Jerrold Holdings

Q4 2013/14 Results

Jerrold Holdings

Contents

Highlights

- **Increased Turnover** Turnover has increased when compared with the prior quarter at £36.0m for the quarter to June 30, 2014, compared to £31.7m for the quarter to March 31, 2014. This increase primarily relates to fees earned on significantly increased funding levels and higher interest income on an increased loan book also with lower levels of non performing loans.
- **Bad debts maintained at very low levels** The bad debt expensed to the Profit and Loss account in the quarter (£0.4m to June 30, 2014) has continued to be maintained at low levels when compared to the loan portfolio, at 0.2% for the quarter (annualized) to June 30, 2014, and 0.5% for the rolling 12 months to June 30, 2014, primarily as a function of the group's continued low loan to value ('LTV') policy and stringent underwriting policies. During the quarter the Group was also able to release £1.8m of bad debt provisions due to improving valuations and its impact on our security position. Changes were also made to our general provisioning policy in order to consider the likelihood and value of loss to create an 'Incurred but not Reported' provision as opposed to the flat rate general provision held previously. This resulted in a provision release of £1.1m which has been excluded from the bad debt expense analysis above.
- **Continued high profitability** The group continues to be consistently highly profitable, with EBITDA significantly up for the current period at £29.3m for the quarter to June 30, 2014, compared to £22.7m for the quarter to March 31, 2014. This increase reflects the additional income from the significant increase in lending activity net of costs and the benefit of the bad debt provision releases discussed above. EBITDA margin has remained at above 70%.
- **Increase in profit before tax** Profit before tax has increased significantly on the prior quarter at £17.2m for the quarter to June 30, 2014, compared to £11.1m for the quarter to March 31, 2014, reflecting the increase in EBITDA.
- **Continued high cash generation** The group continues to be highly cash generative, with cash receipts in the quarter to June 30, 2014 of £110.1m compared to cash debt service of £5.2m, prepaid fees relating to the securitization extension of £2.9m and other cash expense payments of £11.2m. Cash debt service payments are lower than the prior quarter (£15.0m for the quarter to March 31, 2014) which included the first six monthly payment of interest on the senior secured notes of £9.1m. Note £5.7m of interest payable, relating to the senior secured notes, has been accrued and becomes payable in September 2014. During the quarter, the Group has drawn £5.0m on its revolving credit facility (total drawn at June 30, 2014 is £35.0m) and £37m on its securitisation facility (total drawn at June 30, 2014 is £410m).
- **Increased lending volumes** Lending volumes increased on the prior comparable period, with the group advancing £125.9m of loans in the quarter to June 30, 2014, compared to £104.5m of loans in the quarter to March 31, 2014. Key underwriting metrics remained broadly consistent in the period, with the weighted average LTV of loans written in the quarter to June 30, 2014 being 54.6%, compared to 55.8% in the quarter to March 31, 2014 and 53.0% in the quarter to June 30, 2013
- **Improving LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total group, as at June 30, 2014 is 60.9%, showing an improvement on the position as at March 31, 2014, of 62.8%
- **Improving LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower group, as at June 30, 2014 is 71.5%, showing an improvement on the position as at March 31, 2014, of 73.2%

- **Regulatory compliance** The Group has successfully completed it's preparation for the Financial Conduct Authority assuming the role of Regulator of Consumer Credit from the Office of Fair trading in April 2014 as well as for the introduction on the Mortgage Market review in the same month
- **Extension to the securitisation programme** The securitisation facility and its associated liquidity were extended in April 2014 from £373m to £435m maturing on January 31, 2018, with a revolving period up until January 31, 2017

An Introduction to Jerrold Holdings

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 40 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments underserved by mainstream lenders. Our loans include secured first and second lien loans, of which 83.8% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialize in offering individually underwritten loans to niche market segments, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through a number of different brands and distribute them through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms and auction houses and, with respect to repeat business, through our sales team. We originate and service all our mortgage loans directly.

As of June 30, 2014, 46.4% of our loan portfolio was classified as retail purpose, 45.7% of our loan portfolio was classified as commercial purpose and 7.8% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as "retail purpose" where the borrower resides in the property (or in at least 40% of the property) securing the loan and which include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases. Retail purpose loans include loans that are regulated by the Financial Conduct Authority (the "FCA"). We classify mortgages as "commercial purpose" where the borrower does not reside in the property (or resides in less than 40% of the property) securing the loan and which include loans for investing in property, including in order to lease that property ("buy-to-let"), raising capital against a property, including for general business use, or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it.

Our underwriting process consists of a detailed and individualized credit and affordability assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms ("affordability"), and security, being the adequacy of the property which will serve as security for the loan ("security"). To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program and comprehensive quality assurance sampling procedures.

The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property and (iii) the accrued interest and fees thereon (after suspended income) compared to the latest appraised value of the property securing the loan. The LTV of our loan portfolio on a weighted average indexed basis as of June 30, 2014, was 60.9% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended June 30, 2014 was 54.6%. We have historically lent at low LTVs compared to other lenders, including in the period leading up to the 2007 financial crisis during which many other lenders extended loans with LTVs equal to or in excess of 95%. As of June 30, 2014, 87.6% of our total loan portfolio and 80.2% of the Borrower Group loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of our group has provided us with significant protection in times of falling house prices and economic downturns, thereby minimizing our levels of provisions.

Presentation of Financial and Other Information

Financial Statements

This quarterly report presents the unaudited interim consolidated financial statements of Jerrold Holdings Limited as of and for the three months ended June 30, 2013 and 2014 and for the twelve months ended June 30, 2014. The consolidated interim financial statements of Jerrold Holdings have been prepared in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP"), are unaudited and are derived from internal management reporting.

Additionally included in the report are the audited consolidated Financial Statements of Jerrold Holdings Limited as of June 30, 2013 and 2014 and for the fiscal years ended June 30, 2012, 2013 and 2014. The consolidated audited financial statements of Jerrold Holdings have been prepared in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP").

There have been two notable changes to our accounting policies in the year. Firstly, we have made a change to the estimation of useful life in our depreciation policy to more correctly reflect the expected life of the assets held and secondly we have changed the methodology for estimating the level of provisions required for incurred but non reported events to more accurately reflect actual roll rates. All other accounting policies have remained consistent with prior year and as reported in the offering memorandum. All our key accounting policies can be found in Note 1 to our statutory accounts attached to this report.

The Group have no material contingencies as at the signing date of the statutory accounts and the only notable commitment is with regards to the operating lease we hold for our head office building. Further details are found in Note 21 of the statutory accounts attached.

During the year the Group made transactions with affiliated companies. Details of these transactions can be found in Note 23 of the statutory accounts attached.

We have not included financial information prepared in accordance with IFRS or U.S. GAAP. UK GAAP differs in certain significant respects from IFRS and US GAAP. You should consult your own professional advisors for an understanding of the differences between UK GAAP, IFRS and US GAAP and how those differences could affect the financial information contained in this quarterly report.

Charles Street Asset Backed Conduit Securitisation 1 Limited ("Charles Street ABS"), the bankruptcy-remote special purpose vehicle established for purposes of our Securitization, is consolidated into our interim consolidated financial statements in accordance with UK GAAP. Mortgage loans sold to Charles Street ABS are maintained on our consolidated balance sheet as assets due within trade debtors and the associated interest receivable credited to our profit and loss account. The loan notes issued by Charles Street ABS to certain lenders to finance its purchase of the loans and any interest and fees accrued but not yet paid in respect thereof, are maintained on our balance sheet as liabilities due to creditors with interest and transaction expenses expensed through our profit and loss account.

The results of operations for prior years or interim periods are not necessarily indicative of the results to be expected for the full year or for any future period.

Other Financial Information (Non-UK GAAP)

We have included in this quarterly report and related presentation, certain financial measures and ratios, including EBITDA, EBITDA margin and certain leverage and coverage ratios that are not presented in accordance with UK GAAP.

In this quarterly report and related presentation, references to "EBITDA" for the three months ended June 30, 2013 and 2014 for Jerrold Holdings, can be extracted from the unaudited consolidated financial statements of Jerrold Holdings and for the twelve months ended June 30, 2014 from the audited consolidated financial statements of Jerrold Holdings, by taking profit on ordinary activities after taxation and adding back interest payable and similar charges (including finance charges) interest receivable and similar income, tax on profit on ordinary activities and depreciation.

We are not presenting EBITDA-based measures as measures of our results of operations. EBITDA-based measures have important limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Our management believes that the presentation of EBITDA-based measures is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

EBITDA, EBITDA margin and certain leverage and coverage ratios are not measurements of financial performance under UK GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with UK GAAP.

We have included in this quarterly report and related presentation, certain supplemental cash flow information for the purpose of analyzing the cash available for debt service and surplus funds available for new advances. The supplemental cash flow information is not in accordance with UK GAAP and should not be considered as an alternative cash flow measure. Management uses this information to monitor the cash flow of the business and believes that such measures are useful to users of the financial information in assessing the funds available to write new loans. A proportion of the turnover we earn each year is through arrangement fees, renewal fees and collection fees. Fees are usually capitalized into the customer's loan balance and collected during the life of the loan or upon its redemption. When presenting supplemental cash flow information, we include the cash received from fees, within principal collection receipts.

Terms Relating to Our Loan Analysis

We do not reschedule our loans by capitalizing arrears. In this quarterly report and related presentation, arrears data is based on the original contractual position, using actual cash received to identify performing and non-performing arrears loans, and does not take into account either payment plans or agreed changes to payment dates.

Repossessed properties, Law of Property Act ("LPA") receivership in sale status and development loans are excluded from arrears numbers. LPA receiverships in rental status, which may return to being performing assets, are included in arrears numbers.

Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security, or in respect of which the borrower has surrendered ownership of the property. An LPA receivership is typically used to exercise security over property that is used for commercial purposes, which enables us to sell the property ("sale status"), or divert income streams from properties directly to ourselves ("rental status") which may not lead to an eventual sale process if the borrower is able to recover their position.

Development loans are commercial purpose loans that we historically extended to finance the development of land or property into residential units, with repayments being made out of the sale of property units. We continue to support a small number of funding commitments already agreed or required to complete existing developments, but underwrite relatively few new development loans. Development loans are reported as a separate category of loans within this analysis.

In this quarterly report and related presentation, data referring to our loan portfolio analysis is in reference to our core operating subsidiaries: Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Auction Finance Limited and Harpmanor Limited, which represent 99.7% of our total loan book balances by value as of June30, 2014. Data referring to our loan portfolio analysis is presented after suspended income but before provisions for bad and doubtful debts.

In this quarterly report and related presentation, a loan is considered performing (or a "performing loan") if it has (i) nil arrears or arrears less than or equal to one month's contractual installment or (ii) "performing arrears loans," being loans with arrears greater than one month's but less than or equal to three months' contractual installments or where cash receipts collected in the prior three months are equal to or greater than 90% of the contractual installments due. The balance of loans are classified as (i) non-performing arrears loans, where such loans have arrears of greater than three months' contractual installments due and where receipts collected in the prior three months are less than 90% of contractual installments due, (ii) loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status and (iii) development loans.

In this quarterly report and related presentation, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding and (ii) accrued interest and fees (after suspended income and before provisions for bad and doubtful debts) in respect of such loans, as of the date presented. The term "non-performing arrears loans" refers to the aggregate of (i) the principal amount of non-performing arrears loans outstanding and (ii) accrued interest and fees (after suspended income and before provisions for bad and doubtful debts) in respect of such loans, as of the date presented. Non-performing arrears loans do not take into account loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status or development loans, all of which are reported as separate categories and are also calculated based on the principal amount plus accrued interest and fees (after suspended income and before provisions for bad and doubtful debts) in respect of such loans. Our loan analysis excludes loans with carrying values of nil for which full provisions are in place. Our provisions analysis also excludes provisions in respect of loans with carrying values of nil for which full provisions are in place.

In this quarterly report and related presentation, the term "total loan assets" refers to the total balance of loans provided to our customers as included within our balance sheet, stated after suspended income and after provisions for bad and doubtful debts.

In this quarterly report and related presentation, the term "second lien loans" includes second lien loans and also subsequent lien loans. As of June 30, 2014 subsequent lien loans amounted to approximately £2.4 million after suspended income and after provisions for bad and doubtful debts, representing 0.2% of our loan portfolio.

The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property and (iii) the accrued interest and fees thereon (after suspended income) compared to the latest appraised value (the assessed value of real property in the opinion of a qualified Appraiser or Valuer during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

In this quarterly report and related presentation, the average LTV of our loan portfolio is calculated on a "weighted average basis," pursuant to which LTV is calculated by multiplying each LTV by the respective loan amount and then dividing the sum of the weighted LTVs by the total amount of loans. The weighted average LTV of our loan portfolio is also presented on an "indexed basis," pursuant to which the value of the properties securing our loans are reviewed quarterly and adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at June 30, 2014. The diagram does not include all entities in our group, nor does it show all our liabilities in our group.

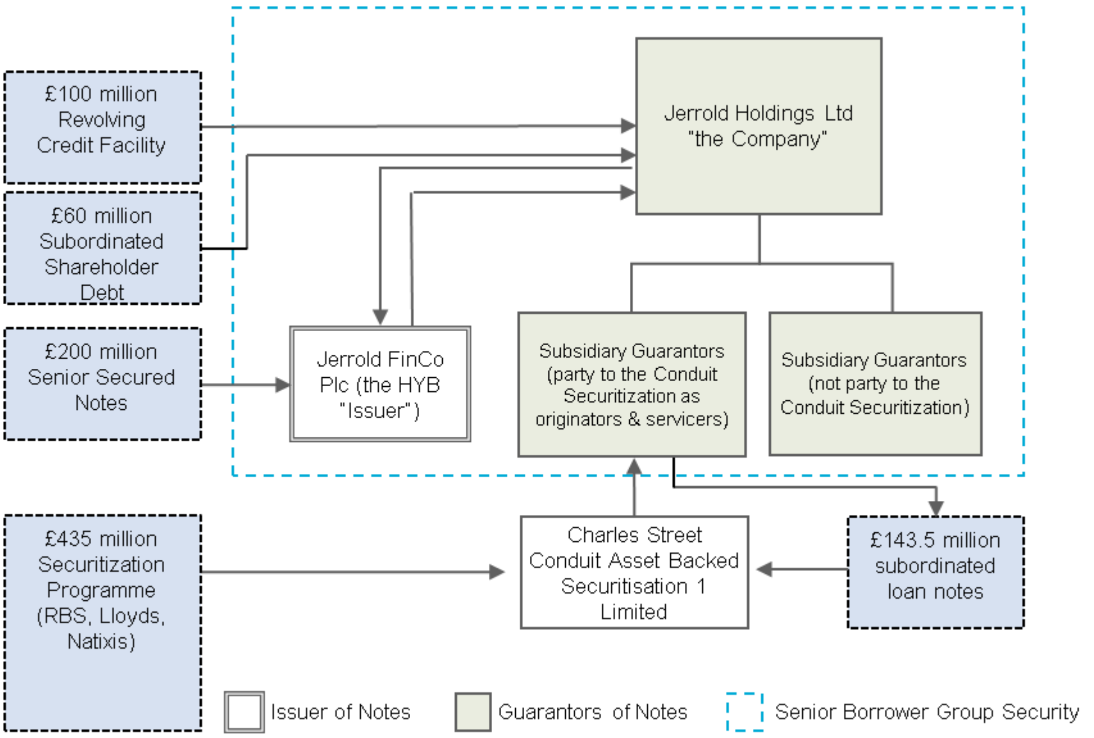
Liquidity and funding

As shown in the diagram below, the Group has three material debt facility agreements.

- £200m Senior Secured Notes with a maturity of September 2018.
- £100m Revolving Credit Facility with a maturity of August 2015.
- £435m Private Securitisation programme with a revolving period till January 2017 and a further 12 month period that is non revolving in nature.

As at June 30, 2014, the Group had undrawn commitments under the RCF of £65m and could issue an additional £25m of Securitisation Variable Funding Note.

Group Legal & Finance Structure



Ownership & Management

The ownership of the group has not changed from that documented in the offering memorandum.

There have been some changes in senior management during the year. These are detailed in the table below

Role	Previous	Current
Deputy Chief Executive Officer	-	Gary Jennison
Director of Finance	Matthew J Ridley	Stuart J Whittle
Director of Information Technology	Stuart Bean	Simon Carter

Key Performance Indicators

The following table summarizes key financial data and key performance indicators as of the dates and for the periods indicated.

(£ in thousands, except for percentages and ratios or unless otherwise noted)	Unaudited 3 months ended or as at June 30, 2013	Unaudited 3 months ended or as at June 30, 2014	Unaudited 12 months ended or as at June 30, 2014
Group			
Turnover…………………………………………………………	31,699	35,968	129,734
Movement in bad debt provisions……………….	(2,080)	2,491	(1,184)
EBITDA………………………………………………………….	23,260	29,253	97,603
EBITDA margin……………………………………………	73.4%	81.3%	75.2%
Profit on ordinary activities before tax………..	13,580	17,207	52,030
Supplemental cash flow information:			
Cash receipts………………………………………………	82,026	110,104	381,609
New advances……………………………………………	(47,814)	(125,934)	(353,949)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)….	57.9%	57.5%	57.5%
LTV of loan portfolio (on a weighted average indexed basis)…………………………………………….	66.1%	60.9%	60.9%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)…..	63.1%	61.5%	61.5%
LTV of loan portfolio (on a weighted average indexed basis)…………………………………………….	79.3%	71.5%	71.5%

For definitions please see sections: “Terms Relating to our Loan Analysis” and “Key Definitions”.

