

JERROLD HOLDINGS LIMITED

Report and Consolidated Financial Statements

Year ended 30 June 2015

JERROLD HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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JERROLD HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

HN Moser Chief Executive Officer
SP Baker
GD Beckett
MR Goldberg
GA Jennison
JM Shaoul*
RM McTighe*
DJ Bennett*
SJ O'Hare*

* Non-Executives

SECRETARY

GD Beckett

REGISTERED OFFICE

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

PRINCIPAL BANKERS

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

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

Natixis
25 Dowgate Hill
London
EC4R 2YA

HSBC Bank plc
8 Canada Square
London
E14 5HQ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 City Square Leeds
Leeds
LS1 2AL

LEGAL ADVISORS

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

JERROLD HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2015.

ENHANCED BUSINESS REVIEW

The Group's principal activity continues to be that of financiers. 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, liquidity and to develop future strategy.

Results and dividends

The audited financial statements for the year ended 30 June 2015 are set out on pages 9 to 30. Group turnover has increased by 27.6% to £165.5m (2014: £129.7m), the main contributor being an increase in the Group's loan book values (classified within trade debtors). Profit before tax has increased by 34.8% to £70.1m (2014: £52.0m) due to the increase in turnover which is partially offset by an increase in administration costs and a higher cost of funding given the increase in debt. Profit for the year after tax was £55.1m (2014: £40.6m).

No dividend was paid for the year ended 30 June 2015 (2014: £nil).

Position

As shown in note 11 to the financial statements, loan book values (classified within trade debtors) have increased by 34.0% to £1,442.0m (2014: £1,076.0m). At the same time, shareholders' funds have increased by 13.6% to £456.6m (2014: £401.6m). The gearing ratio (being the ratio of debt to equity) has increased to 1.74:1 (2014: 1.30:1) reflecting the fact that the Group continues to fund a broadly similar 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 October 2014, the Group successfully obtained ratings for the Charles Street Asset Backed Securitisation 1 Limited facility, obtaining investment grade ratings of Aa2 from Moody's and AA from DBRS. This facility was subsequently increased in November 2014, from £435m to £675m including the introduction of HSBC as a Note Purchaser.

Furthermore, in April 2015, the Group issued and closed an additional £100 million of senior secured notes which were issued at a premium of 8.5%, taking the total notes in issue to £300 million. The proceeds were used to reduce the parent company's (i.e. Jerrold Holdings Limited) syndicated loan facility to £nil, from £80 million drawn and the available commitments reduced to £25 million from £100 million.

The raising of an additional £348.5 million, detailed above, demonstrates the continued appetite and support for Jerrold Holdings from its bankers and the capital markets.

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 2.3:1 for the year ended 30 June 2015 (2014: 2.2:1).

The Group closely monitors its liquidity position against its business plan on a regular basis taking into consideration the actual 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's activities in respect of second charge retail lending and brokerage and a pilot motor finance proposition are therefore regulated by the FCA, currently under the 'interim permissions' regime. Further to this, the UK's implementation of the European Mortgage Credit Directive (EU MCD) widens the scope of a 'regulated mortgage contract' to include second and subsequent charges secured on land. This is required to be adopted by 21 March 2016. The Group is currently running a regulatory change programme, addressing the implementation of the EU MCD and FCA full authorisation applications. Applications for full permissions are required in Q3 2015. The directors are confident that the Group will successfully implement the requirements of the UK's adoption of the EU MCD, and that the applications will be thorough, satisfy the relevant requirements and will be submitted on time.

JERROLD HOLDINGS LIMITED

STRATEGIC REPORT (continued)

Compliance and non-financial KPIs (continued)

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.

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.

Post Balance Sheet Events

On August 13th, 2015 the company successfully completed a new £255m revolving securitisation programme (Lakeside Asset Backed Securitisation 1 Limited). The facility will run until August 2018 and will support the groups commercial lending activity.

On August 27th, 2015 the company successfully refinanced its revolving credit facility, securing funds of £18m. The facility will run until August 2017.

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, with the exception of the fixed rate £300 million Senior Secured Notes. 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 its liquidity position against its business plan on a regular basis taking into consideration the actual 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. Regular monitoring is undertaken to ensure continual compliance with funding covenants, including formal monthly reporting and by performing stress test analysis as part of its budgeting and forecasting process. Funding risk is closely monitored with an active policy of renewing and / or extending facilities ahead of maturity dates.

