Jerrold Holdings

Q4 2014/15 Results

Contents

Highlights

- **Increased Turnover** Turnover has increased 2.3% to £44.7m for the quarter to June 30, 2015, compared to £43.7m for the quarter to March 31, 2015. This increase primarily relates to higher interest and loan set up income earned due to growth in the size of the loan book, net of a £2.1m provision charge in respect of prior years interest.
- **Bad debts maintained at very low levels** The net bad debt credit to the Profit and Loss account was £0.6m in the quarter to June 30, 2015 and compares to a charge of £0.4m for the quarter to March 31, 2015, representing 0.2% credit for the rolling 12 months to June, 2015, primarily as a function of the group's continued low loan to value ('LTV') policy and favorable movements in the indexation and Incurred but not reported provisions.
- **Continually high EBITDA** The group continues to be consistently highly profitable, with EBITDA at £33.1m for the quarter to June 30, 2015, up from £31.9m for the quarter to March 31, 2015. EBITDA margin has remained above 70% at 74.1% for the quarter to June 30, 2015, compared to 73.0% for the quarter to March 31, 2015.
- **Continually high Profit before tax** Profit before tax increased to £18.8m for the quarter to June 30, 2015, compared to £18.3m for the quarter to March 31, 2015.
- **Continually high cash generation** The group continues to be highly cash generative, with cash receipts in the quarter to June 30, 2015 of £141.0m compared to cash debt service of £6.2m, and other cash expense payments of £15.5m. Additionally, £7.5m of interest payable, relating to the senior secured notes, has accrued and becomes payable in September 2015. During the quarter, the Group's borrowing increased by £80m comprised of a £60m increase in the issue of Securitisation variable funding notes (total issued £635m at June 30, 2015), £100m senior secured notes and a £80m reduction in the Revolving Credit Facility (RCF). Drawn balance on the RCF totaled £nil at June 30, 2015)
- **Increased lending volumes** Lending volumes increased on the prior period, with the group advancing £203.9m of loans in the quarter to June 30, 2015, compared to £186.0m in the quarter to March 31, 2015. Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the quarter to June 30, 2015 being 54.2%, compared to 56.2% in the quarter to March 31, 2015 and 54.6% in the quarter to June 30, 2014.
- **Improving LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total group improved to 56.5% at June 30, 2015 compared to 59.0% at March 31, 2015, also showing an improvement on the position as at June 30, 2014 of 60.9%.
- **Improving LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower group improved to 67.4% at June 30, 2015 compared to 70.4% at March 31, 2015, showing an improvement on the position as at June 30, 2014 of 71.5%.

An Introduction to Jerrold Holdings

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 41 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 81.1% 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, 2015, 37.9% of our loan portfolio was classified as retail purpose, 56.4% of our loan portfolio was classified as commercial purpose and 5.6% 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") or, prior to March 31, 2014, the Office of Fair Trading ("OFT") after which date responsibility for consumer credit regulation transferred from the OFT to 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, 2015, was 56.5% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended June 30, 2015 was 54.2%. 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, 2015, 90.3% of our total loan portfolio and 83.3% 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, 2014 and 2015 and for the twelve months ended June 30, 2015. 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, 2014 and 2015 and for the fiscal years ended June 30, 2013, 2014 and 2015. The consolidated audited financial statements of Jerrold Holdings have been prepared in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP").

All accounting policies have remained consistent with prior year. 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 by our 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 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, 2014 and 2015 and for the twelve months ended June 30, 2015 for Jerrold Holdings, can be extracted 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 his 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 99.9% of our total loan book balances by value as of June 30, 2015. 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, 2015 subsequent lien loans amounted to approximately £4.7 million after suspended income and after provisions for bad and doubtful debts, representing 0.3% 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.

