

**PRIVILEGED PROPERTIES (NORTHERN)
LIMITED**

Report and Financial Statements

Year ended 30 June 2009



PRIVILEGED PROPERTIES (NORTHERN) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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PRIVILEGED PROPERTIES (NORTHERN) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S P Baker (appointed 2 July 2008)
G D Beckett
M R Goldberg
M J Ridley

SECRETARY

M J Ridley

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Royal Bank of Scotland Plc
Spinningfields
Manchester
M3 3AP

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The company's principal activity is that of a property holding company although the company has not traded in the current or preceding year

The directors consider the results for the year to be in line with expectations. The directors do not expect any significant change to the activities of the company

The company qualifies as small in accordance with the provisions of S382(3) of the Companies Act 2006 and is therefore exempt from its requirement to prepare an enhanced business review

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2009 are set out on pages 6 to 11. The profit for the year after tax was £632 (2008 £8,281)

The directors of the company do not recommend the payment of a dividend (2008 £nil)

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 company have considered the group's forecast funding and liquidity facilities insofar as to the extent to which they might affect the preparation of the company's financial statements on a going concern basis

Current group funding primarily consists of a £378m drawn syndicated loan facility (made between Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in Note 10 of the Jerrold Holdings Limited accounts) and a £409m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers)

The syndicated facility is not due for renewal until 9th November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which was renewed on 12th November 2009. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast

On this basis the directors have a reasonable expectation that, despite the uncertainty in market conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future

The majority of company assets are made up of intercompany loans which are not repayable prior to 31 March 2011. As a result, the company's current liabilities exceed assets due within one year. Should it be required, the parent company has indicated its willingness to provide financial support for a period not less than 12 months from the accounts signing date. Accordingly the directors of the company have adopted the going concern basis in preparing the financial statements

DIRECTORS AND THEIR INTERESTS

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

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

DIRECTORS' 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 auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information and to establish that the company's auditors are aware of that information

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

AUDITORS

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

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

M J Ridley
Secretary



26 March 2010

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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, 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 AUDITORS' REPORT TO THE MEMBERS OF PRIVILEGED PROPERTIES (NORTHERN) LIMITED

We have audited the financial statements of Privileged Properties (Northern) Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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 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 (APB'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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its 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 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Stephen Williams (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

26 MARCH 2010

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2009

	Note	2009 £	2008 £
Interest receivable and similar income	3	800	1,254
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	800	1,254
Tax on profit on ordinary activities	5	(168)	7,027
PROFIT FOR THE FINANCIAL YEAR	9	632	8,281

All activity has arisen from continuing operations

There were no recognised gains and losses in either year other than the result for the year then ended. Accordingly, a separate statement of total recognised gains and losses has not been presented.

PRIVILEGED PROPERTIES (NORTHERN) LIMITED


BALANCE SHEET 30 June 2009

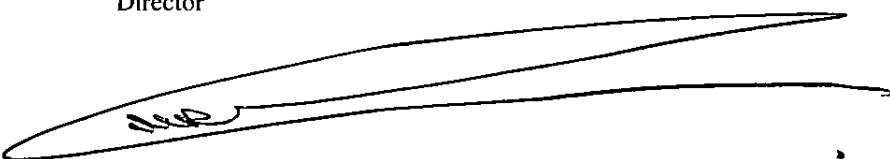
	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors			
- due within one year	6	-	23,102
- due after one year	6	21,057	-
Cash at bank and in hand		100	100
CREDITORS: Amounts falling due within one year	7	(422)	(3,099)
NET CURRENT ASSETS		<u>20,735</u>	<u>20,103</u>
NET ASSETS		<u>20,735</u>	<u>20,103</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	20,635	20,003
EQUITY SHAREHOLDER'S FUNDS	10	<u>20,735</u>	<u>20,103</u>

These financial statements were approved by the Board of Directors on *26 March* 2010

Company Registration No 3112042

Signed on behalf of the Board of Directors


G D Beckett
Director


M R Goldberg
Director

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current and prior year.

Accounting convention

The company prepares its accounts under the historic cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

Taxation

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

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Turnover

Turnover, which is derived wholly within the UK, consists of rental income, which is recognised on an accruals basis.

2. STAFF COSTS

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

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Interest receivable on intragroup balances	800	1,254
	<u>800</u>	<u>1,254</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee of £420 (2008 £350) was borne by a fellow group undertaking

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge/(credit) comprises

	2009 £	2008 £
Current tax		
UK corporation tax	168	254
Adjustment in respect of previous periods	-	(7,281)
Total current tax	<u>168</u>	<u>(7,027)</u>

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

	2009 £	2008 £
Profit on ordinary activities before tax	<u>800</u>	<u>1,254</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 29.5%)	224	370
Effects of		
Effects of other tax rates/credits	(56)	(116)
Adjustments in respect of prior years	-	(7,281)
Current tax charge/(credit) for year	<u>168</u>	<u>(7,027)</u>

During 2007, the Government enacted a change in corporation tax reducing the rate from 30% to 28% with effect from April 2008. For the year ended 30 June 2008, the tax rate was pro rated using a tax rate of 30% for the period from 1 July 2007 to 5 April 2008 and a tax rate of 28% from 6 April 2008 to 30 June 2008. This resulted in an average rate of tax for the year of 29.5%. The impact of this change on the corporation tax charge is disclosed in the table above.

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2009

6. DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Amounts owed by group undertakings	-	23,102
Amounts falling due after more than one year		
Amounts owed by group undertakings	21,057	-
	<u>21,057</u>	<u>23,102</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Corporation Tax	422	3,099

8. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	100	100

9. RESERVES

	Profit and loss reserve £
At 1 July 2008	20,003
Profit for the financial year	632
At 30 June 2009	<u>20,635</u>

10. RECONCILIATION OF EQUITY SHAREHOLDER'S FUNDS

	2009 £	2008 £
Opening equity shareholder's funds	20,103	11,822
Profit for the financial year	632	8,281
Closing equity shareholder's funds	<u>20,735</u>	<u>20,103</u>

11. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £378 million of bank borrowings of the group (2008 £378 million)

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2009

12. CASH FLOW STATEMENT

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

13. RELATED PARTY TRANSACTIONS

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

14. ULTIMATE PARENT COMPANY

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

The largest and smallest group of which Privileged Properties (Northern) Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings Ltd, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD

H N Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited