary undertaking of Jerrold Holdings plc which has produced consolidated financial statements that are publicly available.

### 15. RELATED PARTY TRANSACTIONS

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

### 16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings plc, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group of which Bridging Finance Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings plc, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD.