Jerrold Holdings Limited
Q3 2015/16 Results

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Highlights

The numbers included within this report, including comparatives, are prepared in accordance with IFRS.

- **Increased interest receivable and similar income** Interest receivable and similar income has increased when compared with the prior period at £55.0m for the quarter to March 31, 2016, compared to £52.2m for the quarter to December 31, 2015. This increase primarily relates to interest earned on increased loan book levels.
- **Impairment maintained at very low levels** The net impairment charge to the Income Statement was £3.7m in the quarter to March 31, 2016 and compares to a charge of £2.7m for the quarter to December 31, 2015. The increase in impairment is due to a number of historic commercial loans being written off in the period.
- **Continually high EBITDA** The group continues to be consistently highly profitable, with EBITDA at £42.3m for the quarter to March 31, 2016, (£40.5m for the quarter to December 31, 2015). The increase of £1.8m reflects the net effect of an increase in interest income of £2.8m offset by an increase in impairment losses by £1.0m. EBITDA margin has remained at above 70% at 72.0% for the quarter to March 31, 2016, compared to 72.5% for the quarter to December 31, 2015.
- **Continually high Profit before tax** Profit before tax is £24.6.4m for the quarter to March 31, 2016, (£23.4m for the quarter to December 31, 2015). In addition to the EBITDA factors detailed above, interest costs increased by £0.5m as our borrowings increased.
- **Continually high cash generation** The group continues to be highly cash generative, with cash receipts in the quarter to March 31, 2016 of £233.6m compared to cash debt service of £17.5m; including a 6 monthly bond coupon of £12.7m and other cash expense payments of £17.5m. In addition, £7.0m of transaction fees were incurred on the extension of the Charles Street Asset Backed Securitisation from £625m to £1bn on March 7, 2016. During the quarter, the group has drawn £19m on its revolving credit facility (total drawn £29.0m at March 31, 2016), issued £40m of Securitisation variable funding notes under the Charles Street program (total issued £705m at March 31, 2016) and £50m under the Lakeside program (total issued £190m at March 31, 2016).
- **Increased lending volumes** Lending volumes increased on the prior period, with the group advancing £280.9m of loans in the quarter to March 31, 2016, compared to £248.9m in the quarter to December 31, 2015. Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the quarter to March 31, 2016 being 56.3%, compared to 57.9% in the quarter to December 31, 2015 and 56.2% in the quarter to March 31, 2015.
- **Improving LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total group at March 31, 2016 is 52.5% showing an improvement on the position at the December 31, 2015, of 54.1% and as at March 31, 2015 of 57.3%.
- **Improving LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower group, as at March 31, 2016 is 58.6%, showing an improvement on the position as at December 31, 2015, of 60.5% and on the position at March 31, 2015 of 66.6%.

An Introduction to Jerrold Holdings

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 42 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 79.9% 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 March 31, 2016, 34.0% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.0% 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 or the loan is a consumer buy to let, and which include loans for purchasing a new home, making home improvements, debt consolidation, large personal purchases and unintentionally acquired buy to let properties. 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. 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 (iii) the accrued interest and fees thereon and (iv) less provisions for impairments 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 March 31, 2016, was 52.5% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended March 31, 2016 was 56.3%. 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 March 31, 2016, 92.5% of our total loan portfolio and 86.0% 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 condensed consolidated financial statements of Jerrold Holdings Limited as of and for the three months ended March 31, 2015 and 2016 and for the nine months ended March 31, 2016. The interim condensed consolidated financial statements of Jerrold Holdings have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), are unaudited and are derived from internal management reporting.

As at March 31, 2016 the company's non-securitised assets were subject to a fixed and floating charge in respect of £29m of bank borrowings and £300m of senior secured notes. The only notable commitment is the operating lease we hold for our head office building.

During the period, the Group made transactions with affiliated companies. Details of these transactions can be found in Note 15 of the financial statements in this report.

We have not included financial information prepared in accordance with FRS 102 or U.S. GAAP. IFRS differs in certain significant respects from FRS 102 and US GAAP. You should consult your own professional advisors for an understanding of the differences between IFRS, FRS 102 and US GAAP and how those differences could affect the financial information contained in this quarterly report.

Charles Street Asset Backed Conduit Securitization 1 Limited ("Charles Street ABS"), and Lakeside Asset Backed Securitization 1 Limited ("Lakeside ABS"), the bankruptcy-remote special purpose vehicles established for purposes of our Securitizations, are consolidated into our interim consolidated financial statements in accordance with IFRS. Mortgage loans sold to Charles Street ABS and Lakeside ABS are maintained on our consolidated statement of financial position as assets due by our debtors and the associated interest receivable credited to our income statement. The loan notes issued by Charles Street ABS and Lakeside ABS to certain lenders to finance their purchase of the loans and any interest and fees accrued but not yet paid in respect thereof, are maintained on our statement of financial position as liabilities due to creditors with interest and transaction expenses expensed through our income statement.

Other Financial Information (Non-IFRS)

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 IFRS.

In this quarterly report and related presentation, references to "EBITDA" for the three months ended March 31, 2015 and 2016 and for the nine months ended March 31, 2016 for Jerrold Holdings, can be extracted from the unaudited consolidated interim financial statements of Jerrold Holdings, by taking profit on ordinary activities after taxation and adding back interest payable and similar charges (including finance charges) bank interest received (included in interest receivable and similar income), tax on profit on ordinary activities and depreciation and amortisation.

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 IFRS 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 IFRS.

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 March 31, 2016. Data referring to our loan portfolio analysis is presented after provisions for impairments.

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 (iii) provisions for impairments, 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 (iii) provisions for impairments, 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 provisions for impairments, 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 statement of financial position, stated after provisions for impairments and fees and commissions spread over the behavioral life of the loan. .

In this quarterly report and related presentation, the term "second lien loans" includes second lien loans and also subsequent lien loans. As of March 31, 2016 subsequent lien loans amounted to approximately £5.9 m million after provisions for impairments, representing 0.3% of our loan portfolio.

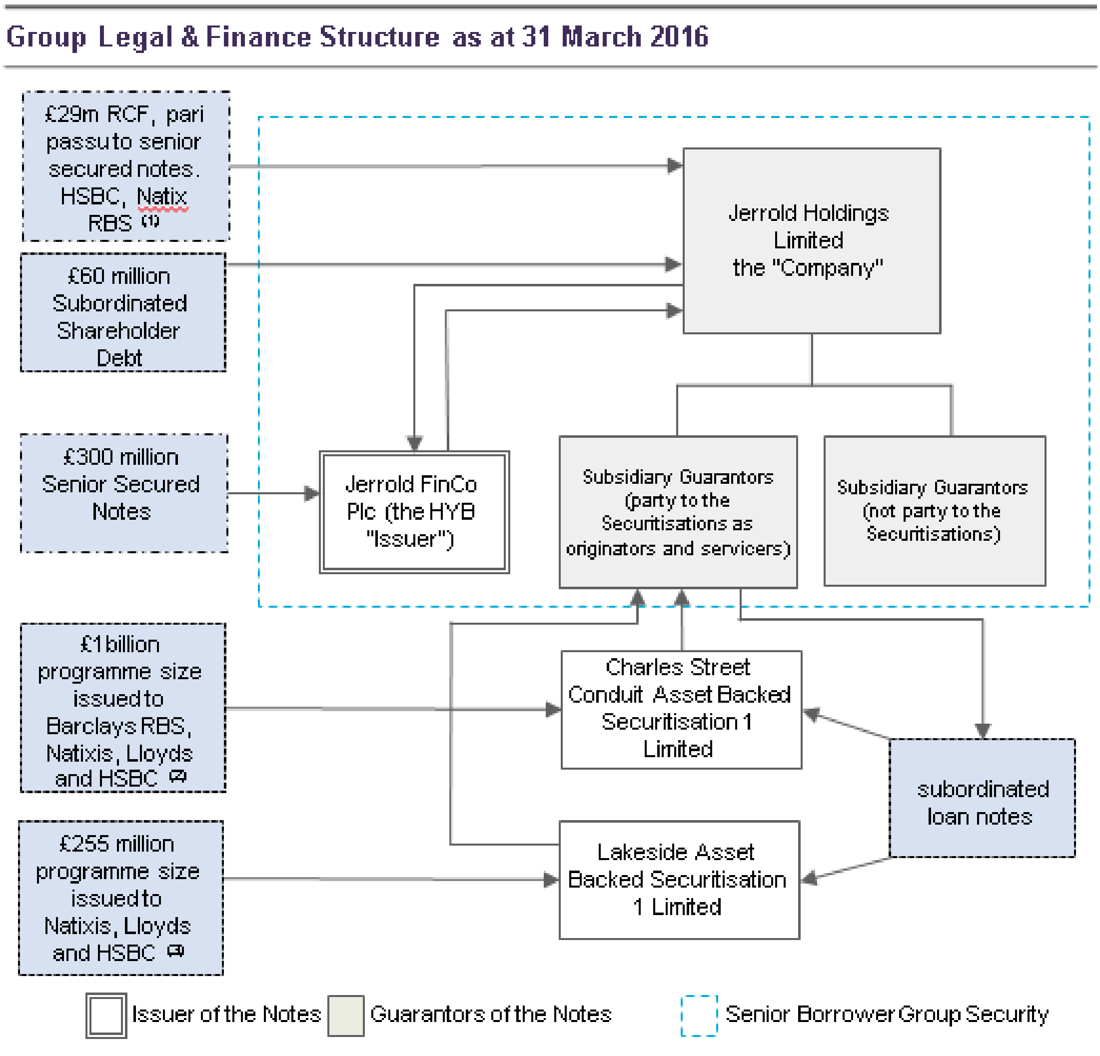
The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property, (iii) the accrued interest and fees thereon and (iv) provisions for impairments compared to the latest appraised 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.

The LTV ratio is calculated after impairment provisions under IFRS. Under UK GAAP this was calculated after suspended interest but before principal impairment provisions.

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

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at March 31, 2016. The diagram does not include all entities in our group nor does it show all our liabilities in our group



(1) 31 March 2016 drawn balance was £29m
(2) 31 March 2016 £705m notes issued
(3) 31 March 2016 £190m 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.

	Unaudited 3 months ended or as at March 31,		Unaudited 9 months ended or as at March 31,
(£ in thousands, except for percentages and ratios or unless otherwise noted)	2016	2015	2016
Group			
Interest receivable and similar income	55,000	42,726	156,206
Add:			
Commission cost (included within interest receivable)	2,626	1,728	7,583
Bank interest received	(9)	(14)	(24)
Fee and commission income	1,145	1,040	3,243
Other losses	0	(120)	0
Turnover	58,762	45,360	167,008
Movement in bad debt provisions	3,671	2,529	9,566
EBITDA	42,323	32,441	120,900
EBITDA margin	72.0%	71.5%	72.4%
Profit on ordinary activities before tax	24,642	18,828	70,466
Supplemental cash flow information:			
Cash receipts	233,567	126,890	608,626
New advances	(280,877)	(186,014)	(767,295)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.4%	57.5%	57.4%
LTV of loan portfolio (on a weighted average indexed basis)	52.5%	57.3%	52.5%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	61.0%	61.4%	61.0%
LTV of loan portfolio (on a weighted average indexed basis)	58.6%	66.6%	58.6%

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

The key performance indicators above for three months ended March 31, 2015 and 2016 and nine months ended March 31, 2016, have been derived from unaudited condensed consolidated interim financial statements and management information. 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 IFRS. The key performance indicators above for the three months ended March 31, 2016 and nine months ended March 31, 2016 are not necessarily indicative of the results to be expected for the full year or any future period. The financial information should be read in conjunction with the historic consolidated financial statements of Jerrold Holdings Limited and the accounting policies describe in Note 2.

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 March 31, 2016 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 56.3%, compared to 57.9% in the quarter to December 31, 2015 and 56.2% in the quarter to March 31, 2015.
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 9.9% for loans funded in the year ended December 31, 2008, to 0.8% for loans funded in the year ended December 31, 2014. We expect that a continued focus on such policies will help us maintain lower delinquency levels.