The key performance indicators above for three months ended June 30, 2013 and 2014, have been derived from unaudited consolidated interim financial statements and management information, which have been prepared on a basis consistent with annual audited consolidated financial statements. In the opinion of management, such unaudited financial data reflect all adjustments necessary for a fair presentation of the results for those periods and have been prepared in accordance with UK GAAP. The key performance indicators above for the twelve months ended June 30, 2014 have been derived from the audited consolidated financial statements and have been prepared in accordance with UK GAAP

The key performance indicators for prior years or the interim periods are not necessarily indicative of the results to be expected for any future period. This financial information should be read in conjunction with the historic consolidated financial statements of Jerrold Holdings Limited.

Operating and Financial Review

The section below provides a more detailed overview of performance in relation to a number of the key metrics that management use when assessing the performance of the business.

Continued focus on prudent underwriting policies, LTVs and traditional security

During the quarter to June 30, 2014 the group has continued to focus on prudent underwriting policies and LTVs, as well as traditional security such as residential housing stock, in providing its mortgage loans. The average LTV of new mortgage loans funded in the quarter was 54.6%, compared to 55.8% in the quarter to March 31, 2014 and 53.0% in the quarter to June 30, 2013.

The group has continued to use stringent affordability metrics to ensure our customers are able to service their loans. This focus on affordability continues to correlate with a decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within 12 months of funding decreasing from **11.0%** for loans funded in the year ended June 30, 2008, to **0.7%** for loans funded in the year ended June 30, 2013. We expect that a continued focus on such policies will help us maintain lower delinquency levels.

An analysis of our loan portfolio as at June 30, 2013, March 31, 2014 and June 30, 2014, by arrears banding, for the group and borrower group is as follows:

	Group Loan Portfolio Arrears Analysis			Borrower Group Loan Portfolio Arrears Analysis		
	Jun 30, 2013	**Mar 31, 2014**	**Jun 30, 2014**	**Jun 30, 2013**	**Mar 31, 2014**	**Jun 30, 2014**
Nil Arrears & Arrears ≤ 1 month.	**62.0%**	**68.2%**	**71.4%**	**32.2%**	**45.5%**	**50.1%**
Performing Arrears						
1-3 months	**8.3%**	**7.5%**	**7.0%**	**8.9%**	**8.6%**	**8.3%**
3-6 months	**3.1%**	**2.2%**	**2.0%**	**5.7%**	**4.0%**	**3.7%**
>6 months	**3.2%**	**2.5%**	**2.1%**	**6.6%**	**4.8%**	**4.3%**
Total Performing Arrears………	**14.6%**	**12.2%**	**11.2%**	**21.1%**	**17.4%**	**16.3%**
Non-Performing Arrears						
3-6 months	**2.6%**	**1.8%**	**1.4%**	**3.9%**	**2.7%**	**2.1%**
>6 months	**6.2%**	**3.6%**	**3.1%**	**13.0%**	**7.0%**	**6.2%**
Past due (term loans)	**1.2%**	**1.3%**	**1.0%**	**2.0%**	**2.5%**	**2.0%**
LPA Rent	**0.3%**	**1.2%**	**1.0%**	**0.6%**	**2.3%**	**2.1%**
Total Non-Performing Arrears.	**10.3%**	**7.9%**	**6.6%**	**19.4%**	**14.6%**	**12.5%**
Development Loans…………………	**9.8%**	**8.4%**	**7.8%**	**20.4%**	**16.4%**	**15.7%**
Repossessions…………………………	**3.4%**	**3.2%**	**2.9%**	**6.9%**	**6.2%**	**5.5%**
Total	**100.1%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

We continue to target an average of origination LTVs of between 50% and 60% for new loans and continue to focus principally on residential security. The average LTV of new mortgage loans funded in the quarter to June 30, 2014 was 54.6%, compared to 55.8% in the quarter to March 31, 2014 and 53.0% in the quarter to June 30, 2013.

An analysis of our loan portfolio as at June 30, 2014, by indexed and origination LTV banding, for the group and borrower group is as follows:

Group Loan Portfolio Indexed LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	585.7	23.1	6.9	4.1	619.8
>60% <=85%.....................	277.2	23.4	12.1	7.3	320.0
>85% <=100%..................	31.1	13.5	44.0	12.2	100.8
>100%............................	5.1	11.9	22.3	8.3	47.5
Total.................................	899.0	72.0	85.3	31.9	1,088.1

Borrower Group Loan Portfolio Indexed LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	194.1	20.0	6.9	3.0	224.0
>60% <=85%.....................	135.8	22.5	12.1	6.3	176.7
>85% <=100%..................	27.8	13.5	44.0	12.2	97.5
>100%............................	4.2	11.9	22.3	8.3	46.6
Total.................................	361.9	67.9	85.3	29.8	544.9

Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	517.6	31.9	24.1	14.2	587.8
>60% <=85%.....................	369.3	31.2	29.3	12.9	442.7
>85% <=100%..................	6.0	5.7	22.2	4.7	38.5
>100%............................	6.1	3.2	9.6	0.2	19.1
Total.................................	899.0	72.0	85.3	31.9	1,088.1

Borrower Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	189.1	29.1	24.1	13.2	255.6
>60% <=85%.....................	161.1	29.8	29.3	11.8	232.1
>85% <=100%..................	5.5	5.7	22.2	4.7	38.1
>100%............................	6.1	3.2	9.6	0.2	19.1
Total.................................	361.9	67.9	85.3	29.8	544.9

Maintenance of loan portfolio mix and continued differentiation of our offerings

We continue to intend to maintain a diversified loan portfolio mix between retail purpose and commercial purpose lending, security types and first and second lien mortgages over the medium term.

As at June 30, 2014 46.4% of our loan portfolio was classified as retail purpose, 45.7% of our loan portfolio was classified as commercial purpose and 7.8% of our loan portfolio was classified as development funding, calculated by value. This is relatively consistent with the position as at March 31, 2014 whereby, 48.4% of our loan portfolio was classified as retail purpose, 43.2% of our loan portfolio was classified as commercial purpose and 8.4% of our loan portfolio was classified as development funding.

The proportion of our loan portfolio secured by residential security by value has remained fairly consistent at 83.8% as at June 30, 2014, compared to 84.3% as at March 31, 2014.

The proportion of our loan portfolio secured on first charges has also remained fairly consistent at 48.7% as at June 30, 2014, compared to 47.8% as at March 31, 2014 with the marginal movement reflecting a higher proportion of bridging loans in our new business mix in the quarter.

Moderately grow our loan portfolio.

We have continued to moderately grow our loan portfolio using our well established distribution channels across the United Kingdom. We continue to focus on niche markets where we can offer products by identifying customer groups that are underserved by mainstream lenders.

In the quarter to June 30, 2014, including further advances, we have funded an average of £42.0m per month compared with £34.8m per month in the quarter to March 31, 2014 and £29.5m per month in the 12 months to June 30, 2014.

Our total loan portfolio stands at £1,088.1m as at June 30, 2014, compared to £1,038.7m as at March 31, 2014, representing less than 1.0% of the total mortgage market. We believe that historically the volume of loans we were able to originate was primarily limited by the amount of funding available to us, as well as the level of redemption activity. The increase in new business levels in the quarter to June 30, 2014 is due, in part to; increased levels of redemption activity, lower levels of debt repayments and additional liquidity following the successful capital market transaction in September 2013 and the increase in the securitisation facility in April 2014.

We intend to continue to grow our loan portfolio in a controlled manner, ensuring the quality of new loans is of an acceptable standard.

Financial Review

Turnover has increased when compared with the prior quarter at £36.0m for the quarter to June 30, 2014, compared to £31.7m for the quarter to March 31, 2013. This increase primarily relates to fees earned on significantly increased funding levels and higher interest income on an increased loan book also with lower levels of non performing loans.

The bad debt expensed to the Profit and Loss account in the quarter (£0.4m to June 30, 2014) has continued to be maintained at low levels when compared to the loan portfolio, at 0.2% for the quarter (annualized) to June 30, 2014, and 0.5% for the rolling 12 months to June 30, 2014, primarily as a function of the group's continued low loan to value ('LTV') policy and stringent underwriting policies. During the quarter the Group was also able to release £1.8m of bad debt provisions due to improving valuations and its impact on our security position. Changes were also made to our general provisioning policy in order to consider the likelihood and value of loss to create an 'Incurred but not Reported' style provision as opposed to the flat rate general provision held previously. This resulted in a provision release of £1.1m which has been excluded from the bad debt expense analysis above.