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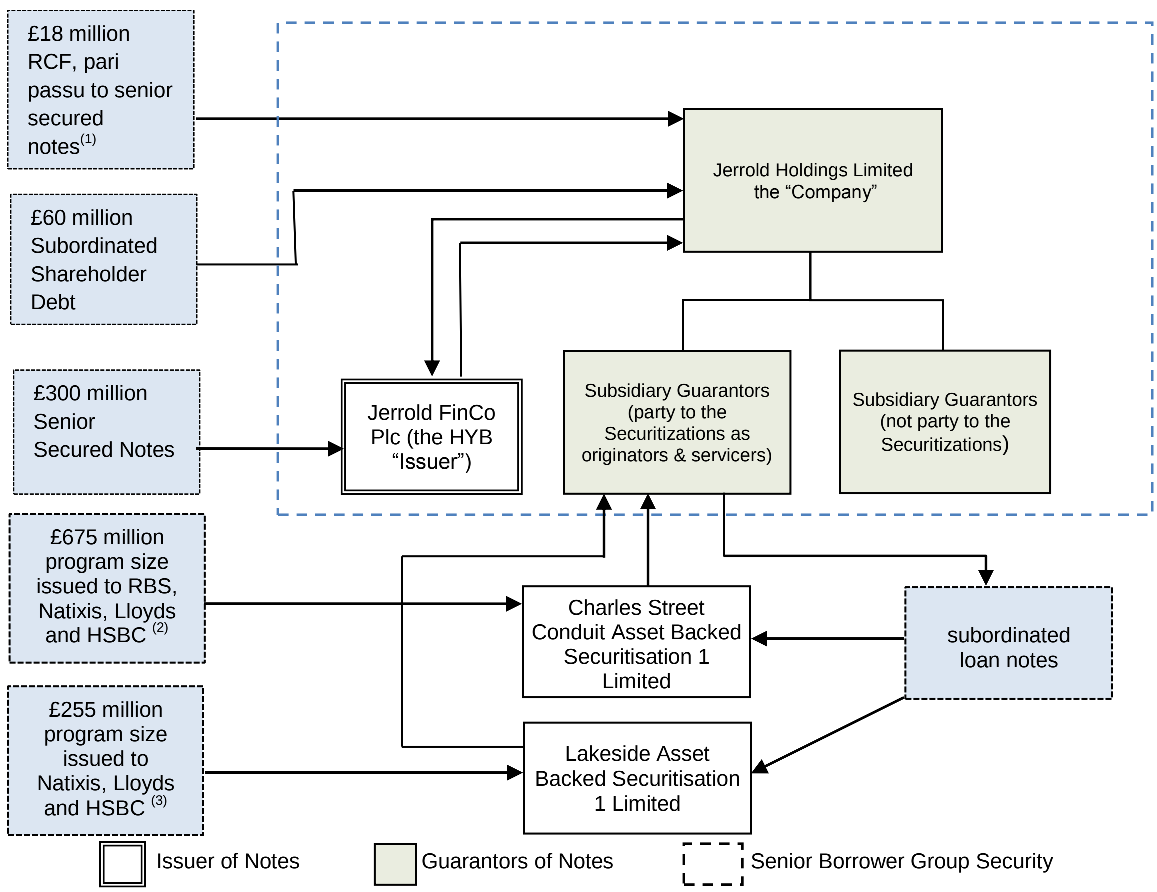
Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at August 31, 2015. The diagram does not include all entities in our group nor does it show all our liabilities in our group

Group Legal & Finance Structure as at 31 August 2015



(1) 30 June 2015 drawn balance was £nil, and as at 31 August drawn balance was £nil
(2) 30 June 2015 balance was £635m and as at 31 August 2015 £630m
(3) Facility in place since 13 August and as at 31 August 2015 £75m of notes issued

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,		Unaudited 12 months ended or as at June 30,
	2014	2015	2015
Group			
Turnover……………………………………………………….	35,968	44,701	165,501
Movement in bad debt provisions……………….	(409)	617	852
EBITDA………………………………………………………….	29,253	33,113	123,261
EBITDA margin……………………………………………	81.3%	74.1%	74.5%
Profit on ordinary activities before tax………..	17,207	18,820	70,141
Supplemental cash flow information:			
Cash receipts………………………………………………	110,104	141,017	526,082
New advances……………………………………………	(125,934)	(203,872)	(724,193)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)….	57.5%	57.2%	57.2%
LTV of loan portfolio (on a weighted average indexed basis)…………………………………………….	60.9%	56.5%	56.5%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)…..	61.5%	60.8%	60.8%
LTV of loan portfolio (on a weighted average indexed basis)…………………………………………….	71.5%	67.4%	67.4%

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, 2014 and 2015 and twelve months ended June 30, 2015, have been derived from audited consolidated 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 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, 2015 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 54.2%, compared to 56.2% in the quarter to March 31, 2015 and 54.6% in the quarter to June 30, 2014.