An analysis of our loan portfolio as at March 31, 2016, December 31, 2015 and March 31, 2015, by arrears banding, for the group and borrower group is as follows:

	Group Loan Portfolio Arrears Analysis			**Borrower Group Loan Portfolio Arrears Analysis**		
	Mar 31, 2016	**Mar 31, 2015**	**Dec 31, 2015**	**Mar 31, 2016**	**Mar 31, 2015**	**Dec 31, 2015**
Nil Arrears & Arrears ≤ 1 month.	**84.1%**	**78.1%**	**83.3%**	**59.0%**	**56.8%**	**60.0%**
Performing Arrears						
1-3 months	4.3%	6.2%	4.7%	6.4%	7.6%	6.7%
3-6 months	0.8%	1.3%	0.9%	2.3%	2.7%	2.3%
>6 months	0.9%	1.5%	1.0%	2.7%	3.4%	2.8%
Total Performing Arrears	**6.0%**	**9.0%**	**6.6%**	**11.4%**	**13.7%**	**11.8%**
Non-Performing Arrears						
3-6 months	1.7%	1.4%	1.4%	4.2%	2.6%	2.9%
>6 months	1.7%	2.9%	1.7%	5.2%	6.8%	5.6%
Past due (term loans)	0.8%	0.8%	0.8%	2.3%	2.0%	2.4%
LPA Rent	0.3%	0.2%	0.3%	1.0%	0.3%	0.4%
Total Non-Performing Arrears.	**4.5%**	**5.3%**	**4.3%**	**12.8%**	**11.6%**	**11.2%**
Development Loans	**4.0%**	**5.4%**	**4.2%**	**12.4%**	**12.6%**	**12.3%**
Repossessions	**1.4%**	**2.2%**	**1.6%**	**4.4%**	**4.9%**	**4.7%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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 March 31, 2016 was 56.3%, compared to 57.9% in the quarter to December 31, 2015 and 56.2% in the quarter to March 31, 2015.

An analysis of our loan portfolio as at March 31, 2016, 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%	1,145.0	38.8	5.7	3.6	1,193.1
>60% <=85%	413.0	27.5	36.4	12.3	489.2
>85% <=100%	10.8	9.6	27.1	8.7	56.2
>100%	2.2	2.1	0.3	-	4.6
Total	1,571.0	78.0	69.5	24.6	1,743.1

Borrower Group Loan Portfolio Indexed LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	260.9	33.4	5.7	3.6	303.6
>60% <=85%	124.4	26.4	36.3	12.3	199.4
>85% <=100%	7.3	9.6	27.1	8.7	52.7
>100%	1.8	2.1	0.3	-	4.2
Total	394.4	71.5	69.4	24.6	559.9

Group Loan Portfolio Origination LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	879.6	33.1	33.7	11.0	957.4
>60%<=85%	678.2	40.6	17.9	9.5	746.2
>85%<=100%	7.5	2.4	11.9	3.0	24.8
>100%	5.7	1.9	6.0	1.1	14.7
Total	1571.0	78.0	69.5	24.6	1,743.1

Borrower Group Loan Portfolio Origination LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	209.7	29.0	33.6	11.0	283.3
>60%<=85%	174.4	38.2	17.9	9.5	240.0
>85%<=100%	4.6	2.4	11.9	3.0	21.9
>100%	5.7	1.9	6.0	1.1	14.7
Total	394.4	71.5	69.4	24.6	559.9

Maintenance of loan portfolio mix and continued differentiation of our offerings

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

As at March 31, 2016 14.0% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.0% of our loan portfolio was classified as development funding, calculated by value. At December 31, 2015 35.1% of our loan portfolio was classified as retail purpose, 60.7% of our loan portfolio was classified as commercial purpose and4.2% of our loan portfolio was classified as development funding.

The proportion of our loan portfolio secured by residential security by value has decreased slightly to 79.9% as at March 31, 2016, when compared to 80.0% as at December 31, 2015.

The proportion of our loan portfolio secured on first charges has increased at 58.4% as at March 31, 2016, compared to 57.0% as at December 31, 2015.

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

In the quarter to March 31, 2016, including further advances, we have funded an average of £93.6m per month compared with £83.0m per month in the quarter to December 31, 2015 and £85.3m per month in the nine months to March 31, 2016.

Our total loan portfolio stands at £1,743.1m as at March 31, 2016, compared to £1,640.1m as at December 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 March 31, 2016 is due, in part, to the increased liquidity available given increased levels of redemption activity, the increase in the Charles Street Securitisation Facility from £625m to £1bn in March 2016 and the execution of the Lakeside ABS1 securitization facility in August 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 5.2% to £58.8m for the quarter to March 31, 2016, compared to £55.9m for the quarter to December 31, 2015. This increase primarily relates to higher interest and loan set up income (recognised using the effective interest rate) earned due to growth in the size of the loan book.

The net impairment charge to the Income Statement was £3.7m in the quarter to March 31, 2016 and compares to a charge of £2.7m for the quarter to December 31, 2015. The increase in impairment is due, in part, to a number of historic commercial loans being written off in the period..

The group continues to be consistently highly profitable, with EBITDA at £42.3m for the quarter to March 31, 2016, up from £40.5m for the quarter to December 31, 2015. EBITDA margin has remained above 70% at 72.0% for the quarter to March 31, 2016, compared to 72.5% for the quarter to December 31, 2015.

Profit before tax increased to £24.6m for the quarter to March 31, 2016, compared to £23.4m for the quarter to December 31, 2015.

The group continues to be highly cash generative, with cash receipts in the quarter to March 31, 2016 of £233.6m compared to cash debt service of £22.6m; including a 6 monthly bond coupon of £14.6m and other cash expense payments of £17.5m. In addition, £7.0 of transaction fees were incurred on the extension of the Charles Street Asset Backed Securitisation from £625m to £1bn on March 7, 2016. During the quarter, the group has drawn £19m on its revolving credit facility (total drawn £29.0m at March 31, 2016), issued £40m of Securitisation variable funding notes under the Charles Street program (total issued £705m at March 31, 2016) and issued £50m under the Lakeside program (total issued £190m at March 31, 2016).

Lending volumes increased on the prior period, with the group advancing £280.9m of loans in the quarter to March 31, 2016, compared to £248.9m in the quarter to December 31, 2015. Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the quarter to March 31, 2016 being 56.3%, compared to 57.9% in the quarter to December 31, 2015 and 56.2% in the quarter to March 31, 2015.

The indexed weighted average LTV of the loan portfolio for the total group at March 31, 2016 is 52.5% showing an improvement on the position at the December 31, 2015, of 54.1% and as at March 31, 2015 57.3%.