The group continues to be consistently highly profitable, with EBITDA significantly up for the current period at £29.3m for the quarter to June 30, 2014, compared to £22.7m for the quarter to March 31, 2014. This increase reflects the additional income from the significant increase in lending activity net of costs and the benefit of the bad debt provision releases discussed above. EBITDA margin has remained at above 70%.

Profit before tax has increased significantly at £17.2m for the quarter to June 30, 2014, compared to £11.1m for the quarter to March 31, 2014, reflecting the increase in EBITDA.

The group continues to be highly cash generative, with cash receipts in the quarter to June 30, 2014 of £110.1m compared to cash debt service of £5.2m, prepaid fees relating to the securitization extension of £2.9m and other cash expense payments of £11.2m. Cash debt service payments are lower than the prior quarter (15.0m for the quarter to March 31, 2014) which included the first six monthly payment of interest on the senior secured notes of £9.1m. Note £5.7m of interest payable, relating to the senior secured notes, has accrued and becomes payable in September 2014. During the quarter, the Group has drawn £5.0m on its revolving credit facility (total drawn at June 30, 2014 £35.0m) and £37m on its securitisation facility (total drawn at June 30, 2014 £410m).

Lending volumes increased on the prior comparable period, with the group advancing £125.9m of loans in the quarter to June 30, 2014, compared to £104.5m of loans in the quarter to March 31, 2014. Key underwriting metrics remained broadly consistent in the period, with the weighted average LTV of loans written in the quarter to June 30, 2014 being 54.6%, compared to 55.8% in the quarter to March 31, 2014 and 53.0% in the quarter to June 30, 2013.

The indexed weighted average LTV of the loan portfolio for the total group, as at June 30, 2014 is 60.9%, showing an improvement on the position as at March 31, 2014, of 62.8%.

The indexed weighted average LTV of the loan portfolio for the borrower group, as at June 30, 2014 is 71.5%, showing an improvement on the position as at March 31, 2014, of 73.2%.

Recent Developments

Regulatory Readiness

The Group has successfully completed it's preparation for the Financial Conduct Authority assuming the role of Regulator of Consumer Credit from the Office of Fair trading in April 2014 as well as for the introduction on the Mortgage Market review in the same month.

Extension to the Securitization Programme

The securitization facility and its associated liquidity lines were scheduled to expire on July 31, 2015. In April we finalized the terms of an extension to this facility until January 31, 2018, with a revolving period up until January 31, 2017. These terms require that a prescribed credit rating is in place by 31 December 2014. At the same time as the extension, the Securitisation Facility was also upsized from £373.0m to £435.0m.

Significant Factors Which May Affect Results of Operations

Loan Assets Performance

The performance of our total loan assets depends on our ability to collect each expected loan installment, including interest and principal payments, on a timely basis. This, in turn, depends in part on the strength of our underwriting process to ensure the affordability of the loan installments and to assess the sustainability of such payments based upon known factors at the time of origination, and, where relevant, the marketability and value of the underlying security. Our underwriting criteria, processes, controls and systems have been developed and refined using many years of experience. For each loan application, a detailed individualized assessment is made of the customer including, among other checks, an assessment of the financial position of the customer to ensure that the loan is both affordable and sustainable and an assessment of the underlying security and its valuation. In addition, the performance of our total loan assets is impacted by our continued investment in our collections infrastructure, which impacts our ability to collect expected loan installments.

Macroeconomic Conditions

Our business is impacted by general business and economic conditions in the United Kingdom. In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact our levels of arrears. In an economic downturn, customers are also less likely to redeem their mortgage loans, as a result of banks and other lenders having reduced levels of liquidity with which customers can refinance their mortgages, lenders tightening their lending criteria and customers being less likely to meet lending criteria. Redemption levels impact the levels of new business we are able to underwrite and thus the amount that we earn in redemption and upfront fees, as well as the rates at which we replace existing loans with new loans with potentially better credit quality and higher nominal interest rates.

Our results of operations are also affected by changes in prevailing interest rates in the United Kingdom. An increase in prevailing interest rates increases the cost of servicing some of our borrowings. Although our total loan assets consists primarily of variable rate mortgage loans and we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. An increase in interest rates can also adversely affect the interest rates charged by first charge holders; the credit quality of the customers to whom we lend; as well as our loan origination volumes, as loans become less attractive to customers.

Property Market

Our business is impacted by levels of activity in the property market as well as property prices, both of which are influenced by, among other things, general business and economic conditions. Growing levels of activity in the property market (independent of property prices) are likely to increase demand for our mortgage loans, and, conversely, lower levels of activity are likely to reduce demand. Property prices also impact the LTV of our loans. As property prices increase, the amount of equity that mortgage borrowers hold in their home increases, and as property prices decrease, equity levels also decrease. Increased levels of equity provide borrowers with greater financial flexibility, which they may use to refinance or borrow additional amounts, which results in increased redemption and new business levels.

Competition

Competition levels could impact the acquisition cost of obtaining business along with the interest rates and fees that we can charge for our mortgage loans as well as the credit quality of the customers to which we lend.

Funding

We currently fund our total loan assets from cash provided by operations, shareholder reserves, the Subordinated Shareholder Loan Notes and amounts available under our issued Capital Market instrument, Revolving Credit Facility and through our Securitisation Facility. The volume of loans we are able to originate is limited, in part, by the amount and terms of funding available to us.

Regulatory Considerations

Our results of operations are affected by a number of laws and regulations. Certain of our business operations are regulated by the FCA. We have invested, and continue to invest, in quality assurance, compliance and our risk management framework. We also use third party regulatory specialist advisors to support our business operations. If we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition.

Unaudited Consolidated Interim Financial Statements

The unaudited consolidated interim financial statements below show the financial performance for the three and twelve month periods to and as at June 30, 2014.

Comparatives for these financial results included in the interim financial statements are as follows:

- Consolidated Profit and Loss Account and Consolidated Cash Flow Statement have comparatives of three months to June 30, 2013; and
- Consolidated Balance Sheet has comparatives of June 30, 2013 and March 31, 2014.

The financial performance for the 12 months ending June 30, 2014 and the Consolidated Balance Sheet and Consolidated Cash Flow Statement as of June 30, 2014 and 2013 have been extracted from the Audited Consolidated Financial Statements as at June 30, 2014.

JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended June 30, 2014

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
TURNOVER	129,734	35,968	31,698
Cost of sales	(5,779)	(1,990)	(1,033)
GROSS PROFIT	123,955	33,978	30,665
Administrative expenses	(26,800)	(4,900)	(7,558)
Other operating income	-	-	3
OPERATING PROFIT	97,155	29,078	23,110
(Loss)/Gain on sale of investment properties	(24)	(24)	5
Interest payable and similar charges	(45,216)	(11,867)	(9,555)
Interest receivable and similar income	115	21	24
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	52,030	17,208	13,584
Tax on profit on ordinary activities	(11,379)	(2,875)	(3,375)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	40,651	14,333	10,209
Minority interests	(7)	(1)	(2)
RETAINED PROFIT FOR THE PERIOD	40,644	14,332	10,207

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

All activities arose from continuing operations.

There were no recognised gains or losses in any period other than the result for that period shown above. Accordingly, a separate consolidated statement of total recognised gains and losses has not been presented.

The notes on pages 22 to 23 form part of the interim financial statements.

JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED BALANCE SHEET
As at June 30, 2014

	As at June 30, 2014 £'000	As at March 31, 2014 £'000	As at June 30, 2013 £'000
	£'000	£'000	£'000
FIXED ASSETS			
Investment properties	179	228	228
Tangible assets	4,385	4,467	4,134
Investments	13	13	13
	4,577	4,708	4,375
CURRENT ASSETS			
Stocks	1,381	1,381	1,381
Debtors			
- Due within one year	364,900	333,809	292,147
- Due after one year	713,751	695,599	692,055
Investments	110	110	110
Cash at bank and in hand	6,849	8,151	12,592
	1,086,991	1,039,050	998,285
CREDITORS: Amounts falling due within one year	(30,514)	(140,304)	(82,976)
NET CURRENT ASSETS	1,056,477	898,746	915,309
TOTAL ASSETS LESS CURRENT LIABILITIES	1,061,054	903,454	919,684
CREDITORS: Amounts falling due after more than one year	(659,242)	(515,975)	(558,523)
NET ASSETS	401,812	387,479	361,161
CAPITAL AND RESERVES			
Called up share capital	9,778	9,778	9,778
Share premium account	17,527	17,527	17,527
Merger reserve	(9,645)	(9,645)	(9,645)
Capital redemption reserve	1,300	1,300	1,300
Revaluation reserve	21	21	21
Profit and loss account	382,578	368,246	341,934
SHAREHOLDERS' FUNDS	401,559	387,227	360,915
Minority interests	253	252	246
TOTAL CAPITAL EMPLOYED	401,812	387,479	361,161

JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
Period ended June 30, 2014

	Note	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1a	(3,663)	(24,355)	27,065
Returns on investments and servicing of finance	1d	(45,583)	(8,132)	(7,481)
Taxation		(10,213)	(2,502)	(2,498)
Capital expenditure and financial investments	1d	(556)	(90)	(228)
CASH (OUTFLOW)/ INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(60,015)	(35,079)	16,858
Management of liquid resources	1d	-	-	4
Financing	1d	54,272	33,777	(12,897)
(DECREASE)/ INCREASE IN CASH IN THE PERIOD	1c	(5,743)	(1,302)	3,965

1. CASH FLOW INFORMATION

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

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
Operating profit	97,155	29,078	23,110
Depreciation of tangible fixed assets	472	199	266
Loss/ (profit) on disposal of tangible fixed assets	-	(2)	-
Profit on disposal of current asset investments	-	-	-
Refinancing costs	-	-	(3)
(Increase)/decrease in debtors	(96,148)	(50,682)	1,985
(Decrease)/increase in creditors	(5,142)	(2,948)	1,707
Net cash inflow/(outflow) from operating activities	(3,663)	(24,355)	27,065

b) Analysis of net debt

	As at July 1, 2013 £'000	Cash flow £'000	Other non-cash changes £'000	As at June 30, 2014 £'000
Cash at bank and in hand	12,592	(5,743)	-	6,849
Finance leases	(183)	121	(141)	(203)
Debt due within 1 year	(52,710)	(54,393)	107,103	-
Debt due after 1 year	(558,431)	-	(100,700)	(659,131)
Current asset investments	110	-	-	110
	(611,214)	(54,272)	6,262	(659,224)
Net debt	(598,622)	(60,015)	6,262	(652,375)

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

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
Increase/ (decrease) in cash in period	5,743	1,302	(3,965)
Cash inflow/ (outflow) from increase/decrease in debt and lease financing	54,272	33,777	(12,897)
Cash inflow from movements in current asset investments	-	-	4
Change in net debt resulting from cash flows	60,015	35,079	(16,858)
New finance leases	141	-	70
Non-cash movements	(6,403)	(2,507)	1,887
Movement in net debt in period	53,753	32,572	(14,901)
Net debt, beginning of period	598,622	619,803	613,523
Net debt, end of period	652,375	652,375	598,622

d) Analysis of cash flows

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
Returns on investments and servicing of finance			
Interest received	92	22	24
Refinancing costs	(13,655)	(3,437)	(383)
Dividends Received	1	1	-
Interest paid	(32,021)	(4,718)	(7,122)
Net cash (outflow) from returns on investments and servicing of finance	(45,583)	(8,132)	(7,481)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(641)	(118)	(256)
Sales of tangible fixed assets	60	3	13
Purchase of investment properties	25	25	15
Net cash (outflow) from capital expenditure and financial investments	(556)	(90)	(228)

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
Management of liquid resources			
Sale of current asset investments	-	-	4

	12 months to June 30, 2014 £'000	3 months to June 30, 2014 £'000	3 months to June 30, 2013 £'000
Financing			
Net drawdowns/(repayment) of borrowings	54,393	33,810	(12,868)
Capital element of finance lease payments	(121)	(33)	(29)
Net cash inflow/ (outflow) from financing	54,272	33,777	(12,897)

Audited Consolidated Financial Statements

The audited consolidated financial statements below show the financial performance for the fiscal year to and as at June 30, 2014.

Comparatives for these financial results included in the financial statements are as follows:

- Consolidated Profit and Loss Account and Consolidated Cash Flow Statement have comparatives for the fiscal years to June 30, 2013 and 2012; and

- Consolidated Balance Sheet has comparatives of June 30, 2013.

Company Registration No. 02939389

JERROLD HOLDINGS LIMITED

Report and Consolidated Financial Statements

Year ended 30 June 2014

REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS Page

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser Chief Executive Officer
S.P. Baker
G.D. Beckett
M.R. Goldberg
G.A. Jennison (appointed 4 October 2013)
J.M. Shaoul*
R.M. McTighe*
D.J. Bennett*
S.J. O'Hare* (appointed 6 December 2013)

* Non-Executives

SECRETARY

G.D. Beckett (appointed 6 December 2013)
M.J. Ridley (resigned 6 December 2013)

REGISTERED OFFICE

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

PRINCIPAL BANKERS

The Royal Bank of Scotland Plc
135 Bishopgate
London
EC2M 3UR

Lloyds TSB Bank PLC
10 Gresham Street
London
EC2V 7AE

Natixis
25 Dowgate Hill
London
EC4R 2YA

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
PO Box 500
2 Hardman Street
Manchester
M60 2AT

LEGAL ADVISORS

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2014.

ENHANCED BUSINESS REVIEW

The directors do not expect any significant change to the activities of the Group.

A number of key performance indicators (KPIs) are monitored in order to review and control performance, position and liquidity and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2014 are set out on pages 8 to 29. Group turnover has increased by 6.8% to £129.7m (2013: £121.5m), the main contributor being an increase in the Group's loan book values (classified within trade debtors). Profit before tax has increased by 15.2% to £52.0m (2013: £45.2m) due to the increase in turnover and decrease in administration costs being partially offset by higher cost of funding given the increase in debt. Profit for the year after tax was £40.6m (2013: £34.0m).

No dividend was paid for the year ended 30 June 2014 (2013: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have increased by 9.8% to £1,076.0m (2013: £980.0m). At the same time, shareholders' funds have increased by 11.3% to £401.6m (2013: £360.9m). The gearing ratio (being the ratio of debt to equity) has remained fairly stable at 1.30:1 (2013: 1.31:1) reflecting the fact that the Group continues to fund an equal proportion of its loan book through reserves, subordinated debt and external borrowings. The subordinated debt is treated as 'equity' for the purposes of calculating the Group's gearing ratio.

Liquidity

In September 2013 the Group issued and closed an offering of £200 million Senior Secured Notes repayable in 2018. The proceeds were used to reduce the parent company's (ie Jerrold Holdings Limited) syndicated loan facility to £100m from £191m and to provide additional funding capacity for the Group. In addition the securitisation facility and its associated liquidity lines were extended on the 10 April 2014 to 31 January 2018, conditional upon receiving a prescribed rating by 31 December 2014, with the facility being increased from £373m to £435m and no principal repayments due until 31 January 2017.

The ability of the Group to service its debts is measured using an interest cover ratio, being profit before tax and interest divided by interest. This increased to 2.2:1 for the year ended 30 June 2014 (2013: 2.1:1).

The Group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the level of redemption activity, recurring income levels, planned expenditure and new business advance levels. Any material deviations are identified and appropriate action taken to ensure that sufficient liquidity headroom exists at all times.

Compliance and non-financial KPIs

Certain activities of the Group are regulated by the Financial Conduct Authority, "FCA", including arranging, entering into and administering first charge regulated mortgage contracts. On 1 April 2014 the UK government transferred the regulation of consumer credit from the Office of Fair Trading to the FCA. As such, the FCA took over responsibility for the monitoring of compliance with the Consumer Credit Act. The Group has successfully completed it's preparation for it's activities of second charge retail lending and brokerage being regulated by the FCA, currently under the 'interim permissions' regime.

The FCA has prescribed rules, principles and guidance (the "FCA Rules") with which certain of our retail lending operations must comply. The FCA Rules include rules that impose, amongst other things, high level standards on the establishment and maintenance of proper systems and controls and minimum "threshold conditions" that must be satisfied for lending firms to remain authorised as well as rules on the conduct of business, the fitness and propriety of individuals performing certain functions in our business and treating customers fairly. The FCA Rules also impose certain minimum capital and liquidity requirements on us and Conduct of Business Rules which include "treating customers fairly" obligations which require us, amongst other things, to demonstrate that senior management are taking responsibility for ensuring that we and our staff at all levels deliver the consumer outcomes relevant to our business by establishing and maintaining an appropriate culture and business practices.

Compliance and non-financial KPIs (continued)

Employees undertake appropriate training which is supported by operational quality assurance, compliance reviews and internal audit reviews. Procedures are established to enhance and monitor quality of compliance, including authorisation of procedural and policy changes, sample reviews, employee awareness and training programmes, along with employee and customer feedback including the assessment and understanding of complaints received.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to changes in the economic position of its customers, which may adversely impact their ability to make loan repayments. The level of risk in this respect is driven by both macro-economic factors, such as house prices, as well as by factors relating to specific customers, such as a change in the borrower's circumstances. Credit risk is managed at loan inception, via stringent underwriting policies with regard to affordability levels, credit worthiness and loan to property value ratios, and throughout the life of the loan, via monitoring of arrears levels, proactive collections strategies, application of forbearance measures, property loan to value ratios and by applying macro-economic sensitivity analysis.