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 10.3% for loans funded in the year ended December 31, 2008, to 0.8% for loans funded in the year ended December 31, 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, 2015, March 30, 2015 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, 2014	**Mar 31, 2015**	**Jun 30, 2015**	**Jun 30, 2014**	**Mar 31, 2015**	**Jun 30, 2015**
Nil Arrears & Arrears ≤ 1 month.	**71.4%**	**77.3%**	**79.2%**	**50.1%**	**55.9%**	**58.9%**
Performing Arrears						
1-3 months	**7.0%**	**6.1%**	**5.1%**	**8.3%**	**7.4%**	**6.2%**
3-6 months	**2.0%**	**1.3%**	**1.1%**	**3.7%**	**2.6%**	**2.4%**
>6 months	**2.1%**	**1.4%**	**1.3%**	**4.3%**	**3.3%**	**3.1%**
Total Performing Arrears………	**11.2%**	**8.9%**	**7.6%**	**16.3%**	**13.3%**	**11.7%**
Non-Performing Arrears						
3-6 months	**1.4%**	**1.4%**	**1.3%**	**2.1%**	**2.6%**	**2.3%**
>6 months	**3.1%**	**2.5%**	**2.2%**	**6.2%**	**5.7%**	**5.2%**
Past due (term loans)	**1.0%**	**0.8%**	**0.8%**	**2.0%**	**1.8%**	**1.8%**
LPA Rent	**1.0%**	**0.7%**	**0.7%**	**2.1%**	**1.6%**	**1.6%**
Total Non-Performing Arrears.	**6.6%**	**5.5%**	**5.1%**	**12.5%**	**11.7%**	**11.0%**
Development Loans…………………	**7.8%**	**5.9%**	**5.6%**	**15.7%**	**13.4%**	**13.1%**
Repossessions…………………………	**2.9%**	**2.6%**	**2.5%**	**5.5%**	**5.7%**	**5.4%**
Total	**100.0%**	**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, 2015 was 54.2%, compared to 56.2% in the quarter to March 30, 2015 and 54.6% in the quarter to June 30, 2014.

An analysis of our loan portfolio as at March 31, 2015, 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%..............................	913.1	32.8	15.2	5.9	966.9
>60% <=85%.....................	332.0	20.4	8.1	11.5	371.9
>85% <=100%..................	14.7	10.6	38.1	11.6	75.0
>100%............................	1.5	10.0	20.3	7.0	38.8
Total.................................	1,261.3	73.8	81.6	36.1	1,452.7

Borrower Group Loan Portfolio Indexed LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	273.5	28.4	15.1	4.3	321.4
>60% <=85%.....................	153.1	19.5	8.1	11.0	191.7
>85% <=100%..................	12.8	10.6	38.1	11.6	73.1
>100%............................	0.9	10.0	20.3	7.0	38.2
Total.................................	440.3	68.5	81.5	34.0	624.4

Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	714.4	31.9	27.3	16.7	790.2
>60% <=85%.....................	533.0	34.5	30.2	13.2	610.9
>85% <=100%..................	8.3	5.0	15.9	4.4	33.6
>100%............................	5.7	2.4	8.2	1.8	18.0
Total.................................	1,261.3	73.8	81.6	36.1	1,452.7

Borrower Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<= 60%..............................	227.5	28.5	27.3	14.9	298.2
>60% <=85%.....................	199.3	32.6	30.2	12.9	275.1
>85% <=100%..................	7.8	5.0	15.9	4.4	33.1
>100%............................	5.7	2.4	8.2	1.8	18.0
Total.................................	440.3	68.5	81.5	34.0	624.4

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, 2015 37.9% of our loan portfolio was classified as retail purpose, 56.4% of our loan portfolio was classified as commercial purpose and 5.6% of our loan portfolio was classified as development funding, calculated by value. The position as at March 31, 2015 showed, 40.2% of our loan portfolio was classified as retail purpose, 53.9% of our loan portfolio was classified as commercial purpose and 5.9% of our loan portfolio was classified as development funding.