The indexed weighted average LTV of the loan portfolio for the borrower group improved to 58.6% at March 31, 2016 compared to 60.5% at December 31, 2015, showing an improvement on the position as at March 31, 2015 of 66.6%.

Recent Developments

Governance and changes to senior management

In line with good practice we commenced a corporate governance review in 2015 using external consultants to ensure that the governance structures remain robust and sufficient resource is established to support our growth plans and anticipated changes in the regulatory environment.

In conclusion, we have selected to strengthen our governance structure further by introducing a Retail Board and a Commercial Board, providing greater bandwidth to support the Group Board. In accord with this we have also recruited a number of senior executives and non-executives, all of whom (as appropriate) have received FCA approval to act as approved persons. A number of these individuals have now joined the Group whilst others are currently completing their notice periods.

As individuals join the Group we will transition into the new structure. New appointments commenced and changes made as at the 16 May 2016 include:

Group Board

David Bennett has stepped down as Non-executive at Group Board and Chair of the Group Audit Risk and Compliance Committee (to become Chair of the Retail Board).

Wayne Bowser has joined the Group Board as Non-executive and Chair of the Group Audit Risk and Compliance Committee.

Stephen Baker has retired from his position as Group Operations Director.

Marcus Golby has been appointed Group Services Director.

Gary Beckett (Group CFO) has relinquished his role as Group Company Secretary

Nigel Dale has joined as Group Company Secretary and Group General Counsel.

Retail Board

David Bennett has been appointed Chair of the Retail Board.

Ron Baxter has joined the Retail Board as Non-executive.

Colin Kersley has joined the Retail Board as Non-executive and Chair of the Retail Audit Risk and Compliance Committee.

Additional appointments to the Retail Board to include Retail Chief Executive Officer, Retail Chief Risk and Compliance Officer, Retail Finance Director and Retail Operations Director.

Commercial Board

Mike McTighe has been appointed Chair of the Commercial Board.

Wayne Bowser has joined the Commercial Board as Non-executive.

Marc Goldberg has been appointed Commercial Chief Executive Officer.

Helga Wright has been appointed Commercial Finance Director.

Regulatory approvals

On March 21, 2016 Blemain Finance successfully received its full FCA authorization to administer second charge regulated mortgage contracts.

New committed funding

On January 11, 2016 the revolving credit facility was further increased by £11m to £29m.

On March 7, 2016, the Charles Street facility had its ratings re-confirmed as Aa2 by Moody's and AA by DBRS. The facility was further increased on March 7, 2016 from £675m to £1bn and the term extended to January 2021 on more favourable terms.

Recent New Appointments - Biographies

Wayne Bowser: Group Board Non-executive – joined Together in December 2015 as an independent Non-Executive Director and Chairman of the Audit Committee. Prior to joining Jerrold Holdings, Mr Bowser worked at HSBC where he was deputy head of commercial banking. Mr Bowser has held Non-Executive Directorships at various leading firms, in sectors including; house building, motor dealership and investments. Mr Bowser is a member of the Chartered Institute of Bankers

Ronald Baxter: Retail Board Non-executive – joined Together in March 2016 as an Independent Non-Executive Director in the retail division. Mr Baxter is currently a senior advisor at the Prudential Regulation Authority; part of the Bank of England and has over 30 years' experience within the industry. Mr Baxter has also been a senior advisor at the Financial Conduct Authority for over 10 years and has been involved in a wide variety of regulatory initiatives. Mr Baxter is a Fellow of the Chartered Insurance Institute and has a Bachelor of Laws (LLB) degree. He is also an Associate of the Chartered Institute of Bankers and has a Bachelor of Science degree in Financial Services.

Colin Kersley: Retail Board Non-executive – joined Together in April 2016 as an Independent Non-Executive Director in the retail division. Prior to joining Jerrold Holdings, Mr Kersley spent the majority of his full-time career working in financial services in a number of senior positions within HSBC. His roles previously included Area Director, Regional Director and subsequently Chief Executive Officer at Marks & Spencer Bank. Mr Kersley is also an Associate Member of the Chartered Institute of Bankers.

Marcus Golby: Group Board Services Director – initially joined Together on a consultancy basis working closely with the Chief Financial Officer before assuming the role of Group Services Director in January 2016. Mr Golby has over 15 years' of experience in the financial services sector and has served as Chief Operating Office at RNM Financial, Interim Chief Operating Officer at Harrods Bank and Customer Services and HR Director at Lifestyle Services Group. He has worked extensively for the HSBC Group where he undertook a number of senior roles including Director of Customer Services & Operations for Marks & Spencer Financial Services Plc after starting his career at Coopers & Lybrand/PricewaterhouseCoopers. Mr Golby is also a qualified Chartered Accountant and has a Master of Business Administration (MBA) Degree.

Nigel Dale: Group Company Secretary and Group General Counsel - joined Together in April 2016 as Company Secretary and General Counsel. Mr Dale served as a partner at Eversheds for the past 20 years as head of the firm's banking team in Manchester and has nearly 30 years' experience since qualifying as a lawyer in 1996. Mr Dale has acted as senior relationship partner to Together for the past 10 years and holds a Bachelor of Law degree (LLB) from Nottingham University.

Helga Wright: Commercial Board Finance Director - joined Together in March 2016 as the Finance Director for the commercial division and has over 15 years experience in the financial services sector. Mrs Wright most recently worked at the Co-Operative Bank as Finance Director for 3 years and prior to joining the Co-Operative Bank, Mrs Wright served as Head of Finance at Lloyds Banking Group for 9 years. Mrs Wright holds an ACA and Bachelor of Arts Degree from Durham University.

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, a revolving Syndicated loan 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 along with the level of our capital reserves.

Regulatory Considerations

Our results of operations are affected by a number of laws and regulations. Our residential mortgage business operations are regulated by the FCA. A comprehensive application has been submitted for full authorisation within the allocated time window for our (pilot) motor finance proposition. We await contact from the FCA and in the meantime continue to operate under the interim permissions regime. 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 month period to and as at March 31, 2016.

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

- Consolidated Income Statement and Consolidated Cash Flow Statement have comparatives of three months to March 31, 2015, nine months to March 31, 2015, nine months to March 31, 2016; and

- Consolidated Statement of Financial Position has comparatives as at March 31, 2015 and June 30, 2015.

- Consolidated Statement of Changes in Equity has a comparative of the nine months to March 31, 2015.