JERROLD HOLDINGS LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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, the Vulnerable Customers Committee and the 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.

Plevin v Paragon Personal Finance Limited

The FCA noted that in November 2014 the UK Supreme Court's ruled in the case of *Plevin v Paragon Personal Finance Limited* that the sale of a single premium PPI policy could create an unfair relationship under s. 140A of the Consumer Credit Act 1974 because the premium contained a particularly high level of undisclosed commission. On the 27 May 2015, the FCA announced that it was considering whether additional rules and/or guidance are required to deal with the potential impact of the *Plevin* decision on complaints about PPI generally. At this stage there remains considerable uncertainty regarding the application of the *Plevin* decision and as such it is not practically reliable to estimate any potential impact and accordingly no additional provision has been established at this stage.

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

GD Beckett
Director



8 September 2015

JERROLD HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report for the year ended 30 June 2015.

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.

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.

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 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 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 of the Companies Act 2006.

JERROLD HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

Deloitte LLP has 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.

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



GD Beckett
Director

8 September 2015

JERROLD HOLDINGS LIMITED

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 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 26. 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 2015 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
Leeds, United Kingdom

8 September 2015

JERROLD HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2015

	Note	2015 £'000	2014 £'000
TURNOVER	1	165,501	129,734
Cost of sales		(11,519)	(5,779)
GROSS PROFIT		<u>153,982</u>	<u>123,955</u>
Administrative expenses		(31,837)	(26,800)
Other operating income		122	-
OPERATING PROFIT		<u>122,267</u>	<u>97,155</u>
Gain/(loss) on sale of investment properties		37	(24)
Interest payable and similar charges	3	(52,216)	(45,216)
Interest receivable and similar income	3	53	115
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>70,141</u>	<u>52,030</u>
Tax on profit on ordinary activities	5	(15,078)	(11,379)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>55,063</u>	<u>40,651</u>
Minority interests	19	-	(7)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	<u><u>55,063</u></u>	<u><u>40,644</u></u>

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.

JERROLD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investment properties	7	45	179
Tangible assets	8	5,230	4,385
Investments	9	13	13
		<u>5,288</u>	<u>4,577</u>
CURRENT ASSETS			
Stocks	10	840	1,381
Debtors			
- due within one year	11	581,334	364,900
- due after one year	11	862,781	713,751
Investments	12	110	110
Cash at bank and in hand		2,772	6,849
		<u>1,447,837</u>	<u>1,086,991</u>
CREDITORS: Amounts falling due within one year	13	<u>(39,012)</u>	<u>(30,514)</u>
NET CURRENT ASSETS		<u>1,408,825</u>	<u>1,056,477</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,414,113	1,061,054
CREDITORS: Amounts falling due after more than one year	14	<u>(957,489)</u>	<u>(659,242)</u>
NET ASSETS		<u>456,624</u>	<u>401,812</u>
CAPITAL AND RESERVES			
Called up share capital	16	9,779	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
Profit and loss account	17	437,663	382,578
		<u>456,624</u>	<u>401,812</u>
SHAREHOLDERS' FUNDS			
Minority interests	19	-	253
TOTAL CAPITAL EMPLOYED		<u>456,624</u>	<u>401,812</u>

These financial statements were approved by the Board of Directors on 8th September 2015.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director



GD Beckett
Director



JERROLD HOLDINGS LIMITED

COMPANY BALANCE SHEET As at 30 June 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investments	9	10,304	10,051
CURRENT ASSETS			
Debtors			
- due within one year	11	9	9
- due after one year	11	450,566	367,914
Cash at bank and in hand		4,687	9,806
		455,262	377,729
CREDITORS: Amounts falling due within one year	13	(9,201)	(7,709)
NET CURRENT ASSETS		446,061	370,020
TOTAL ASSETS LESS CURRENT LIABILITIES		456,365	380,071
CREDITORS: Amounts falling due after more than one year	14	(369,078)	(292,908)
NET ASSETS		87,287	87,163
CAPITAL AND RESERVES			
Called up share capital	16	9,779	9,778
Share premium account	17	17,527	17,527
Capital redemption reserve	17	1,300	1,300
Profit and loss account	17	58,681	58,558
SHAREHOLDERS' FUNDS		87,287	87,163

These financial statements were approved by the Board of Directors on th 8 September 2015.