Interest rate risk

The Group's loan book consists primarily of variable rate mortgages. This is matched by the Group's funding facilities which are subject to monthly movements in the external costs of funds. In addition, the Group has the ability to undertake hedging transactions in order to mitigate interest rate risk.

Liquidity and funding risk

The Group actively monitors and considers compliance with its funding covenants, including formal monthly reporting and by performing stress test analysis as part of it's budgeting and forecasting process.

Regulatory risk

As discussed above, the Group undertakes activities which are regulated by the FCA. The directors support and monitor compliance with applicable regulations including those set forward by the FCA.

The Group has in place a governance and management structure that provides effective risk management, supports decision making and provides strong oversight over our business activities. As part of the Group's governance and management structure, we have a three-tiered risk management framework, the "3 Lines of Defence" model, to help ensure that risk management and adherence to regulatory compliance is integral to all business activities and decision-making processes. The first line of defence comprises all managers and staff, including the Chief Executive Officer, as well as our operational committees, including the Executive, and Fraud Committees and the Credit Risk Arrears Forum. The second line of defence comprises risk, compliance and financial control functions, as well as the Executive Risk Committee, Conduct Excellence Committee (covering Treating Customers Fairly) and the Retail and Commercial Credit Risk Committees. The third line of defence includes our internal audit function, our Audit, Risk and Compliance Committee and the Board of Directors.

Exchange rate risk

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

DIRECTORS REPORT

The directors present their report for the year ended 30 June 2014.

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 and internal publications. Employees are consulted regularly on a wide range of 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 or arrangements are made. 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 wherever it can, including recycling and reducing energy consumption.

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the Group have considered the Group's forecast funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the company's financial statements on a going concern basis is appropriate.

On the basis that the Group has adequate funding as detailed earlier, together with its current performance and financial position, the directors have a reasonable expectation that the Group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS

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

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITOR

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERROLD HOLDINGS LIMITED

We have audited the Group and parent company financial statements of Jerrold Holdings Limited for the year ended 30 June 2014 which comprise the Group Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 30 June 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2014

	Note	2014 £'000	2013 £'000	2012 £'000
TURNOVER	1	129,734	121,516	125,629
Cost of sales		(5,779)	(3,532)	(5,163)
GROSS PROFIT		123,955	117,984	120,466
Administrative expenses		(26,800)	(30,271)	(28,086)
Other operating income		-	3	-
OPERATING PROFIT		97,155	87,716	92,380
(Loss)/gain on sale of investment properties		(24)	5	-
Interest payable and similar charges	3	(45,216)	(42,652)	(47,393)
Interest receivable and similar income	3	115	93	68
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	52,030	45,162	45,055
Tax on profit on ordinary activities	5	(11,379)	(11,180)	(13,444)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,651	33,982	31,611
Minority interests	19	(7)	(23)	(34)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	40,644	33,959	31,577

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

All activities arose from continuing operations.

There were no recognised gains or losses in either year other than the result for that year shown above. Accordingly, a separate consolidated statement of total recognised gains and losses has not been presented.

CONSOLIDATED BALANCE SHEET
As at 30 June 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investment properties	7	179	228
Tangible assets	8	4,385	4,134
Investments	9	13	13
		4,577	4,375
CURRENT ASSETS			
Stocks	10	1,381	1,381
Debtors			
- due within one year	11	364,900	292,147
- due after one year	11	713,751	692,055
Investments	12	110	110
Cash at bank and in hand		6,849	12,592
		1,086,991	998,285
CREDITORS: Amounts falling due within one year	13	(30,514)	(82,976)
NET CURRENT ASSETS		1,056,477	915,309
TOTAL ASSETS LESS CURRENT LIABILITIES		1,061,054	919,684
CREDITORS: Amounts falling due after more than one year	14	(659,242)	(558,523)
NET ASSETS		401,812	361,161
CAPITAL AND RESERVES			
Called up share capital	16	9,778	9,778
Share premium account	17	17,527	17,527
Merger reserve	17	(9,645)	(9,645)
Capital redemption reserve	17	1,300	1,300
Revaluation reserve	17	21	21
Profit and loss account	17	382,578	341,934
SHAREHOLDERS' FUNDS	18	401,559	360,915
Minority interests	19	253	246
TOTAL CAPITAL EMPLOYED		401,812	361,161

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	9	10,051	10,051
CURRENT ASSETS			
Debtors			
- due within one year	11	9	450
- due after one year	11	367,914	329,185
Cash at bank and in hand		9,806	15,232
		377,729	344,867
CREDITORS: Amounts falling due within one year	13	(7,709)	(54,737)
NET CURRENT ASSETS		370,020	290,130
TOTAL ASSETS LESS CURRENT LIABILITIES		380,071	300,181
CREDITORS: Amounts falling due after more than one year	14	(292,908)	(213,018)
NET ASSETS		87,163	87,163
Called up share capital	16	9,778	9,778
Share premium account	17	17,527	17,527
Capital redemption reserve	17	1,300	1,300
Profit and loss account	17	58,558	58,558
SHAREHOLDERS' FUNDS		87,163	87,163

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2014

	Note	2014 £'000	2013 £'000	2012 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20a	(3,663)	123,914	155,091
Returns on investments and servicing of finance	20d	(45,583)	(55,308)	(46,918)
Taxation		(10,213)	(13,898)	(9,900)
Capital expenditure and financial investment	20d	(556)	(2,227)	(1,901)
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(60,015)	52,481	96,372
Management of liquid resources	20d	-	4	-
Financing	20d	54,272	(85,135)	(55,841)
DECREASE IN CASH IN THE YEAR	20c	(5,743)	(32,650)	40,531

1. ACCOUNTING POLICIES

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

Accounting convention and going concern

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of investment properties), on the going concern basis and in accordance with applicable law and United Kingdom accounting standards. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

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
Heywood Leasing Limited
Jerrold FinCo PLC
Manchester Property Investments Limited
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)
Phone-a-loan Limited
Privileged Estates Limited
Proactive Bridging Limited
Provincial & Northern Properties Limited
Spot Finance 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 less provision for any impairment. Dividends received and receivable are credited to the company's profit and loss account.

1. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The company's retained profit for the financial year, determined in accordance with the Act, was £nil (2013: £54.9m).

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 on a periodic basis. Changes in the market value of investment properties are accounted for by way of a movement in the 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 "Accounting for Investment Properties", 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 2006 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	10-15 years straight-line on cost
Motor vehicles	25% reducing balance
Office equipment	5 years straight-line on cost
Computer equipment	3-5 years 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. Current asset investments are stated at the lower of cost and net realisable value.

Stocks

Stock properties 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.

1. ACCOUNTING POLICIES (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension benefits

During the year the group operated a defined contribution scheme and made contributions to employees' personal 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 to personal pension schemes. 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 debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. Incurred but not reported loss 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.

Loan notes

Loan notes are recognised at amortised cost net of debt issue costs. Interest and fees payable to the loan note holders during the financial period are recognised in the profit and loss account over the term of the notes using the effective interest rate method.

Bank loans and senior secured notes

Interest-bearing bank loans and senior secured notes are recorded at amortised cost net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account and are included in Accruals and deferred income to the extent that they are not settled in the period in which they arise.