JERROLD HOLDINGS LIMITED

Unaudited consolidated statement of comprehensive income
For the period ended 31 March 2016

Income statement

	Note	Three months ended		Nine months ended	
		31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
		£'000	£'000	£'000	£'000
Interest receivable and similar income		55,000	42,726	156,206	120,413
Interest payable and similar charges	5	(17,330)	(13,385)	(49,465)	(38,237)
NET INTEREST INCOME		37,670	29,341	106,741	82,176
Fees and commission income		1,145	1,040	3,243	2,995
Fees and commission expense		(535)	(325)	(1,299)	(983)
Other income		39	129	105	199
Other losses		-	(120)	-	(82)
OPERATING INCOME		38,319	30,065	108,790	84,305
Administrative expenses		(9,655)	(8,480)	(27,789)	(23,023)
Depreciation and amortisation		(351)	(228)	(969)	(651)
OPERATING PROFIT		28,313	21,357	80,032	60,631
Impairment losses		(3,671)	(2,529)	(9,566)	(7,905)
PROFIT BEFORE NEGATIVE GOODWILL		24,642	18,828	70,466	52,726
Negative goodwill		-	-	-	122
PROFIT BEFORE TAXATION		24,642	18,828	70,466	52,848
Income tax	6	(4,951)	(4,082)	(14,151)	(11,509)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		19,691	14,746	56,315	41,339

The results for the current and preceding periods relate entirely to continuing operations.

JERROLD HOLDINGS LIMITED

Unaudited consolidated statement of financial position
As at 31 March 2016

	Note	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
NON-CURRENT ASSETS				
Property, plant and equipment	7	4,334	4,331	4,205
Intangible assets	7	2,525	919	1,025
Investment property		45	45	45
Investments		122	122	123
Deferred tax asset	11	787	3,844	3,515
		7,813	9,261	8,913
CURRENT ASSETS				
Inventories		840	1,262	840
Loans and advances to customers	8	1,739,991	1,310,797	1,423,523
Trade and other receivables	9	2,527	2,238	2,296
Cash at bank and in hand		19,009	7,948	2,772
		1,762,367	1,322,245	1,429,431
TOTAL ASSETS		1,770,180	1,331,506	1,438,344
CURRENT LIABILITIES				
Trade and other payables	10	(23,351)	(20,703)	(30,927)
Current tax liabilities		(7,146)	(7,258)	(7,866)
Borrowings	12	(161)	(79,806)	(158)
		(30,658)	(107,767)	(38,951)
NON-CURRENT LIABILITIES				
Borrowings	12	(1,241,218)	(799,158)	(957,404)
		(1,241,218)	(799,158)	(957,404)
TOTAL LIABILITIES		(1,271,876)	(906,925)	(996,355)
NET ASSETS		498,304	424,581	441,989
EQUITY				
Share capital	13	9,779	9,779	9,779
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
Retained earnings		479,343	405,620	423,028
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		498,304	424,581	441,989
TOTAL EQUITY		498,304	424,581	441,989

JERROLD HOLDINGS LIMITED

Unaudited consolidated statement of changes in equity

As at 31 March 2016

	Called Up Share Capital	Share premium	Merger reserve	Capital redemption reserve	Revaluation Reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
As at 1 July 2015	9,779	17,527	(9,645)	1,300	-	423,028	441,989
Retained profit for the financial period	-	-	-	-	-	56,315	56,315
As at 31 Mar 2016	9,779	17,527	(9,645)	1,300	-	479,343	498,304

As at 31 March 2015

	Called Up Share Capital	Share premium	Merger reserve	Capital redemption reserve	Revaluation Reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
As at 1 July 2014	9,778	17,527	(9,645)	1,300	21	364,260	383,241
Transfer to retained earnings	-	-	-	-	(21)	21	-
Issue of share capital	1	-	-	-	-	-	1
Retained profit for the financial period	-	-	-	-	-	41,339	41,339
As at 31 Mar 2015	9,779	17,527	(9,645)	1,300	-	405,620	424,581

JERROLD HOLDINGS LIMITED

Unaudited consolidated statement of cash flows
Three months ended 31 March 2016

	Note	Three months ended 31 Mar 16 £'000	Three months ended 31 Mar 15 £'000	Nine months ended 31 Mar 16 £'000	Nine months ended 31 Mar 15 £'000
CASH OUTFLOW FROM OPERATING ACTIVITIES					
Cash outflow from operations	14	(60,393)	(70,039)	(199,263)	(164,160)
Taxation		(4,246)	(3,400)	(12,142)	(8,958)
Servicing of finance		(29,582)	(17,129)	(60,855)	(43,097)
Net cash outflow from operating activities		(94,221)	(90,568)	(272,260)	(216,215)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(262)	(269)	(882)	(696)
Purchase of intangible assets		(890)	(179)	(1,766)	(912)
Proceeds on disposal of investment properties		-	-	-	171
Proceeds on disposal of property, plant and equipment		3	28	37	78
Proceeds on sale of investments		-	-	-	122
Net cash outflow from investing activities		(1,149)	(420)	(2,611)	(1,237)
CASHFLOWS FROM FINANCING ACTIVITIES					
Drawdown of facilities		109,109	98,160	291,104	218,582
Capital element of finance lease payments		4	(35)	4	(31)
Net cash inflow from financing activities		109,113	98,125	291,108	218,551
Net increase in cash and cash equivalents		13,743	7,137	16,237	1,099
Cash and cash equivalents at beginning of period		5,266	811	2,772	6,849
CASH AND CASH EQUIVALENTS AT END OF PERIOD		19,009	7,948	19,009	7,948

Notes to the financial statements

1. REPORTING ENTITY

Jerrold Holdings Limited (the company) is incorporated and domiciled in the UK. The registered address of the company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Jerrold Holdings Limited and its subsidiaries (the Group). The Group is primarily involved in financial services.

ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Statements* and the Companies Act 2006. No individual profit or loss account or related notes are presented for the Company as permitted by Section 408 (4) of the Companies Act 2006.