The proportion of our loan portfolio secured by residential security by value has remained relatively consistent at 81.1% as at June 30, 2015, compared to 81.9% as at March 31, 2015.

The proportion of our loan portfolio secured on first charges has also remained relatively consistent at 54.4% as at June 30, 2015, compared to 52.6% as at March 31, 2015.

The slight increase in commercial purpose and first charge lien loans reflects the recent higher proportion of bridging loans in our business mix.

Moderately grow our loan portfolio.

We have continued to grow our loan portfolio using our well established distribution channels across the mainland UK. 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, 2015, including further advances, we have funded an average of £68.0m per month compared with £62.0m per month in the quarter to March 31, 2015 and £60.3m per month in the 12 months to June 30, 2015.

Our total loan portfolio stands at £1,452.7m as at June 30, 2015, compared to £1,343.8m as at March 31, 2015, 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, 2015 is due to the increased available liquidity following the successful capital market transaction in April 2015.

We intend 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 2.3% to £44.7m for the quarter to June 30, 2015, compared to £43.7m for the quarter to March 31, 2015. This increase primarily relates to higher interest and loan set up income earned due to growth in the size of the loan book, net of a £2.1m provision charge in respect of prior years interest.

The net bad debt credit to the Profit and Loss account was £0.6m in the quarter to June 30, 2015 and compares to a charge of £0.4m for the quarter to March 31, 2015, representing 0.2% credit for the rolling 12 months to June, 2015, primarily as a function of the group's continued low loan to value ('LTV') policy and favorable movements in the indexation and Incurred but not reported provisions.

The group continues to be consistently highly profitable, with EBITDA at £33.1m for the quarter to June 30, 2015, up from £31.9m for the quarter to March 31, 2015. EBITDA margin has remained above 70% at 74.1% for the quarter to June 30, 2015, compared to 73.0% for the quarter to March 31, 2015.

Profit before tax increased to £18.8m for the quarter to June 30, 2015, compared to £18.3m for the quarter to March 31, 2015.

The group continues to be highly cash generative, with cash receipts in the quarter to June 30, 2015 of £141.0m compared to cash debt service of £6.2m, and other cash expense payments of £15.5m. Additionally, £7.5m of interest payable, relating to the senior secured notes, has accrued and becomes payable in September 2015. During the quarter, the Group's borrowing increased by £80m comprised of a £60m increase in the issue of Securitisation variable funding notes (total issued £635m at June 30, 2015), £100m senior secured notes and a £80m reduction in the Revolving Credit Facility (RCF). Drawn balance on the RCF totaled £nil at June 30, 2015).

Lending volumes increased on the prior period, with the group advancing £203.9m of loans in the quarter to June 30, 2015, compared to £186.0m in the quarter to March 31, 2015. Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the quarter to June 30, 2015 being 54.2%, compared to 56.2% in the quarter to March 31, 2015 and 54.6% in the quarter to June 30, 2014.

The indexed weighted average LTV of the loan portfolio for the total group improved to 56.5% at June 30, 2015 compared to 59.0% at March 31, 2015, also showing an improvement on the position as at June 30, 2014 of 60.9%.

The indexed weighted average LTV of the loan portfolio for the borrower group improved to 67.4% at June 30, 2015 compared to 70.4% at March 31, 2015, showing an improvement on the position as at June 30, 2014 of 71.5%.

Recent Developments

Changes to senior management

In May 2015 Mr G Jennison and Mr S Baker tendered their resignations. Whilst currently working their 12 month notice periods, the Board is actively conducting a search to replace both individuals and has already recruited interim resource. It is expected that Mr Jennison will leave prior to the end of his notice period.

New committed funding

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

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

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, our issued Capital Market instrument, Revolving Credit Facility and through our Securitization facilities. 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. Our residential business operations are regulated by the FCA (full permissions for first charge mortgages and interim permissions for second charge mortgages with application for full permissions expected to be submitted in September 2015. 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, 2015.

