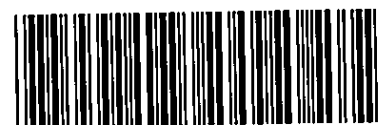


HARPMANOR LIMITED

Report and Financial Statements

Year ended 30 June 2008

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HARPMANOR LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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HARPMANOR LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser
S.P. Baker (appointed 2 July 2008)
S. Bean (appointed 5 June 2008)
G.D. Beckett
M.R. Goldberg
A.J. Grant
A.G. Lawton (appointed 5 June 2008)
M.J. Ridley (appointed 27 July 2007)

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 Registered Auditors
Manchester
M60 2AT

HARPMANOR LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company continued to be that of financiers.

The directors consider the results for the year to be satisfactory and look forward to the future with confidence.

The company qualifies as small in accordance with the provisions of S246(4) of the Companies Act 1985 and is therefore exempt from the requirement to present an enhanced business review.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2008 are set out on pages 5 to 13. The profit for the year after tax was £481,740 (2007: £619,604).

The directors do not recommend the payment of a dividend (2007: £nil).

STATEMENT OF GOING CONCERN

As set out in the Statement of Directors' Responsibilities, 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 £435m 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 is due for renewal on 11th 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. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS

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

HARPMANOR 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 (as defined in the Companies Act 1985) 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 (as defined) and to establish that the company's auditors are aware of that information

HARPMANOR LIMITED

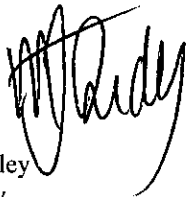
DIRECTORS' REPORT (continued)

This statement is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

AUDITORS

On 1 December 2008, the company's auditors changed their name from Deloitte & Touche LLP to Deloitte LLP. 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

24 April 2009

HARPMANOR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that 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 1985. 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 HARPMANOR LIMITED

We have audited the financial statements of Harpmanor Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the annual report, as described in the contents page, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
M60 2AT

24 APRIL 2009

HARPMANOR LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2008

| | Note | 2008 £ | 2007 £ |
|--|------|------------------------|------------------------|
| TURNOVER | | | |
| Cost of sales | 2 | 1,602,565 (430,576) | 1,359,187 (137,225) |
| GROSS PROFIT | | 1,171,989 | 1,221,962 |
| Administrative expenses | | (248,355) | (128,409) |
| OPERATING PROFIT | | 923,634 | 1,093,553 |
| Loss arising on disposal of investment properties | | - | (6,154) |
| Interest payable | 5 | (240,248) | (198,013) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 683,386 | 889,386 |
| Tax on profit on ordinary activities | 6 | (201,646) | (269,782) |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 12 | 481,740 | 619,604 |

All activity has arisen from continuing operations.

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

HARPMANOR LIMITED

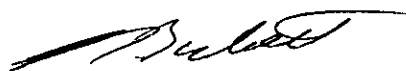
BALANCE SHEET 30 June 2008

| | Note | 2008 £ | 2007 £ |
|--|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Debtors | | | |
| - due within one year | 7 | 4,207,133 | 3,568,457 |
| - due after one year | 7 | 3,036,642 | 3,377,504 |
| Cash at bank and in hand | | 75,093 | - |
| | | <u>7,318,868</u> | <u>6,945,961</u> |
| CREDITORS: Amounts falling due within one year | 8 | <u>(1,175,139)</u> | <u>(2,853,962)</u> |
| NET CURRENT ASSETS | | 6,143,729 | 4,091,999 |
| CREDITORS: Amounts falling due after more than one year | 9 | <u>(1,569,990)</u> | <u>-</u> |
| NET ASSETS | | <u>4,573,739</u> | <u>4,091,999</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 2 | 2 |
| Profit and loss account | 12 | <u>4,573,737</u> | <u>4,091,997</u> |
| EQUITY SHAREHOLDER'S FUNDS | 13 | <u>4,573,739</u> | <u>4,091,999</u> |

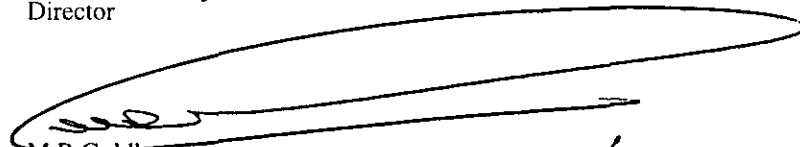
These financial statements were approved by the Board of Directors on 27 April 2009.

Signed on behalf of the Board of Directors

G D Beckett
Director



M R Goldberg
Director



NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

1. ACCOUNTING POLICIES

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

Turnover consists of proceeds of stock properties disposed of, interest recoverable on loans and commissions income.

Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed.

Income from disposal of stock properties is recognised at completion of the sale, with the related cost recognised within cost of sales.

Cost of sales includes the costs of stock properties sold during the year, and direct costs of the financing business, including commissions payable.

Bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. General provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

HARPMANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

2. TURNOVER

All turnover arises from the company's principal activity and in the UK.

3. STAFF COSTS

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

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after charging:

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Loss on sale of investment properties | - | 6,154 |
| The audit fee of £500 (2007: £500) was borne by another group undertaking. | | |

5. INTEREST PAYABLE

| | 2008 £ | 2007 £ |
|--------------------------------------|-----------|-----------|
| Interest payable on intragroup loans | (240,248) | (198,013) |

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Current tax | | |
| UK corporation tax | 202,181 | 263,355 |
| Total current tax | 202,181 | 263,355 |
| Deferred tax | | |
| Origination and reversal of timing differences | (535) | 6,427 |
| Total deferred tax (see note 10) | (535) | 6,427 |
| Total tax on profit on ordinary activities | 201,646 | 269,782 |

HARPMANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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 is as follows:

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 683,386 | 889,386 |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 29.5% (2007: 30%) | 201,617 | 266,816 |
| Effects of: | | |
| Other timing differences | 564 | (5,756) |
| Expenses not deductible for tax purposes | - | 449 |
| Chargeable gains | - | 1,846 |
| Current tax charge for year | 202,181 | 263,355 |

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.

7. DEBTORS

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 4,022,371 | 3,401,972 |
| Amounts owed by group undertakings | 184,262 | 159,860 |
| Other debtors | 500 | 6,625 |
| | 4,207,133 | 3,568,457 |
| Amounts falling due after more than one year: | | |
| Trade debtors | 3,026,724 | 3,368,121 |
| Deferred taxation (see note 10) | 9,918 | 9,383 |
| | 3,036,642 | 3,377,504 |
| | 7,243,775 | 6,945,961 |

Included within Trade Debtors is an amount of £1,754,692 which is funded through a securitisation vehicle.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2008 £ | 2007 £ |
|------------------------------------|-----------|-----------|
| Bank overdraft | - | 154,960 |
| Amounts owed to group undertakings | 705,778 | 2,430,619 |
| Corporation tax | 364,446 | 263,355 |
| Accruals and deferred income | 104,915 | 5,028 |
| | 1,175,139 | 2,853,962 |

HARPMANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

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

| | 2008 £ | 2007 £ |
|--------------------------------------|------------------|----------------|
| Loan notes | 1,569,990 | - |
| Borrowings are repayable as follows: | | |
| Within one year | - | 154,960 |
| Between two and five years | 1,569,990 | - |
| | <u>1,569,990</u> | <u>154,960</u> |

Loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. All loan notes revolve within a three month period. The Loan notes are supported by a renewable annual liquidity facility. In February 2009 the liquidity facility was renewed until 11th November 2009 and at the same time the maturity date of the Loan Note facility was re-aligned to co-inside with the next liquidity renewal date.

10. DEFERRED TAX ASSET

| | £ |
|-----------------------------------|--------------|
| Balance at 1 July 2007 | 9,383 |
| Credit to profit and loss account | 535 |
| Balance at 30 June 2008 | <u>9,918</u> |

The amounts provided in the financial statements comprising a full provision are as follows:

| | 2008 £ | 2007 £ |
|--------------------------|-----------|-----------|
| Other timing differences | 9,918 | 9,383 |

The directors believe that future profitability will be sufficient to ensure recoverability of the deferred taxation asset.

11. CALLED UP SHARE CAPITAL

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Authorised 100 ordinary shares of £1 each | 100 | 100 |
| Called up, allotted and fully paid 2 ordinary shares of £1 each | 2 | 2 |

12. PROFIT AND LOSS ACCOUNT

| | £ |
|--|------------------|
| At 1 July 2007 | 4,091,997 |
| Retained profit for the financial year | 481,740 |
| At 30 June 2008 | <u>4,573,737</u> |

HARPMANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

| | 2008 £ | 2007 £ |
|------------------------------------|------------------|------------------|
| Opening equity shareholder's funds | 4,091,999 | 3,472,395 |
| Profit for the financial year | 481,740 | 619,604 |
| | <u>4,573,739</u> | <u>4,091,999</u> |
| Closing equity shareholder's funds | <u>4,573,739</u> | <u>4,091,999</u> |

14. 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 (2007: £722.5 million).

15. 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.

16. 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.

17. 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 Harpmanor 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.