

HEYWOOD FINANCE LIMITED

Report and Financial Statements

Year ended 30 June 2006



HEYWOOD FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

HEYWOOD FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
P Heywood
G D Beckett
D M Hyland
M R Goldberg

SECRETARY

M J Ridley (appointed 5 April 2006)
G D Beckett (resigned 5 April 2006)

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Bank of Scotland Corporate Banking
9th Floor
No 1 Marsden Street
Manchester
M2 1HW

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Manchester

HEYWOOD FINANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2006

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company continues to be the provision of hire purchase finance

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 2006 are set out on pages 5 to 12. The profit for the year after tax was £339,151 (2005 - £228,168)

The directors do not recommend the payment of a dividend (2005 - £nil)

DIRECTORS AND THEIR INTERESTS

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

P. Heywood owns 10 ordinary shares of £1 each (2005 - 10)

Mr H N Moser is a director of Jerrold Holdings Ltd, the ultimate parent company, and his interests in the share capital of that company are disclosed in its financial statements. None of the other directors have interests in the share capital of the company, or any other interests required to be disclosed under Schedule 7 of the Companies Act 1985. No director has, or had, any material interest in any contract or agreement entered into by the company during the year.

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.

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

AUDITORS

A resolution to re-appoint Deloitte & Touche 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 APRIL 2007

HEYWOOD FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements with applicable law and regulations. Under that law the directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for establishing and maintaining the system of internal control, 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 HEYWOOD FINANCE LIMITED

We have audited the financial statements of Heywood Finance Limited for the year ended 30 June 2006 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. 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 directors report contained in the annual report, 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 2006 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 & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

27 APRIL 2007

HEYWOOD FINANCE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2006

	Note	2006 £	2005 £
TURNOVER			
	2	1,626,260	1,627,632
Cost of sales		<u>(92,790)</u>	<u>(109,804)</u>
GROSS PROFIT		1,533,470	1,517,828
Administrative expenses		<u>(501,704)</u>	<u>(565,969)</u>
OPERATING PROFIT		1,031,766	951,859
Interest payable and similar charges (net)	4	<u>(543,890)</u>	<u>(621,110)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	487,876	330,749
Tax on loss on ordinary activities	6	<u>(148,725)</u>	<u>(102,581)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	<u><u>339,151</u></u>	<u><u>228,168</u></u>

All activity has arisen from continuing operations

There were no recognised gains or losses in either year other than the profit for that year and consequently no statement of total recognised gains and losses has been presented

HEYWOOD FINANCE LIMITED

BALANCE SHEET 30 June 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	74,518	53,043
CURRENT ASSETS			
Debtors			
- due within one year	8	5,068,809	6,749,883
- due after one year	8	4,260,654	4,509,024
Cash at bank and in hand		193,718	280,487
		<u>9,523,181</u>	<u>11,539,394</u>
CREDITORS: Amounts falling due within one year	9	<u>(8,152,451)</u>	<u>(10,497,317)</u>
NET CURRENT ASSETS		<u>1,370,730</u>	<u>1,042,077</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,445,248	1,095,120
CREDITORS: Amounts falling due after more than one year		<u>(22,023)</u>	<u>(11,046)</u>
NET ASSETS		<u>1,423,225</u>	<u>1,084,074</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>1,423,125</u>	<u>1,083,974</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>1,423,225</u>	<u>1,084,074</u>

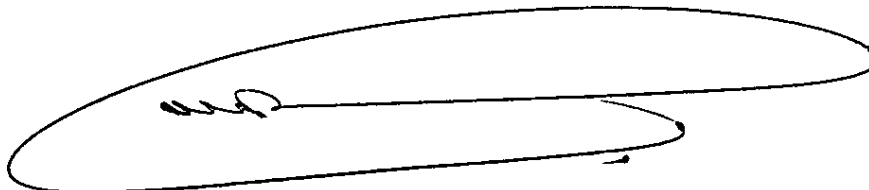
These financial statements were approved by the Board of Directors on 26 APRIL 2007

Signed on behalf of the Board of Directors

G D Beckett
Director



M R Goldberg
Director



HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

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 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, including commissions payable.

