

HARPMANOR LIMITED

Report and Financial Statements

Year ended 30 June 2009



HARPMANOR LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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HARPMANOR LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S P Baker (appointed 2 July 2008)
S Bean
G D Beckett
M R Goldberg
A J Grant
A G Lawton
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

HARPMANOR 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 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 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 the requirement to present 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 12. The profit for the year after tax was £592,264 (2008 £481,740).

The directors 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. 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 (continued)

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

HARPMANOR 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 HARPMANOR LIMITED

We have audited the financial statements of Harpmanor 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 17. 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

HARPMANOR LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2009

	Note	2009 £	2008 £
TURNOVER	2	1,196,874	1,602,565
Cost of sales		(209,151)	(430,576)
GROSS PROFIT		987,723	1,171,989
Administrative expenses		(116,055)	(248,355)
OPERATING PROFIT		871,668	923,634
Interest payable and similar charges	5	(74,211)	(240,248)
Interest receivable and similar income	5	24,756	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	822,213	683,386
Tax on profit on ordinary activities	6	(229,949)	(201,646)
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	592,264	481,740

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 2009

	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors			
- due within one year	7	5,124,965	4,207,133
- due after one year	7	2,833,971	3,036,642
Cash at bank and in hand		134,865	75,093
		<u>8,093,801</u>	<u>7,318,868</u>
CREDITORS: Amounts falling due within one year	8	<u>(2,917,953)</u>	<u>(1,175,139)</u>
NET CURRENT ASSETS		5,175,848	6,143,729
CREDITORS: Amounts falling due after more than one year	9	<u>(9,845)</u>	<u>(1,569,990)</u>
NET ASSETS		<u>5,166,003</u>	<u>4,573,739</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	5,166,001	4,573,737
EQUITY SHAREHOLDER'S FUNDS	13	<u>5,166,003</u>	<u>4,573,739</u>

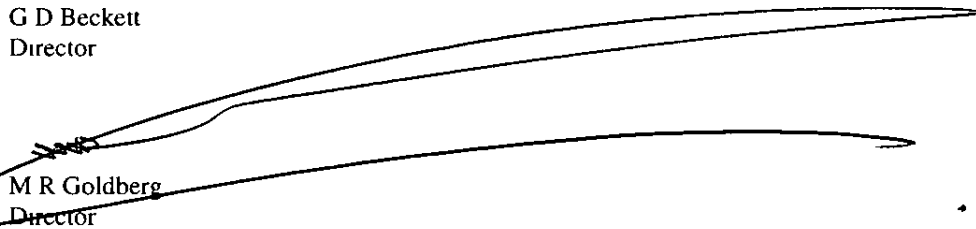
These financial statements were approved by the Board of Directors on *26 March* 2010

Company Registration No 1954109

Signed on behalf of the Board of Directors



G D Beckett
Director



M R Goldberg
Director

HARPMANOR 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 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 interest recoverable on loans, fees 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. Cost of sales includes the direct costs of the financing, any fees and 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 2009

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

The audit fee of £600 (2008 £500) was borne by another group undertaking

5. FINANCE CHARGES

	2009 £	2008 £
<i>Interest payable and similar charges</i>		
Interest payable on intragroup loans	-	(210,233)
Discount payable on loan notes	(74,211)	(30,015)
	<u>(74,211)</u>	<u>(240,248)</u>

	2009 £	2008 £
<i>Interest receivable and similar income</i>		
Interest receivable on intragroup loans	24,741	-
Other interest receivable	15	-
	<u>24,756</u>	<u>-</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2009 £	2008 £
Current tax		
UK corporation tax	230,454	202,181
Adjustment in respect of prior years - UK corporation tax	(270)	-
Total current tax	<u>230,184</u>	<u>202,181</u>
Deferred tax		
Origination and reversal of timing differences	(235)	(535)
Total deferred tax (see note 10)	<u>(235)</u>	<u>(535)</u>
Total tax on profit on ordinary activities	<u><u>229,949</u></u>	<u><u>201,646</u></u>

HARPMANOR LIMITED

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

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 are as follows

	2009 £	2008 £
Profit on ordinary activities before tax	<u>822,213</u>	<u>683,386</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 29.5%)	230,219	201,617
Effects of Other timing differences	235	564
Adjustments to tax charge in respect of previous periods	<u>(270)</u>	<u>-</u>
Current tax charge for year	<u>230,184</u>	<u>202,181</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.

7. DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	5,124,775	4,022,371
Amounts owed by group undertakings	-	184,262
Other debtors	-	500
Prepayments	190	-
	<u>5,124,965</u>	<u>4,207,133</u>
Amounts falling due after more than one year		
Trade debtors	2,091,234	3,026,724
Amounts owed by group undertakings	732,584	-
Deferred taxation (see note 10)	10,153	9,918
	<u>2,833,971</u>	<u>3,036,642</u>
	<u>7,958,936</u>	<u>7,243,775</u>

Included within Trade Debtors are mortgage assets totalling £2,902,543 (2008 £1,754,692) which is funded through a securitisation vehicle.

In the current year, the terms of the intercompany loan were formalised, resulting in the balance not being repayable prior to 31 March 2011.

HARPMANOR LIMITED

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

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Loan notes	2,459,799	-
Amounts owed to group undertakings	-	705,778
Corporation tax	115,227	364,446
Other Creditors	20,109	-
Accruals and deferred income	322,818	104,915
	<u>2,917,953</u>	<u>1,175,139</u>

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

	2009 £	2008 £
Loan notes	-	1,569,990
Amounts owed to group undertakings	9,845	-
	<u>9,845</u>	<u>1,569,990</u>
Borrowings are repayable as follows		
Within one year	2,459,799	-
Between two and five years	9,845	1,569,990
	<u>2,469,644</u>	<u>1,569,990</u>

Loan notes are provided through a securitisation vehicle. They are transacted at market value and carry a fixed rate discount. They are secured on specific loan assets. All loan notes revolve within a three month period and are supported by a revolving 364 day liquidity facility which was renewed on 12th November 2009.

In the current year, the terms of the intercompany loan were formalised, resulting in the balance not being repayable prior to 31 March 2011.

10. DEFERRED TAX ASSET

	£
Balance at 1 July 2008	9,918
Credit to profit and loss account	235
	<u>10,153</u>
Balance at 30 June 2009	<u>10,153</u>

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

	2009 £	2008 £
Other timing differences	10,153	9,918

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

HARPMANOR LIMITED

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

11. CALLED UP SHARE CAPITAL

	2009 £	2008 £
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 2008	4,573,737
Retained profit for the financial year	592,264
At 30 June 2009	5,166,001

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2009 £	2008 £
Opening equity shareholder's funds	4,573,739	4,091,999
Profit for the financial year	592,264	481,740
Closing equity shareholder's funds	5,166,003	4,573,739

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 (2008 £378 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

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