The date of transition to IFRS and the date of the opening IFRS statement of financial position was 1 July 2014. All financial information since this date for both the Group and the Company has been restated from UK GAAP to IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the individual accounting policies.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted:

There are a number of standards, amendments and interpretations which have been issued by the International Accounting Standards Board (IASB) but which have not yet been endorsed by the EU. The most significant of these are IFRS 9 *Financial Instruments*, the planned replacement for IAS 39 *Financial Instruments: Recognition and Measurement,* and IFRS 16 *Leases*; the planned replacement for IAS 17 *Leases*.

IFRS 9 introduces new requirements for the classification and measurement of financial assets, hedge accounting and the impairment of financial assets. Under IFRS 9 financial assets are classified and measured based on the business model under which they are held and the characteristic of their contractual cash flows. In addition, IFRS 9 is replacing the incurred loss approach to impairment of IAS 39 with one based on expected losses, and is replacing the rules-based hedging requirements of IAS 39 with new requirements that align hedge accounting more closely with risk management activities. The Group has not yet estimated the financial effects of the new standard, although it is expected to have a significant impact on results.

IFRS 16 provides a single lease accounting model, recognising most leases on the statement of financial position. This may also introduce a degree of volatility to assets and liabilities for lessees due to the requirements to reassess certain key estimates and judgements at each reporting date. The standard replaces the dual lease accounting model approach of IAS 17 which treats finance leases and operating leases separately. It has not yet been possible to estimate the financial impact of adoption of the standard but it is unlikely to be material to the Group's results.

IFRS 9, including the final version of the requirements in respect of impairment, was issued in July 2014. The IASB has decided to apply IFRS 9 for annual periods beginning on or after 1 January 2018. The IASB issued IFRS 16 in January 2016 with an effective date of 1 January 2019.

Both IFRS 9 and IFRS 16 are required to be applied retrospectively, but prior periods need not be restated. IFRS 9 and IFRS 16, including their commencement dates, will be subject to endorsement by the EU.

2. ACCOUNTING POLICIES (continued)

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

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 IFRS the goodwill previously written off has not been reinstated in the statement of financial position.

Merger accounting has continued to be used on transition to IFRS for the consolidation of the following subsidiaries:

2. ACCOUNTING POLICIES (continued)

Goodwill (continued)

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 goodwill arising on consolidation is treated as a reduction in reserves.

On disposal or closure of a previously acquired business, the attributable amount of goodwill, including that previously written off to reserves, is included in determining the profit or loss on disposal.

Investment properties

A valuation of investment properties is made annually as at the reporting date by the directors, at fair value based on valuations conducted by external chartered surveyors. Changes in the fair value of investment properties are included in profit and loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the income statement in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment are shown at cost, 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

All items of property, plant and equipment are reviewed for indications of impairment on a regular basis and at each statement of financial position date. If impairment is indicated, the asset's recoverable amount (being the greater of fair value less cost to sell and value in use) is estimated. Value in use is calculated by discounting the future cash flows generated from the continuing use of the asset. If the carrying value of the asset is less than the recoverable amount, an impairment charge is recognised in the income statement.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within operating expenses in the income statement.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2. ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets consist wholly of expenditure relating to computer software incurred in respect of individual projects and are capitalised only if all of the following conditions are met:

- an intangible asset is created that can be separately identified; and
- it is probable that the intangible asset created will generate future economic benefits; and
- the development cost of the intangible asset can be measured reliably.

This type of expenditure primarily relates to internally developed software and is amortised on a straight-line basis over the life of the asset.

Where the above conditions for capitalisation are not met, development expenditure is recognised as an expense in the period in which it is incurred.

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.

Inventories

Inventories consist of stock properties and 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.

Leases

The Group as lessee

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and 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 income statement 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 and the related assets not recognised on the statement of financial position.

The Group as lessor

Rentals received under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Pension benefits

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

The amount charged to the income statement 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 period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the group intends to settle its current tax assets and liabilities on a net basis.

Financial assets & liabilities

Financial assets

All the Group's financial assets are categorised as loans and receivables. Loans and receivables are predominantly mortgage loans and advances to customers with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell in the near term. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

All the group's financial liabilities are designated as financial liabilities at amortised cost and largely consist of borrowings. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the income statement over the term of the notes using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

2. ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses incurred if, and only if, there is objective evidence of impairment as a result of one of more loss events that occurred after the initial recognition of the assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognised in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, the Group uses its experienced judgement to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Securitisation

Where the group securitises its own financial assets, this is achieved via the sale of these assets to a special purpose entity (SPE), which in turn issues securities to investors.

SPEs used to raise funds through securitisation transactions are consolidated into the Group's operations in accordance with IFRS 10 *Consolidated Financial Statements* as if they were wholly-owned subsidiaries. Financial assets transferred to SPEs under securitisation agreements are not derecognised by the Group because it retains the risks and rewards of ownership, and all financial assets and liabilities related to the SPE continue to be held on the group's consolidated statement of financial position.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

2. ACCOUNTING POLICIES (continued)

Interest income and expense (continued)

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Fees and commissions expenses consists primarily of legal and valuations fees and credit search fees.

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the accounting policies set out above, the Group makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

a) Loan impairment provisions

Allowances for loan impairment represent management's best estimate of the losses incurred in the loan portfolios at the statement of financial position date. Charges to the allowances for loan impairment are reported in the consolidated income statement as impairment losses on loans and advances. Impairment provisions are made if there is objective evidence of impairment as a result of one or more subsequent events regarding a significant loan or a portfolio of loans and its impact can be reliably estimated.

Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loan's original effective interest rate. Impairment losses determined on a portfolio basis are calculated using a formulaic approach which allocates a loss rate dependent on the arrears status of the loan. Loss rates are based on the discounted expected future cash flows, based on historical experience, and are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

Notes to the financial statements (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fees and commission

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the contractual interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

4. SEGMENTAL INFORMATION

The Group's activity substantially consists of secured lending to the UK market. It does not currently analyse its results into separate reportable business segments in reporting to its board, and accordingly no further segmental analysis is provided in these financial statements.