Company Registration No. 02939389

Signed on behalf of the Board of Directors

HN Moser
Director



GD Beckett
Director



JERROLD HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2015

	Note	2015 £'000	2014 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20a	(238,574)	(3,663)
Returns on investments and servicing of finance	20d	(49,307)	(45,583)
Taxation		(12,530)	(10,213)
Capital expenditure and financial investment	20d	(1,505)	(556)
		<u> </u>	<u> </u>
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(301,916)	(60,015)
Financing	20d	297,839	54,272
		<u> </u>	<u> </u>
DECREASE IN CASH IN THE YEAR	20c	<u><u>(4,077)</u></u>	<u><u>(5,743)</u></u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

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 were 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.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

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 £0.1m (2014: £nil).

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. A full valuation by an external valuer is made 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.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

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 although no contributions were made. Contributions were made during the year 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.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

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

	2015 £'000	2014 £'000
<i>Interest payable and similar charges</i>		
Bank loans, senior secured notes and loan notes	(44,226)	(37,411)
Debt issue costs	(7,929)	(7,734)
Other interest	(61)	(71)
	<u>(52,216)</u>	<u>(45,216)</u>
	2015 £'000	2014 £'000
<i>Interest receivable and similar income</i>		
Bank and other interest	53	92
Other interest	-	23
	<u>53</u>	<u>115</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
Owned assets	834	397
Held under hire purchase contracts	123	75
(Gain)/loss on sale of investment properties	(37)	24
Profit on sale of fixed assets	12	-
Gain on sale of listed investments	(122)	-
Operating lease rentals		
Land and buildings	1,118	1,127
Auditor's remuneration		
Fees payable to the auditor for the audit of the company's accounts	64	60
Fees payable to the auditor in respect of the audit of the company's subsidiaries	21	20
For non-audit services – Taxation	60	88
For non-audit services – Other services	432	60
	<u>432</u>	<u>60</u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2015	2014
	£'000	£'000
Current tax		
Corporation tax	14,959	10,663
Adjustment in respect of previous years	25	(572)
Total current tax	<u>14,984</u>	<u>10,091</u>
Deferred tax		
Origination and reversal of timing differences	100	1,246
Adjustment in respect of prior years	(2)	19
Effect of change of tax rates	(4)	23
Total deferred tax (see note 15)	<u>94</u>	<u>1,288</u>
Total tax on profit on ordinary activities	<u><u>15,078</u></u>	<u><u>11,379</u></u>

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

	2015	2014
	£'000	£'000
Profit on ordinary activities before tax	<u>70,141</u>	<u>52,030</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.75% (2014: 22.5%)	14,554	11,707
Effects of:		
Expenses not deductible for tax purposes	812	478
Income not taxable	(307)	(276)
Capital allowances in excess of depreciation	(100)	(144)
Other timing differences	-	(1,102)
Adjustments in respect of previous years	25	(572)
Group current tax charge for year	<u><u>14,984</u></u>	<u><u>10,091</u></u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

6. STAFF COSTS

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

	2015 Number	2014 Number
Management and administration		
- full time	354	331
- part time	19	22
	<u>373</u>	<u>353</u>
	2015	2014
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	16,025	14,371
Social security costs	1,883	1,467
Pension costs	807	579
	<u>18,715</u>	<u>16,417</u>
Directors' remuneration:		
Emoluments	3,280	2,694
Company contributions to personal pension schemes	63	97
	<u>3,343</u>	<u>2,791</u>

The emoluments of the highest paid director were £995,995 (2014: £728,750) including £nil (2014: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

Group Valuation	Freehold investment properties £'000
At 1 July 2014	179
Disposals	<u>(134)</u>
At 30 June 2015	<u>45</u>

If investment properties had not been revalued, they would have been included in the balance sheet at £45,000 (2014: £158,000).