Bad and doubtful debts

Specific provisions are made when the directors consider that the creditworthiness of a customer has deteriorated so 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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided evenly on the cost or revalued amount of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates are:

Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% straight-line on cost

HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

2. TURNOVER

Turnover is wholly derived from within the UK and relates to the principal activity of the company

3. STAFF COSTS

No Directors' remuneration was paid by the company during either year

The company had no employees who received remuneration during either year

4. INTEREST PAYABLE AND SIMILAR CHARGES (NET)

	2006 £	2005 £
<i>Investment income</i>		
Bank interest	692	950
	<u>692</u>	<u>950</u>
	2006 £	2005 £
<i>Interest payable</i>		
Bank loans and overdrafts	(543,551)	(620,750)
Interest payable on hire purchase agreement	(1,031)	(1,310)
	<u>(544,582)</u>	<u>(622,060)</u>
	2006 £	2005 £
<i>Interest payable and similar charges (net)</i>		
Investment income	692	950
Interest payable	(544,582)	(622,060)
	<u>(543,890)</u>	<u>(621,110)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Depreciation of tangible fixed assets		
- owned	11,938	19,186
- leased	5,433	5,015
	<u>17,371</u>	<u>24,201</u>

In both years the audit fee was borne by another group undertaking

HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2006

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2006 £	2005 £
Current tax		
UK corporation tax	147,723	105,500
Adjustment in respect of prior years - UK corporation tax	-	-
Total current tax	<u>147,723</u>	<u>105,500</u>
Deferred tax		
Origination and reversal of timing differences (see note 10)	1,002	(2,919)
Total tax on profit on ordinary activities	<u>148,725</u>	<u>102,581</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 is as follows

	2006 £	2005 £
Profit on ordinary activities before tax	<u>487,876</u>	<u>330,749</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	146,363	99,225
Effects of		
Expenses not deductible for tax purposes	2,360	3,355
Capital allowances in excess of depreciation	-	2,963
Other timing differences	(1,000)	(43)
Current tax charge for year	<u>147,723</u>	<u>105,500</u>

There is no unprovided deferred tax at the year end (2005 - £Nil)

HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2006

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2005	88,434	75,308	163,742
Additions	10,065	30,903	40,968
Disposals	-	(19,563)	(19,563)
	<u>98,499</u>	<u>86,648</u>	<u>185,147</u>
At 30 June 2006			
Depreciation			
At 1 July 2005	81,483	29,216	110,699
Charge for the year	6,011	11,360	17,371
Disposals	-	(17,441)	(17,441)
	<u>87,494</u>	<u>23,135</u>	<u>110,629</u>
At 30 June 2006			
Net book value			
At 30 June 2006	<u>11,005</u>	<u>63,513</u>	<u>74,518</u>
At 30 June 2005	<u>6,951</u>	<u>46,092</u>	<u>53,043</u>

The net book value of tangible fixed assets includes £47,201 (2005- £21,730) in respect of assets held under hire purchase agreements

8. DEBTORS

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	5,665,640	5,133,797
Amounts owed by fellow group undertakings	485	1,615,632
Prepayments	2,684	454
	<u>5,068,809</u>	<u>6,749,883</u>
Amounts falling due after more than one year		
Trade debtors	4,226,937	4,474,305
Deferred taxation (see note 10)	33,717	34,719
	<u>4,260,654</u>	<u>4,509,024</u>
	<u>9,329,463</u>	<u>11,258,907</u>

HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2006

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed to group undertakings	7,967,458	10,367,524
Amounts owed to related undertakings	1,530	1,530
UK corporation tax	147,723	105,500
Accruals and deferred income	16,910	13,894
Hire purchase creditor	18,830	8,869
	<u>8,152,451</u>	<u>10,497,317</u>

The amounts owed to related parties relates to a balance with UK Mortgage Corporation Limited, a company with which Heywood Finance Limited has common ownership

The balance has arisen as a result of cash payments made by the related party on behalf of the company

10. DEFERRED TAXATION

	£
Balance at 1 July 2005	34,719
Debit to profit and loss account	(1,002)
Balance at 30 June 2006	<u>33,717</u>

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

	2006 £	2005 £
Capital allowances in advance of depreciation	5,603	5,603
Other timing differences	28,114	29,116
	<u>33,717</u>	<u>34,719</u>

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

11 CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

HEYWOOD FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

12. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2005	1,083,974
Retained profit for the financial year	<u>339,151</u>
At 30 June 2006	<u><u>1,423,125</u></u>

13 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	339,151	228,168
Opening equity shareholders' funds	<u>1,084,074</u>	<u>855,906</u>
Closing equity shareholders' funds	<u><u>1,423,225</u></u>	<u><u>1,084,074</u></u>

14 CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £481 million of bank borrowings of the group (2005 - £313 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 90% 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 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 Heywood Finance 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