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, 2015; and

- Consolidated Balance Sheet has comparatives of June 30, 2015 and March 31, 2015.

The financial performance for the 12 months ending June 30, 2015 and the Consolidated Balance Sheet and Consolidated Cash Flow Statement as of June 30, 2015 and 2014 have been extracted from the Audited Consolidated Financial Statements as at June 30, 2015.

JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended June 30, 2015

	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
TURNOVER	165,501	44,701	35,968
Cost of sales	(11,519)	(3,496)	(1,990)
GROSS PROFIT	153,982	41,206	33,978
Administrative expenses	(31,837)	(8,399)	(4,900)
Other operating income	122	-	-
OPERATING PROFIT	122,267	32,807	29,078
Gain/(loss) on sale of investment properties	37	-	(24)
Interest payable and similar charges	(52,216)	(13,998)	(11,867)
Interest receivable and similar income	53	10	21
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	70,141	18,820	17,208
Tax on profit on ordinary activities	(15,078)	(3,757)	(2,875)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	55,063	15,062	14,333
Minority interests	-	-	(1)
RETAINED PROFIT FOR THE PERIOD	55,063	15,062	14,332

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.

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JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED BALANCE SHEET
As at June 30, 2015

	As at June 30, 2015 £'000	As at March 31, 2015 £'000	As at June 30, 2014 £'000
	£'000	£'000	£'000
FIXED ASSETS			
Investment properties	45	45	179
Tangible assets	5,230	5,250	4,385
Investments	13	13	13
	5,288	5,308	4,577
CURRENT ASSETS			
Stocks	840	1,262	1,381
Debtors			
- Due within one year	581,334	529,794	364,900
- Due after one year	862,781	804,661	713,751
Investments	110	110	110
Cash at bank and in hand	2,772	7,948	6,849
	1,447,837	1,343,775	1,086,991
CREDITORS: Amounts falling due within one year	(39,012)	(108,334)	(30,514)
NET CURRENT ASSETS	1,408,825	1,235,441	1,056,477
TOTAL ASSETS LESS CURRENT LIABILITIES	1,414,113	1,240,749	1,061,054
CREDITORS: Amounts falling due after more than one year	(957,489)	(799,187)	(659,242)
NET ASSETS	456,624	441,562	401,812
CAPITAL AND RESERVES			
Called up share capital	9,779	9,779	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
Profit and loss account	437,663	422,601	382,578
SHAREHOLDERS' FUNDS	456,624	441,562	401,559
Minority interests	-	-	253
TOTAL CAPITAL EMPLOYED	456,624	441,562	401,812

JERROLD HOLDINGS LIMITED

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
Period ended June 30, 2015

	Note	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	1a	(238,574)	(74,684)	(24,355)
Returns on investments and servicing of finance	1d	(49,307)	(6,191)	(8,132)
Taxation		(12,530)	(3,573)	(2,502)
Capital expenditure and financial investments	1d	(1,505)	(96)	(90)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(301,916)	(84,544)	(35,079)
Management of liquid resources	1d	-	-	-
Financing	1d	297,839	79,368	33,777
DECREASE IN CASH IN THE PERIOD	1c	(4,077)	(5,176)	(1,302)

1. CASH FLOW INFORMATION

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

	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
Operating profit	122,267	32,807	29,078
Depreciation of tangible fixed assets	957	306	199
Loss/ (profit) on disposal of tangible fixed assets	12	(1)	(2)
Profit on acquisition of minority interest	(122)	-	-
	-		-
Decrease in stock	541	422	-
Increase in debtors	(365,466)	(109,661)	(50,682)
Increase/(decrease) in creditors	3,237	1,443	(2,948)
Net cash outflow from operating activities	(238,574)	(74,684)	(24,355)

b) Analysis of net debt

	As at July 1, 2014 £'000	Cash flow £'000	Other non-cash changes £'000	As at June 30, 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