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

8. TANGIBLE FIXED ASSETS

Group	Fixtures, fittings, and equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 July 2014	4,779	1,069	5,848
Additions	1,725	297	2,022
Disposals	(8)	(338)	(346)
Reclassifications	(111)	-	(111)
At 30 June 2015	<u>6,385</u>	<u>1,028</u>	<u>7,413</u>
Depreciation			
At 1 July 2014	1,015	448	1,463
Charge for the year	784	173	957
Disposals	(8)	(229)	(237)
At 30 June 2015	<u>1,791</u>	<u>392</u>	<u>2,183</u>
Net book value			
At 30 June 2015	<u><u>4,594</u></u>	<u><u>636</u></u>	<u><u>5,230</u></u>
At 30 June 2014	<u><u>3,750</u></u>	<u><u>384</u></u>	<u><u>4,134</u></u>

The net book value of tangible fixed assets includes £517,714 (2014: £344,000) in respect of assets held under hire purchase contracts.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

9. FIXED ASSET INVESTMENTS

	Group other investments £'000	Company subsidiary undertakings £'000
At 1 July 2014	13	10,051
Additions	-	253
	<hr/>	<hr/>
At 30 June 2015	13	10,304
	<hr/> <hr/>	<hr/> <hr/>

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
Harpmanor Limited	100%	Financier
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
Factfocus Limited	100%	Non-trading
Finance Your Property Limited	100%	Non-trading
General Allied Properties Limited	100%	Non-trading
Heywood Finance Limited	100%	Non-trading
Heywood Leasing 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 and operate throughout the United Kingdom.

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.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

10. STOCKS

	2015 £'000	2014 £'000
Properties held for resale	840	1,381

11. DEBTORS

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due within one year:				
Trade debtors	578,854	362,467	-	-
Amounts owed by related companies	35	44	9	9
Other debtors	290	370	-	-
Prepayments and accrued income	2,155	2,019	-	-
	<u>581,334</u>	<u>364,900</u>	<u>9</u>	<u>9</u>
Amounts falling due after one year:				
Trade debtors	862,781	713,751	-	-
Amounts owed by group undertakings	-	-	450,566	367,914
	<u>862,781</u>	<u>713,751</u>	<u>450,566</u>	<u>367,914</u>
	<u>1,444,115</u>	<u>1,078,651</u>	<u>450,575</u>	<u>367,923</u>

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 £310,830 (2014: £296,180) loaned to August Blake Developments Limited, £3,187,495 (2014: £3,770,286) loaned to Sunnywood Estates Limited and £8,973,659 (2014: £11,537,741) loaned to Edgworth Developments Limited, companies in which HN 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 HN 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 2016.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2014 and at 30 June 2015	<u>110</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Obligations under hire purchase contracts (see note 8)	158	121	-	-
Trade creditors	1,275	1,103	-	-
Amounts owed to related companies	36	259	-	-
Corporation tax	7,866	5,412	-	-
Other taxation and social security	621	485	-	-
Other creditors	3,365	3,642	1	1
Accruals and deferred income	25,691	19,492	9,200	7,708
	<u>39,012</u>	<u>30,514</u>	<u>9,201</u>	<u>7,709</u>

Amounts due to related companies are in respect of Sproston Green Limited and Charles Street Commercial Investments, companies in which HN Moser is a director and shareholder (see note 23).

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank loans	-	33,025	-	33,025
Loan notes	596,636	372,345	-	-
Senior secured notes	300,569	193,758	-	-
Subordinated loans	60,000	60,000	60,000	60,000
Deferred tax (see note 15)	125	31	-	-
Amounts owed to group undertakings	-	-	309,078	199,883
Obligations under hire purchase contracts	160	83	-	-
	<u>957,490</u>	<u>659,242</u>	<u>369,078</u>	<u>292,908</u>
Borrowings are repayable as follows:				
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	158	121	-	-
Between one and two years	102	35,069	-	35,000
Between two and five years	913,320	580,282	-	-
Greater than five years	60,000	60,000	60,000	60,000
Debt issue costs	(16,057)	(16,140)	-	(1,975)
	<u>957,523</u>	<u>659,332</u>	<u>60,000</u>	<u>93,025</u>

In April 2015 Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) issued and closed an additional £100 million of senior secured notes issued at a premium of 8.5%, taking the total notes in issue to £300 million. The proceeds were used to reduce the parent company's (i.e. Jerrold Holdings Limited) syndicated loan facility to £nil from £80 million drawn and the available commitments reduced to £25 million from £100 million.

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 secured on specific loan assets. On 28 October 2014, the facility was rated Aa2 by Moody's and AA by DBRS. The facility was subsequently increased on 24 November 2014 from £435m to £675m. The balance of £596.6m 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 HN 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.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

15. DEFERRED TAXATION

Group	£'000
Deferred tax liability	
At 1 July 2014	31
Charged to profit and loss account	94
	<hr/>
At 30 June 2015	125
	<hr/> <hr/>

The Group has an unrecognised deferred tax liability of £nil (2014: £4,763) on the revaluation of properties.

The deferred tax liability is recognised as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	(223)	(139)
Other timing differences	98	108
	<hr/>	<hr/>
Deferred tax liability	(125)	(31)
	<hr/> <hr/>	<hr/> <hr/>

16. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'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
100,000 D ordinary shares of 1 pence each	1	-
10,000 E ordinary shares of 1 pence each	-	-
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
	<hr/>	<hr/>
	10,001	10,000
	<hr/> <hr/>	<hr/> <hr/>
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
100,000 D ordinary shares of 1 pence each	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
	<hr/>	<hr/>
	9,779	9,778
	<hr/> <hr/>	<hr/> <hr/>

On 6 January 2015, new D shares were issued to directors and senior management as part of a long-term incentive scheme. The details of the share based payment scheme are disclosed in note 24.

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

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 2014	17,527	(9,645)	1,300	21	382,578	391,781
Transfer to retained earnings	-	-	-	(22)	22	-
Transfer to profit and loss	-	-	-	1	-	1
Retained profit for the financial year	-	-	-	-	55,063	55,063
At 30 June 2015	<u>17,527</u>	<u>(9,645)</u>	<u>1,300</u>	<u>-</u>	<u>437,663</u>	<u>446,845</u>

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Company				
At 1 July 2014	17,527	1,300	58,558	77,385
Retained profit for the financial year	-	-	123	123
At 30 June 2015	<u>17,527</u>	<u>1,300</u>	<u>58,681</u>	<u>77,508</u>

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
Opening shareholders' funds	401,559	360,915
Share capital issued	1	-
Retained profit for the financial year	<u>55,064</u>	<u>40,644</u>
Closing shareholders' funds	<u>456,624</u>	<u>401,559</u>

19. MINORITY INTERESTS

	2015 £'000	2014 £'000
As at 1 July 2014	253	246
Profit on ordinary activities after taxation	-	7
Adjustment arising from change in minority interest	<u>(253)</u>	<u>-</u>
As at 30 June 2015	<u>-</u>	<u>253</u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

20. CASH FLOW INFORMATION

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

	2015 £'000	2014 £'000
Operating profit	122,267	97,155
Depreciation of tangible fixed assets	957	472
Loss on disposal of tangible fixed assets	12	-
Profit on acquisition of minority interest	(122)	-
Increase in debtors	(365,466)	(96,148)
Increase / (decrease) in creditors	3,237	(5,142)
Decrease in stock	541	-
Net cash outflow from operating activities	(238,574)	(3,663)

b) Analysis of net debt

	At 1 July 2014 £'000	Cash flow £'000	Other non- cash changes £'000	At 30 June 2015 £'000
Cash at bank and in hand	6,849	(4,077)	-	2,772
Finance leases	(203)	153	(268)	(318)
Debt due within 1 year	-	35,000	(35,000)	-
Debt due after 1 year	(659,131)	(332,992)	34,917	(957,206)
Current asset investments	110	-	-	110
	(659,224)	(297,839)	(351)	(957,414)
Net debt	(652,375)	(301,916)	(351)	(954,642)

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

	2015 £'000	2014 £'000
Decrease in cash in year	4,077	5,743
Cash inflow from increase in debt and lease financing	297,839	54,272
Change in net debt resulting from cash flows	301,916	60,015
New finance leases	268	141
Non-cash movements	83	(6,403)
Movement in net debt in year	302,267	53,753
Net debt, beginning of year	652,375	598,622
Net debt, end of year	954,642	652,375