1. ACCOUNTING POLICIES (continued)

Turnover and cost of sales

Turnover consists of interest recoverable on loans, fee and commission income, proceeds of stock properties disposed of, 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 fees and 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

	2014 £'000	**2013 £'000**	**2012 £'000**
Interest payable and similar charges			
Bank loans, senior secured notes and loan notes	(37,411)	(35,246)	(46,516)
Debt issue costs	(7,734)	(7,324)	(787)
Other interest	(71)	(82)	(90)
	(45,216)	(42,652)	(47,393)

	2014 £'000	**2013 £'000**	**2014 £'000**
Interest receivable and similar income			
Bank and other interest	92	91	60
Other interest	23	2	8
	115	93	68

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	**2013 £'000**	**2012 £'000**
Profit on ordinary activities before taxation is stated after charging/(crediting):			
Depreciation of tangible fixed assets			
Owned assets	397	776	292
Held under hire purchase contracts	75	45	-
Loss/(gain) on sale of investment properties	24	(5)	-
(Profit)/loss on sale of fixed assets	-	(4)	3
Operating lease rentals			
Land and buildings	1,127	1,360	420
Auditor's remuneration			
Fees payable to the auditor for the audit of the company's accounts	60	46	46
Fees payable to the auditor in respect of the audit of the company's subsidiaries	20	16	18
For non-audit services – Taxation	88	64	47
For non-audit services – Other services	60	268	175

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2014 £'000	2013 £'000	2012 £'000
Current tax			
Corporation tax	10,663	11,033	11,796
Adjustment in respect of previous years	(572)	142	1,359
Total current tax	10,091	11,175	13,155
Deferred tax			
Origination and reversal of timing differences	1,246	86	257
Adjustment in respect of prior years	19	(137)	32
Effect of change of tax rates	23	56	-
Total deferred tax (see note 15)	1,288	5	289
Total tax on profit on ordinary activities	11,379	11,180	13,444

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:

	2014 £'000	2013 £'000	2012 £'000
Profit on ordinary activities before tax	52,030	45,162	45,055
Tax on profit on ordinary activities at standard UK corporation tax rate of 22.5% (2013: 23.75%; 2012: 25.5%)	11,707	10,726	11,490
Effects of:			
Expenses not deductible for tax purposes	478	395	464
Non deductible provision relating to capital item	-	-	545
Income not taxable	(276)	(2)	(552)
Capital allowances in excess of depreciation	(144)	(32)	(63)
Other timing differences	(1,102)	(54)	(86)
Adjustments in respect of previous years	(572)	142	1,359
Group current tax charge for year	10,091	11,175	13,155

6. STAFF COSTS

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

	2014 Number	2013 Number	2012 Number
Management and administration			
- full time	331	326	323
- part time	22	23	14
	353	349	337

	2014 £'000	2013 £'000	2013 £'000
Their aggregate remuneration comprised:			
Wages and salaries	14,371	12,991	12,915
Social security costs	1,467	1,370	1,290
Pension costs	579	577	455
	16,417	14,938	14,660
Directors' remuneration:			
Emoluments	2,735	2,382	2,205
Company contributions to personal pension schemes	56	143	75
	2,791	2,525	2,280

The emoluments of the highest paid director were £728,750 (2013: £728,750; 2012: £723,750) including £nil (2013: £nil; 2012: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group	Freehold investment properties £'000
Valuation	
At 1 July 2013	228
Disposals	(49)
At 30 June 2014	179

If investment properties had not been revalued, they would have been included in the balance sheet at £158,000 (2013: £207,000).

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2013	4,557	887	5,444
Additions	352	431	783
Disposals	(130)	(249)	(379)
At 30 June 2014	4,779	1,069	5,848
Depreciation			
At 1 July 2013	807	503	1,310
Charge for the year	338	134	472
Disposals	(130)	(189)	(319)
At 30 June 2014	1,015	448	1,463
Net book value			
At 30 June 2014	3,764	621	4,385
At 30 June 2013	3,750	384	4,134

The net book value of tangible fixed assets includes £344,000 (2013: £262,000) in respect of assets held under hire purchase contracts.

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
At 1 July 2013 and At 30 June 2014	13	10,051

a) Subsidiary undertakings

Trading subsidiaries	Shares and voting rights	Principal activities
Auction Finance Limited	100%	Financier
Blemain Finance Limited	100%	Financier
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 FinCo PLC	100%	Financier
Jerrold Mortgage Corporation Limited	100%	Financier
Lancashire Mortgage Corporation Limited	100%	Financier
Phone-a-Loan Limited	100%	Mortgage brokerage
Spot Finance Limited	100%	Financier

Non trading subsidiaries	Shares and voting rights	Principal activities
Briar Hill Court Limited	100%	Non trading
Finance Your Property Limited	100%	Non trading
Monarch Recoveries Limited	100%	Non trading
Proactive Lending Limited (formerly Northwestern Properties & Developments Limited)	100%	Non trading
Privileged Estates Limited	100%	Non trading
Provincial & Northern Properties Limited	100%	Non trading
Supashow Limited	100%	Non trading

Dormant subsidiaries	Shares and voting rights	Principal activities
Bridging Finance.co.uk Limited	100%	Dormant
Classic Car Finance Limited	100%	Dormant
Proactive Bridging 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 Dormant subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006.

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 the lower of cost and net realisable value.

10. STOCKS

	2014 £'000	2013 £'000
Properties held for resale	1,381	1,381

11. DEBTORS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Trade debtors	362,467	289,185	-	-
Amounts owed by related companies	44	56	9	9
Other debtors	370	422	-	-
Prepayments and accrued income	2,019	2,484	-	441
	364,900	292,147	9	450
Amounts falling due after one year:				
Trade debtors	713,751	690,798	-	-
Amounts owed by group undertakings	-	-	367,914	329,185
Deferred taxation (see note 15)	-	1,257	-	-
	713,751	692,055	367,914	329,185
	1,078,651	984,202	367,923	329,635

Trade debtors include amounts due in respect of loans provided during the normal course of business. Also included in trade debtors is an amount of £296,180 (2013: £881,205) loaned to August Blake Developments Limited, £4,563,987 (2013: £6,270,093) loaned to Sunnywood Estates Limited and £10,744,039 (2013: £10,587,505) loaned to Edgworth 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. Amounts owed by related companies are in respect of Centrestand Limited and Sterling Property Co. Limited, companies in which H N Moser is a director and shareholder (see note 23).

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2015.

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2013 and at 30 June 2014	110

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank loans	-	52,713	-	52,713
Obligations under hire purchase contracts	121	87	-	-
Trade creditors	1,103	747	-	-
Amounts owed to related companies	259	7	-	-
Corporation tax	5,412	5,535	-	-
Other taxation and social security	485	384	-	-
Other creditors	3,642	3,942	1	1
Accruals and deferred income	19,492	19,561	7,708	2,023
	30,514	82,976	7,709	54,737

Amounts due to related companies are in respect of Sproston Green Limited and Charles Street Commercial Investments, 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	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans	33,025	146,914	33,025	146,914
Loan notes	372,345	351,513	-	-
Senior secured notes	193,758	-	-	-
Subordinated loans	60,000	60,000	60,000	60,000
Deferred Tax (see note 15)	31	-	-	-
Amounts owed to group undertakings	-	-	199,883	6,104
Obligations under hire purchase contracts	83	96	-	-
	659,242	558,523	292,908	213,018

Borrowings are repayable as follows:

	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Within one year	121	54,087	-	54,000
Between one and two years	35,069	506,950	35,000	150,500
Between two and five years	580,282	60,022	-	60,000
Greater than five years	60,000	-	60,000	-
Debt issue costs	(16,140)	(9,736)	(1,975)	(4,873)
	659,332	611,323	93,025	259,627

In September 2013 Jerrold Fin Co PLC (a subsidiary of Jerrold Holdings Limited) issued and closed an offering of £200m Senior Secured Notes repayable in 2018. The proceeds were used to repay the amount drawn on the parent company's syndicated loan facility ("bank loans") and to provide additional funding capacity for the Group. At the same time the syndicated loan facility was reduced from £191m to £100m, of which £35m was drawn as at 30 June 2014. Bank loans and senior secured notes are shown net of prepaid fees which are being amortised over the expected duration of the facility and term of the notes respectively.

The loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. They are secured on specific loan assets. The loan notes were extended on the 10 April 2014 to 31 January 2018, conditional upon receiving a prescribed rating by 31 December 2014, with the facility being increased from £373m to £435m and no principle repayments due until 31 January 2017. The balance of £372.3m above is net of prepaid fees which are being amortised over the expected duration of the facility.

Of the subordinated loans, £40m is due to 'D.L. Moser Family Settlement Trust', £8m is due to H.N. Moser, £9.9m is due to Equistone Partners Europe Limited and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum.

15. DEFERRED TAXATION

Group	**£'000**
Deferred tax asset/(liability)	
At 1 July 2013	1,257
Charged to profit and loss account	(1,288)
At 30 June 2014	(31)

The group has an unrecognised deferred tax liability of £4,763 (2013: £5,028) on the revaluation of properties.