	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
Decrease in cash in period	4,077	5,176	1,302
Cash inflow from increase in debt and lease financing	297,839	79,368	33,777
Cash inflow from movements in current asset investments	-	-	-
Change in net debt resulting from cash flows	301,916	84,544	35,079
New finance leases	268	188	-
Non-cash movements	83	(997)	(2,507)
Movement in net debt in period	302,267	83,735	32,572
Net debt, beginning of period	652,375	870,907	619,803
Net debt, end of period	954,642	954,642	652,375

d) Analysis of cash flows

	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
Returns on investments and servicing of finance			
Interest received	53	11	22
Refinancing costs	(8,124)	(2,300)	(3,437)
Dividends Received	-	-	1
Interest paid	(41,236)	(3,902)	(4,718)
Net cash (outflow) from returns on investments and servicing of finance	(49,307)	(6,191)	(8,132)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,643)	(145)	(118)
Sales of tangible fixed assets	97	49	3
Purchase of investments	(131)	-	-
Sale of investment properties	172	-	25
Net cash outflow from capital expenditure and financial investments	(1,505)	(96)	(90)

	12 months to June 30, 2015 £'000	3 months to June 30, 2015 £'000	3 months to June 30, 2014 £'000
Financing			
Proceeds from new borrowings	297,992	79,410	33,810
Share Capital issued	1	-	-
Capital element of finance lease payments	(154)	(42)	(33)
Net cash inflow from financing	297,839	79,368	33,777

Audited Consolidated Financial Statements

The audited consolidated financial statements below show the financial performance for the fiscal year to and as at June 30, 2015.

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, 2014 and 2013; and

- Consolidated Balance Sheet has comparatives of June 30, 2014.

JERROLD HOLDINGS LIMITED

Report and Consolidated Financial Statements

Year ended 30 June 2015

DIRECTORS

H.N. Moser Chief Executive Officer
S.P. Baker
G.D. Beckett
M.R. Goldberg
G.A. Jennison
J.M. Shaoul*
R.M. McTighe*
D.J. Bennett*
S.J. O'Hare*

* Non-Executives

SECRETARY

G.D. Beckett

REGISTERED OFFICE

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SK8 3GW

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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

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, position and 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 £340 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.

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 13, 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 27, 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.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

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.

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.

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

2015

	Note	2015 £'000	2014 £'000	2013 £'000
TURNOVER	1	165,501	129,734	121,516
Cost of sales		(11,519)	(5,779)	(3,532)
GROSS PROFIT		153,982	123,955	117,984
Administrative expenses		(31,837)	(26,800)	(30,271)
Other operating income		122	-	3
OPERATING PROFIT		122,267	97,155	87,716
(Loss)/gain on sale of investment properties		37	(24)	5
Interest payable and similar charges	3	(52,216)	(45,216)	(42,652)
Interest receivable and similar income	3	53	115	93
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	70,141	52,030	45,162
Tax on profit on ordinary activities	5	(15,078)	(11,379)	(11,180)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		55,063	40,651	33,982
Minority interests	19	-	(7)	(23)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	55,063	40,644	33,959

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.

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investment properties	7	45	179
Tangible assets	8	5,230	4,385
Investments	9	13	13
		5,288	4,577
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
		1,447,837	1,086,991
CREDITORS: Amounts falling due within one year	13	(39,012)	(30,514)
NET CURRENT ASSETS		1,408,825	1,056,477
TOTAL ASSETS LESS CURRENT LIABILITIES		1,414,113	1,061,054
CREDITORS: Amounts falling due after more than one year	14	(957,489)	(659,242)
NET ASSETS		456,624	401,812
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
SHAREHOLDERS' FUNDS	18	456,624	401,559
Minority interests	19	-	253
TOTAL CAPITAL EMPLOYED		456,624	401,812

	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	450,556	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

	Note	2015 £'000	2014 £'000	2013 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20a	(238,574)	(3,663)	123,914
Returns on investments and servicing of finance	20d	(49,307)	(45,583)	(55,308)
Taxation		(12,530)	(10,213)	(13,898)
Capital expenditure and financial investment	20d	(1,505)	(556)	(2,227)
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(301,916)	(60,015)	52,481
Management of liquid resources	20d	-	-	4
Financing	20d	297,839	54,272	(85,135)
DECREASE IN CASH IN THE YEAR	20c	(4,077)	(5,743)	(32,650)

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 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.

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	2013 £'000
Interest payable and similar charges			
Bank loans, senior secured notes and loan notes	(44,226)	(37,411)	(35,246)
Debt issue costs	(7,929)	(7,734)	(7,324)
Other interest	(61)	(71)	(82)
	(52,216)	(45,216)	(42,652)

	2015 £'000	2014 £'000	2013 £'000
Interest receivable and similar income			
Bank and other interest	53	92	91
Other interest	-	23	2
	53	115	93

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):			
Depreciation of tangible fixed assets			
Owned assets	834	397	776
Held under hire purchase contracts	123	75	45
(Gain)/loss on sale of investment properties	(37)	24	(5)
Loss/(gain) on sale of fixed assets	12	-	(4)
Gain on purchase of minority interest	(122)	-	-
Operating lease rentals			
Land and buildings	1,118	1,127	1,360
Auditor's remuneration			
Fees payable to the auditor for the audit of the company's accounts	64	60	46
Fees payable to the auditor in respect of the audit of the company's subsidiaries	21	20	16
For non-audit services – Taxation	60	88	64
For non-audit services – Other services	432	60	268

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2015 £'000	2014 £'000	2013 £'000
Current tax			
Corporation tax	14,959	10,663	11,033
Adjustment in respect of previous years	25	(572)	142
Total current tax	14,984	10,091	11,175
Deferred tax			
Origination and reversal of timing differences	100	1,246	86
Adjustment in respect of prior years	(2)	19	(137)
Effect of change of tax rates	(4)	23	56
Total deferred tax (see note 15)	94	1,288	5
Total tax on profit on ordinary activities	15,078	11,379	11,180

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 £'000	2014 £'000	2013 £'000
Profit on ordinary activities before tax	70,141	52,030	45,162
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.75% (2014: 22.5%; 2013: 23.75%)	14,554	11,707	10,726
Effects of:			
Expenses not deductible for tax purposes	812	478	395
Non deductible provision relating to capital item	-	-	-
Income not taxable	(307)	(276)	(2)
Capital allowances in excess of depreciation	(100)	(144)	(32)
Other timing differences	-	(1,102)	(54)
Adjustments in respect of previous years	25	(572)	142
Group current tax charge for year	14,984	10,091	11,175

6. STAFF COSTS

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

	2015 Number	2014 Number	2013 Number
Management and administration			
- full time	354	331	326
- part time	19	22	23
	373	353	349

	2015 £'000	2014 £'000	2013 £'000
Their aggregate remuneration comprised:			
Wages and salaries	16,025	14,371	12,991
Social security costs	1,883	1,467	1,370
Pension costs	807	579	577
	18,715	16,417	14,938
Directors' remuneration:			
Emoluments	3,280	2,735	2,382
Company contributions to personal pension schemes	63	56	143
	3,343	2,791	2,525

The emoluments of the highest paid director were £995,995 (2014: £728,750; 2013: £728,750) including £nil (2014: £nil; 2013: £nil) of company contributions to a defined contribution pension scheme.

7. INVESTMENT PROPERTIES

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

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

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	6,385	1,028	7,413
Depreciation			
At 1 July 2014	1,015	448	1,463
Charge for the year	784	173	957
Disposals	(8)	(229)	(237)
At 30 June 2014	1,761	392	2,183
Net book value			
At 30 June 2015	4,594	636	5,230
At 30 June 2014	3,750	384	4,134

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

9. FIXED ASSET INVESTMENTS

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

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.

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

	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	-	-
	581,334	364,900	9	9
Amounts falling due after one year:				
Trade debtors	862,781	713,751	-	-
Amounts owed by group undertakings	-	-	450,566	367,914
	862,781	713,751	450,566	367,914
	1,444,115	1,078,651	450,575	367,923

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.

12. CURRENT ASSET INVESTMENTS

	£'000
At 1 July 2014 and at 30 June 2015	110

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	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
	39,012	30,514	9,201	7,709

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	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'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	-	-
	957,490	659,242	369,078	292,908

Borrowings are repayable as follows:

	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'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)
	957,523	659,332	60,000	93,025

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 2015, the facility was rated Aa2 by Moody's and AA by DBRS. The facility was subsequently increased on 24 November 2015 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.