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest received	53	92
Refinancing costs	(8,124)	(13,655)
Dividends received	-	1
Interest paid	(41,236)	(32,021)
	<u>(49,307)</u>	<u>(45,583)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(49,307)</u>	<u>(45,583)</u>
	2015 £'000	2014 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,643)	(641)
Sales of tangible fixed assets	97	60
Sales of investment properties	172	25
Purchase of investments	(131)	-
	<u>(1,505)</u>	<u>(556)</u>
Net cash outflow from capital expenditure and financial investments	<u>(1,505)</u>	<u>(556)</u>
	2015 £'000	2014 £'000
Financing		
Proceeds from new borrowings	297,992	54,393
Capital element of finance lease payments	(154)	(121)
Share capital issued	1	-
	<u>297,839</u>	<u>54,272</u>
Net cash inflow from financing	<u>297,839</u>	<u>54,272</u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

There are Group capital expenditure commitments of £nil at 30 June 2015 (2014: £nil).

Operating lease commitments

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

	2015 £'000	2014 £'000
Land and buildings, lease expiring:		
- within one year	-	-
- after five years	1,046	1,046
	<u>1,046</u>	<u>1,046</u>

22. PENSION ARRANGEMENTS

The group operated a defined contribution scheme for which the pension cost charge for the year amounted to £nil (2014: £nil).

Furthermore, the group contributes to employees' personal pension plans. The total cost for the year amounted to £433,801 (2014: £578,584).

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

23. RELATED PARTY TRANSACTIONS

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

Group	Balances due to		Balances due from	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Sproston Green Limited	7	7	-	-
Centrestand Limited	-	-	14	25
Charles Street Commercial Investments Ltd	29	252	1	2
Sterling Property Co. Limited	-	-	20	17
	<u>36</u>	<u>259</u>	<u>35</u>	<u>44</u>

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

	2015 £'000	2014 £'000
<i>Bracken House Properties LLP</i>		
Operating lease costs – Land and buildings due to Bracken House Properties LLP	1,055	1,106
Insurance costs due to Bracken House Properties LLP	25	25
Payments from the Group to Bracken House Properties LLP	(1,071)	(1,124)
<i>Charles Street Commercial Investments Ltd</i>		
Introduction fees due from Charles Street Commercial Investments Ltd	(12)	(121)
Introduction fees paid by Charles Street Commercial Investments Ltd	12	121
Amounts received by Charles Street Commercial Investments Ltd relating to the Group	(191)	(497)
Repayments by Charles Street Commercial Investments Ltd to the Group	103	431
Amounts received by the Group relating to Charles Street Commercial Investments Ltd	1,481	367
Repayments by the Group to Charles Street Commercial Investments Ltd	(1,615)	(58)
<i>Centrestand Limited</i>		
Service charges and costs paid on behalf of Centrestand Limited	11	-
<i>Sterling Property Co. Ltd</i>		
Service charges and costs paid on behalf of Sterling Property Co. Ltd	(8)	-
Repayments to the Group from Sterling Property Co. Ltd	5	21
	<u>(205)</u>	<u>12</u>

JERROLD HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2015

23. RELATED PARTY TRANSACTIONS (continued)

Prepayments and accrued income (see note 11) include an amount of £268,000 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 provides 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 were £264,917 (2014: £379,121). 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 £310,830 (2014: £296,180) loaned to August Blake Developments Limited, £3,187,495 (2014: £3,770,286) loaned to Sunnywood Estates Limited and £8,973,659 (2014: £11,537,741) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

Company	Balances due from	
	2015 £'000	2014 £'000
Sterling Property Co. Limited	9	9

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

24. SHARE-BASED PAYMENTS

In the period 100,000 D shares were issued to senior management. The ability to dispose of such shares or a proportion thereof is conditional on sale of shares held by other shareholders amounting to 30% or more of the company's share capital. As there is currently no indication that this event will take place no profit and loss charge has been made.

In the period options were granted to senior management over 10,000 E shares. The ability to execute such options is conditional on sale of shares held by other shareholders amounting to 30% or more of the company's share capital. As there is currently no indication that this event will take place no profit and loss charge has been made.

25. CONTROLLING PARTY

Mr HN 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.

26. POST BALANCE SHEET EVENT

On August 13th, 2015 the company successfully completed a new £255m revolving securitisation programme (Lakeside Asset Backed Securitisation 1 Limited). The facility will run until August 2018 and will support the groups commercial lending activity.

On August 27th, 2015 the company successfully refinanced its revolving credit facility, securing funds of £18m. The facility will run until August 2017.