5. FINANCE CHARGES

	Three months ended		Nine months ended	
	31 Mar 16	**31 Mar 15**	**31 Mar 16**	**31 Mar 15**
	£'000	**£'000**	**£'000**	**£'000**
Interest payable and similar charges				
On borrowings	(15,022)	(11,084)	(42,699)	(32,277)
Debt issue costs	(2,283)	(2,288)	(6,702)	(5,923)
Other interest	(25)	(13)	(64)	(37)
	(17,330)	(13,385)	(49,465)	(38,237)

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Notes to the financial statements (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Three months ended 31 Mar 16 £'000	Three months ended 31 Mar 15 £'000	Nine months ended 31 Mar 16 £'000	Nine months ended 31 Mar 15 £'000
Current tax				
Corporation tax	4,041	3,847	11,423	10,804
Total current tax	4,041	3,847	11,423	10,804
Deferred tax				
Origination and reversal of timing differences	910	244	2,728	731
Effect of tax rates	-	(9)	-	(26)
Total deferred tax (see note 11)	910	235	2,728	705
Total tax on profit on ordinary activities	4,951	4,082	14,151	11,509

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:

	Three months ended 31 Mar 16 £'000	Three months ended 31 Mar 15 £'000	Nine months ended 31 Mar 16 £'000	Nine months ended 31 Mar 15 £'000
Profit on ordinary activities before tax	24,642	18,828	70,466	52,848
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.00%/20.75%/20.00% /20.75%	4,929	3,907	14,093	10,966
Effects of:				
Expenses not deductible for tax purposes	40	202	111	623
Income not taxable	(18)	(18)	(53)	(54)
Adjustment in respect of previous years	-	-	-	-
Effect of changes in tax rate	-	(9)	-	(26)
Group current tax charge for period	4,951	4,082	14,151	11,509

Notes to the financial statements (continued)

7. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As at 31 March 2016

Group	Property, plant and equipment				
	Fixtures, fittings and equipment	Motor vehicles	Total	Intangible assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2015	5,292	1,028	6,320	1,093	7,413
Additions	612	270	882	1,766	2,648
Disposals	(260)	(141)	(401)	-	(401)
At 31 March 2016	5,644	1,157	6,801	2,859	9,660
Depreciation					
At 1 July 2015	1,723	392	2,115	68	2,183
Charge for the period	571	132	703	266	969
Disposals	(260)	(91)	(351)	-	(351)
At 31 March 2016	2,034	433	2,467	334	2,801
Net book value					
At 31 March 2016	3,610	724	4,334	2,525	6,859
At 30 June 2015	3,569	636	4,205	1,025	5,230

As at 31 March 2015

Group	Property, plant and equipment				
	Fixtures, fittings and equipment	Motor vehicles	Total	Intangible assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2014	4,772	1,069	5,841	7	5,848
Additions	483	213	696	912	1,608
Disposals	(32)	(204)	(236)	-	(236)
At 31 March 2015	5,223	1,078	6,301	919	7,220
Depreciation					
At 1 July 2014	1,015	448	1,463	-	1,463
Charge for the period	527	124	651	-	651
Disposals	-	(144)	(144)	-	(144)
At 31 March 2015	1,542	428	1,970	-	1,970
Net book value					
At 31 March 2015	3,681	650	4,331	919	5,250
At 30 June 2014	3,757	621	4,378	7	4,385

Notes to the financial statements (continued)

7. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (continued)

As at 30 June 2015

Group	Fixtures, fittings and equipment	Motor vehicles	Total	Intangible assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2014	4,772	1,069	5,841	7	5,848
Additions	544	297	841	1,181	2,022
Disposals	(8)	(338)	(346)	-	(346)
Reclassifications	(16)	-	(16)	(95)	(111)
At 30 June 2015	5,292	1,028	6,320	1,093	7,413
Depreciation					
At 1 July 2014	1,015	448	1,463	-	1,463
Charge for the period	716	173	889	68	957
Disposals	(8)	(229)	(237)	-	(237)
At 30 June 2015	1,723	392	2,115	68	2,183
Net book value					
At 30 June 2015	3,569	636	4,205	1,025	5,230
At 30 June 2014	3,757	621	4,378	7	4,385

8. LOANS AND ADVANCES TO CUSTOMERS

	31 Mar 16	31 Mar 15	30 Jun 15
	£'000	£'000	£'000
Aggregate gross loans and advances	1,806,533	1,383,307	1,492,848
Less: allowances for impairment on loans and advances	(66,542)	(72,510)	(69,325)
	1,739,991	1,310,797	1,423,523

9. TRADE RECEIVABLES

	31 Mar 16	31 Mar 15	30 Jun 15
	£'000	£'000	£'000
Current			
Amounts owed by related companies	47	40	35
Other debtors	120	104	105
Prepayments and accrued income	2,360	2,094	2,156
	2,527	2,238	2,296

Amounts owed by related companies are in respect of Centrestand Limited, Charles Street Commercial Investments Limited, and Sterling Property Co. Limited, companies in which HN Moser is a director and shareholder (see note 15).

Notes to the financial statements (continued)

10. TRADE AND OTHER PAYABLES

	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Current			
Accruals and deferred income	18,576	15,215	25,692
Amounts owed to related parties	782	35	36
Trade creditors	966	1,719	1,326
Other creditors	2,479	3,070	3,252
Other taxation and social security	548	664	621
	23,351	20,703	30,927

Amounts owed to related companies are in respect of Common Sense Lending Limited and Charles Street Commercial Investments Limited, companies in which HN Moser is a director and shareholder (see note 15).

11. DEFERRED TAX

Group	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Deferred taxation asset			
At beginning of period	3,515	4,549	4,549
Charge to income statement	(2,728)	(731)	(1,073)
Effect of tax rates	-	26	39
At end of period	787	3,844	3,515
Analysed as			
Accelerated capital allowances	(223)	(139)	(223)
Short term timing differences	1,010	3,983	3,738
	787	3,844	3,515

Notes to the financial statements (continued)

12. BORROWINGS

	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Secured borrowing			
Bank loans	29,000	80,000	-
Loan notes	867,528	553,851	605,423
Subordinated loans	60,000	60,000	60,000
Senior secured notes	305,309	200,000	307,879
Obligations under hire purchase contracts	323	173	317
	1,262,160	894,024	973,619
Debt issue costs	(20,781)	(15,060)	(16,057)
Total borrowings	1,241,379	878,964	957,562
Of which:			
Amount due for settlement within 12 months	161	79,806	158
Amount due for settlement after 12 months	1,241,218	799,158	957,404
	1,241,379	878,964	957,562

Debt issue costs consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes which are being amortised over the expected duration of the facility or the term of the notes as appropriate.