Deferred tax asset is recognised as follows:

	2014 **£'000**	**2013** **£'000**
Accelerated capital allowances	(139)	(4)
Other timing differences	108	1,261
Deferred tax (liability)/asset	(31)	1,257

16. CALLED UP SHARE CAPITAL

	2014 **£'000**	**2013** **£'000**
Authorised		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
154,690 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
22 A deferred ordinary shares of 0.1 pence each	-	-
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425
	10,000	10,000
Issued, allotted and fully paid		
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196
131,202 C1 ordinary shares of 1 pence each	1	1
696,049 C2 ordinary shares of 1 pence each	7	7
64,250 C3 ordinary shares of 1 pence each	1	1
13 A deferred ordinary shares of 0.1 pence each	-	-
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203
	9,778	9,778

17. RESERVES

	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Group						
At 1 July 2013	17,527	(9,645)	1,300	21	341,934	351,137
Retained profit for the financial year	-	-	-	-	40,644	40,644
At 30 June 2014	17,527	(9,645)	1,300	21	382,578	391,781

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2013	17,527	1,300	58,558	77,385
Retained profit for the financial year	-	-	-	-
At 30 June 2014	17,527	1,300	58,558	77,385

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Retained profit for the financial year	40,644	33,959
Opening shareholders' funds	360,915	326,956
Closing shareholders' funds	401,559	360,915

19. MINORITY INTERESTS

	£'000
At 1 July 2013	246
Profit on ordinary activities after taxation	7
At 30 June 2014	253

20. CASH FLOW INFORMATION

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

	2014 £'000	2013 £'000	2012 £'000
Operating profit	97,155	87,716	92,380
Depreciation of tangible fixed assets	472	821	292
Profit/(loss) on disposal of tangible fixed assets	-	(4)	3
Refinancing costs	-	-	787
Profit on disposal of current asset investments	-	(3)	2,119
(Increase)/decrease in debtors	(96,148)	36,417	67,246
Decrease in creditors	(5,142)	(1,033)	(7,736)
Net cash (outflow)/inflow from operating activities	(3,663)	123,914	155,091

b) Analysis of net debt

	At 1 July 2013 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 June 2014 £'000
Cash at bank and in hand	12,592	(5,743)	-	6,849
Finance leases	(183)	121	(141)	(203)
Debt due within 1 year	(52,710)	(54,393)	107,103	-
Debt due after 1 year	(558,431)	-	(100,700)	(659,131)
Current asset investments	110	-	-	110
	(611,214)	(54,272)	6,262	(659,224)
Net debt	(598,622)	(60,015)	6,262	(652,375)

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

	2014 £'000	2013 £'000	2012 £'000
Decrease in cash in year	5,743	32,650	(40,531)
Cash inflow/(outflow) from increase/decrease in debt and lease financing	54,272	(85,135)	(55,841)
Cash inflow from movements in current asset investments	-	4	-
Change in net debt resulting from cash flows	60,015	(52,481)	(96,372)
New finance leases	141	243	60
Non-cash movements	(6,403)	(9,739)	-
Movement in net debt in year	53,753	(61,977)	(96,312)
Net debt, beginning of year	598,622	660,599	756,911
Net debt, end of year	652,375	598,622	660,599

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2014 £'000	2013 £'000	2012 £'000
Returns on investments and servicing of finance			
Interest received	92	93	66
Refinancing costs	(13,655)	(17,348)	(294)
Dividends received	1	-	-
Interest paid	(32,021)	(38,053)	(46,692)
Net cash outflow from returns on investments and servicing of finance	(45,583)	(55,308)	(46,918)

	2014 £'000	2013 £'000	2012 £'000
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(641)	(2,274)	(1,950)
Sales of tangible fixed assets	60	36	49
Sales of investment properties	25	11	-
Net cash outflow from capital expenditure and financial investments	(556)	(2,227)	(1,901)

	2014 £'000	2013 £'000	2012 £'000
Management of liquid resources			
Sale of current asset investments	-	4	-

	2014 £'000	2013 £'000	2012 £'000
Financing			
Proceeds from new/(repayment of) borrowings	54,393	(85,026)	(55,831)
Capital element of finance lease payments	(121)	(109)	(10)
Net cash inflow/(outflow) from financing	54,272	(85,135)	(55,841)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are group capital expenditure commitments of £nil at 30 June 2014 (2013: £nil).

Operating lease commitments

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

	2014 £'000	2013 £'000	2012 £'000
Land and buildings, lease expiring:			
- within one year	-	59	420
- after five years	1,046	1,046	1,137
	1,046	1,105	1,557

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2013: £nil).

Furthermore, the group contributes to employees personal pension plans. The total cost for the year amounted to £578,584 (2013: £576,787).

23. RELATED PARTY TRANSACTIONS

H.N. Moser is a director and shareholder of the company. Blemain Finance Limited, a wholly owned subsidiary of the company, is the principal employer of The Blemain Finance Pension Fund of which H.N. Moser is a trustee and beneficiary. During the year, Blemain Finance Limited entered into transactions, in the ordinary course of business, with The Blemain Finance Pension Fund as follows:

	2014 £'000	2013 £'000
Operating lease costs – Land and buildings	-	300
Payments to The Blemain Finance Pension Fund	-	(300)
	-	-
Amounts due from The Blemain Finance Pension Fund	-	-

23. RELATED PARTY TRANSACTIONS (continued)

The companies listed below are deemed to be related parties with the Group as they are owned by H.N. Moser or the Moser family. The following balances with related parties existed at the year end:

	Balances due to		Balances due from	
Group	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sproston Green Limited	7	7	-	-
Centrestand Limited	-	-	25	19
Charles Street Commercial Investments Ltd	252	-	2	-

Sterling Property Co. Limited	-	-	17	37
	259	7	44	56

Group transactions with related parties during the year were as follows:

	2014 £'000	**2013 £'000**
Operating lease costs – Land and buildings due to Bracken House Properties LLP	1,106	1,025
Insurance costs due to Bracken House Properties LLP	25	28
Payments from the Group to Bracken House Properties LLP	(1,124)	(1,337)
Introduction fees due from Charles Street Commercial Investments Ltd	(121)	(231)
Introduction fees paid by Charles Street Commercial Investments Ltd	121	231
Service charges and costs paid on behalf of Charles Street Commercial Investments Ltd, Centrestand Limited and Sterling Property Co. Limited	(437)	(11)
Receipts in the Group on behalf of Charles Street Commercial Investments Ltd	367	-
Receipts in Charles Street Commercial Investments Ltd on behalf of the Group	(60)	-
Repayments from the Group to Charles Street Commercial Investments Ltd	(58)	(18)
Repayments to the Group from Charles Street Commercial Investments Ltd, and Sterling Property Co. Limited	452	47
	271	(266)

23. RELATED PARTY TRANSACTIONS (continued)

Group (continued)

Prepayments and accrued income (see note 11) include an amount of £277,000 relating to a prepayment of operating lease rentals and insurance costs. Lease commitments of £1,046,000 (see note 21) are between Jerrold Holdings Limited and Bracken House Properties LLP.

Sterling Property Co. Limited provide property management services for properties repossessed or placed into LPA receivership by the Group. During the year, property management fees paid to Sterling Property Co. Limited for these services was £379,121 (2013: £562,000). These fees are applied to customer loan accounts and are not incurred by the Group.

Included in trade debtors (see note 11) is an amount of £296,180 (2013: £881,205) loaned to August Blake Developments Limited, £4,563,987 (2013: £6,270,093) loaned to Sunnywood Estates Limited and £10,744,039 (2013: £10,587,505) loaned to Edgworth 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.

Company	Balances due from 2014 £'000	2013 £'000
Sterling Property Co. Limited	9	9

There were no company transactions with related parties during the current or previous year.

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 70% of the voting rights of Jerrold Holdings Limited.

Key Definitions

Except as otherwise specified, as used in this quarterly report:

- “Borrower Group” means the Company and its subsidiaries and does not include Charles Street ABS.
- “Charles Street ABS” means Charles Street Conduit Asset Backed Securitization 1 Limited, a special purpose vehicle that purchases certain of our mortgage loans as part of the Conduit Securitization.
- “Company” means Jerrold Holdings Limited.
- “Conduit Securitization” means the series of agreements, dated November 12, 2007, as amended and restated on August 28, 2012 and from time to time, among, among others, the Company, the Subsidiary Guarantors and Charles Street ABS, establishing a conduit securitization program of certain of our mortgage loans.
- “Equistone” means certain funds managed by and affiliates of Equistone Partners Europe, which are minority shareholders of Jerrold Holdings Limited.
- “Investors” means Equistone and Standard Life Investments.
- “Issuer” means Jerrold FinCo plc.
- “Jerrold Holdings,” “group,” “we,” “us” and “our” mean the Company and its consolidated subsidiaries, except where the context otherwise requires.
- “Revolving Credit Facility” means the syndicated revolving credit loan facility, dated November 9, 2007, as amended and restated on August 28, 2012 and from time to time, between, among others, the Company, the Subsidiary Guarantors and certain lenders.
- “Standard Life Investments” means certain funds managed by Standard Life Investments and certain of its affiliates, which are minority shareholders of Jerrold Holdings Limited.
- “Subordinated Shareholder Loan Notes” means the £60.0 million in outstanding subordinated shareholder loan notes issued to our shareholders.

Contact Information and Financial Calendar

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Details of future results will be made available on the Jerrold Holdings investor website:

http://www.jerroldholdings.co.uk/investors.aspx