15. DEFERRED TAXATION

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

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

Deferred tax asset is recognised as follows:

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

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
	10,001	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
	9,779	9,778

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.

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	17,527	(9,645)	1,300	-	437,663	446,845

	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	17,527	1,300	58,681	77,508

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2015 £'000	2013 £'000
Opening shareholders' funds	401,559	360,915
Share capital issued	1	-
Retained profit for the financial year	55,064	40,644
Closing shareholders' funds	456,624	401,559

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	(253)	-
As at 30 June 2015	-	253

20. CASH FLOW INFORMATION

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

	2015 £'000	2014 £'000	2013 £'000
Operating profit	122,267	97,155	87,716
Depreciation of tangible fixed assets	957	472	821
Profit/(loss) on disposal of tangible fixed assets	12	-	(4)
Profit on disposal of current asset investments	(122)	-	(3)
(Increase)/decrease in debtors	(365,466)	(96,148)	36,417
Decrease/(increase) in creditors	3,237	(5,142)	(1,033)
Decrease in stock	541	-	-
Net cash (outflow)/inflow from operating activities	(238,574)	(3,663)	123,914

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)	(301,915)	(351)	(954,642)

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

	2015 £'000	2014 £'000	2013 £'000
Decrease in cash in year	4,077	5,743	32,650
Cash inflow/(outflow) from increase/decrease in debt and lease financing	297,839	54,272	(85,135)
Cash inflow from movements in current asset investments	-	-	4
Change in net debt resulting from cash flows	301,916	60,015	(52,481)
New finance leases	268	141	243
Non-cash movements	83	(6,403)	(9,739)
Movement in net debt in year	302,267	53,753	(61,977)
Net debt, beginning of year	652,375	598,622	660,599
Net debt, end of year	954,642	652,375	598,622

20. CASH FLOW INFORMATION (continued)

d) Analysis of cash flows

	2015 £'000	2014 £'000	2013 £'000
Returns on investments and servicing of finance			
Interest received	53	92	93
Refinancing costs	(8,124)	(13,655)	(17,348)
Dividends received	-	1	-
Interest paid	(41,236)	(32,021)	(38,053)
Net cash outflow from returns on investments and servicing of finance	(49,307)	(45,583)	(55,308)

	2015 £'000	2014 £'000	2013 £'000
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,643)	(641)	(2,274)
Sales of tangible fixed assets	97	60	36
Sales of investment properties	172	25	11
Purchase of investments	(131)	-	-
Net cash outflow from capital expenditure and financial investments	(1,505)	(556)	(2,227)

	2015 £'000	2014 £'000	2013 £'000
Management of liquid resources			
Sale of current asset investments	-	-	4

	2015 £'000	2014 £'000	2013 £'000
Financing			
Proceeds from new/(repayment of) borrowings	297,992	54,393	(85,026)
Capital element of finance lease payments	(154)	(121)	(109)
Share capital issued	1	-	-
Net cash inflow/(outflow) from financing	297,839	54,272	(85,135)

21. GUARANTEES AND FINANCIAL COMMITMENTS

Capital commitments

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

	2015 £'000	2014 £'000	2013 £'000
Land and buildings, lease expiring:			
- within one year	-	-	59
- after five years	1,046	1,046	1,046
	1,046	1,046	1,105

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).

23. RELATED PARTY TRANSACTIONS

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:

Group	Balances due to 2015 £'000	Balances due to 2014 £'000	Balances due from 2015 £'000	Balances due from 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
	36	259	35	44

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

	2015 £'000	2014 £'000
Bracken House Properties LLP		
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)
Charles Street Commercial Investments Ltd		
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)
Centrestand Limited		
Service charges and costs paid on behalf of Centrestand Limited	11	-
Sterling Property Co. Ltd		
Service charges and costs paid on behalf of Sterling Property Co. Ltd	4	-
Repayments to the Group from Sterling Property Co. Ltd	(1)	21
	(205)	12

23. RELATED PARTY TRANSACTIONS (continued)

Group (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	**2014**
	£'000	**£'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% of 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 13, 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 27, 2015 the company successfully refinanced its revolving credit facility, securing funds of £18m. The facility will run until August 2017.

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