The loan notes are provided through two revolving securitisation vehicles, Charles Street Conduit Asset Backed Securitisation 1 Limited (Charles Street) established in 2007 and Lakeside Asset Backed Securitisation 1 Limited (Lakeside) established on 13 August 2015. Each of the facilities is secured on specific loan assets.

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

On 13 August 2015 the Company successfully completed a new £255m revolving securitisation programme, known as Lakeside. The facility will run until August 2018 and will support the Group's commercial lending activity.

On 27 August 2015 the Group successfully refinanced its revolving credit facility; securing funds of £18m and on 11 January 2016 raised a further £11m thereby increasing the facility to £29m. The facility will run until August 2017.

O On 7 March 2016, the Charles Street facility ratings were re-confirmed as Aa2 by Moody's and AA by DBRS. The facility was further increased also on 7 March 2016 from £675m to £1bn and the term extended to January 2021.

Of the subordinated loans, £40m is due to 'DL 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.

Notes to the financial statements (continued)

12. BORROWINGS (continued)

As at 31 March 2016

Group

Maturity analysis	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	-	29,000	-	-	29,000
Loan notes	-	-	867,528	-	867,528
Subordinated loans	-	-	-	60,000	60,000
Senior secured notes	-	-	305,309	-	305,309
Hire purchase	161	124	38	-	323
Debt issue costs	-	-	(20,780)	-	(20,780)
	161	29,123	1,152,095	60,000	1,241,379

As at 31 March 2015

Group

Maturity analysis	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Bank loans	80,000	-	-	-	80,000
Loan notes	-	-	553,851	-	553,851
Subordinated loans	-	-	-	60,000	60,000
Senior secured notes	-	-	200,000	-	200,000
Hire purchase	107	54	12	-	173
Debt issue costs	(301)	-	(14,759)	-	(15,060)
	79,806	54	739,104	60,000	878,964

As at 30 June 2015

Group

Maturity analysis	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000	Total £'000
Loan notes	-	-	605,423	-	605,423
Subordinated loans	-	-	-	60,000	60,000
Senior secured notes	-	-	307,879	-	307,879
Hire purchase	158	102	57	-	317
Debt issue costs	-	-	(16,057)	-	(16,057)
	158	102	897,302	60,000	957,562

Notes to the financial statements (continued)

13. CALLED UP SHARE CAPITAL

	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Authorised			
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
154,690 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	1
10,000 E ordinary shares of 1 penny each	-	-	-
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425	5,425
	10,001	10,001	10,001
Issued, allotted and fully paid			
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
131,202 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	1
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203	5,203
	9,779	9,779	9,779

Details of the issuance of 100,000 D shares and authorisation of 10,000 E shares in the year to 30 June 2015 are set out in note 17.

Notes to the financial statements (continued)

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATIONS

	Three months ended		Nine months ended	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£'000	£'000	£'000	£'000
Profit after tax	19,691	14,746	56,315	41,339
Adjustments for:				
Taxation	4,951	4,082	14,151	11,509
Depreciation	351	228	969	651
Loss on sale of investments	3	3	13	13
Profit on sale of investment properties	-	-	-	(39)
Negative goodwill	-	-	-	(122)
Interest expense	17,330	13,385	49,465	38,237
	42,326	32,444	120,913	91,588
Increase in loan book	(101,638)	(102,854)	(316,468)	(257,247)
Increase in prepayments	(761)	(278)	(204)	(75)
(Increase)/decrease in other debtors and amounts owed by related companies	(3)	114	(27)	40
Decrease in inventories	-	119	-	119
(Decrease)/increase in accruals	(248)	1,416	(3,017)	1,665
(Decrease)/increase in trade creditors	(47)	468	(360)	399
Decrease in other creditors, amounts owed to related parties and taxation and social security	(22)	(1,468)	(100)	(649)
	(102,719)	(102,483)	(320,176)	(255,748)
Cash outflow from operations	(60,393)	(70,039)	(199,263)	(164,160)

Notes to the financial statements (continued)

15. RELATED PARTY TRANSACTIONS

Balances due from the Group	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Common Sense Lending Limited	-	7	7
Charles Street Commercial Investments Ltd	782	28	29
	782	35	36

Balances due to the Group	31 Mar 16 £'000	31 Mar 15 £'000	30 Jun 15 £'000
Centrestand Limited	25	15	14
Charles Street Commercial Investments Ltd	5	9	1
Sterling Property Co. Limited	17	16	20
	47	40	35

Notes to the financial statements (continued)

15. RELATED PARTY TRANSACTIONS (continued)

Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group. The following amounts were charged/ (credited) to the Groups' income statement:

	Three months ended		Nine months ended	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£'000	£'000	£'000	£'000
Bracken House Properties LLP				
Operating lease costs – Land and buildings due to Bracken House Properties LLP	261	-	784	523
Insurance costs due to Bracken House Properties LLP	6	-	19	13
Charles Street Commercial Investments Ltd				
Introduction fees due from Charles Street Commercial Investments Ltd	-	-	-	(12)
Introduction fees paid by Charles Street Commercial Investments Ltd	-	-	-	12
Amounts (paid)/received by the Group relating to Charles Street Commercial Investments Ltd	(724)	46	(72)	796
Arrangement fees paid by the Group to Charles Street Commercial Investments Ltd	-	(958)	(681)	(1,027)
Centrestand Limited				
Service charges and costs paid on behalf of Centrestand Limited	17	3	11	9
Sterling Property Co. Ltd				
Property management fees paid to the Group by Sterling Property Co. Ltd	-	-	(3)	-
Common Sense Lending Ltd				
Write back of amounts owed to Common Sense Lending Ltd	-	-	7	-
	(440)	(909)	65	314

Operating lease costs and insurance costs are paid to Bracken House Properties LLP on a prepaid basis.

16. CONTINGENT LIABILITIES

As at 31 March 2016 the company's assets were subject to a fixed and floating charge in respect of £29m of bank borrowings of the group (2015: £80m) and £300m in respect of senior secured notes (2015: £200m).

17. SHARE-BASED PAYMENTS

In the year ended 30 June 2015 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 25% or more of the company's share capital. As there is currently no firm indication that this event will take place no profit and loss charge has been made.

In the year ended 30 June 2015 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 25% of more of the company's share capital. As there is currently no firm indication that this event will take place no profit and loss charge has been made.

18. 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.

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.togethermoney.com/investors.aspx