

**HEYWOOD FINANCE LIMITED**

**Report and Financial Statements**

**Year ended 30 June 2013**



# HEYWOOD FINANCE LIMITED

## REPORT AND FINANCIAL STATEMENTS 2013

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# **HEYWOOD FINANCE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

H N Moser  
S P Baker  
G D Beckett  
M R Goldberg  
P Heywood

### **SECRETARY**

M J Ridley

### **REGISTERED OFFICE**

Lake View  
Lakeside  
Cheadle  
Cheshire  
SK8 3GW

### **PRINCIPAL BANKERS**

The Royal Bank of Scotland Plc  
Spinningfields  
Manchester  
M3 3AP

### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT

# HEYWOOD FINANCE LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2013

### 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 are satisfied in the results for the year. The company has not written any new business in the year although it continues to finance and collect its existing arrangements

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 2013 are set out on pages 6 to 14. The profit for the year after tax was £200,589 (2012 £303,340)

The directors do not recommend the payment of a dividend (2012 £nil)

### POST BALANCE SHEET EVENT

In September 2013 Jerrold FinCo plc, a subsidiary of Jerrold Holdings Limited, issued and closed an offering of £200 million Senior Secured Notes repayable in 2018. The proceeds will be used to reduce the syndicated loan facility and to provide additional funding capacity for the Group

### 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 company's forecast funding and liquidity positions and applied reasonable sensitivities thereon in order to confirm that the preparation of the company's financial statements on a going concern basis is appropriate

On the basis that the company has adequate funding as detailed above, together with its current performance and financial position, the directors have a reasonable expectation that the company 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 and subsequently thereafter. P Heywood owns 10 ordinary shares of £1 each (2012 10 ordinary shares of £1 each)

### DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

# HEYWOOD FINANCE 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 auditor is unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information and to establish that the company's auditor is aware of that information

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

### AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them 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

3 October 2013

# HEYWOOD FINANCE 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 AUDITOR'S REPORT TO THE MEMBERS OF HEYWOOD FINANCE LIMITED**

We have audited the financial statements of Heywood Finance Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. 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 to them in an auditor's 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 auditor**

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 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.



Peter Birch (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

3 October 2013

# HEYWOOD FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 June 2013

	Note	2013 £	2012 £
<b>TURNOVER</b>	2	210,084	304,957
Cost of sales		(1,081)	4,960
<b>GROSS PROFIT</b>		209,003	309,917
Administrative (expenses) / income		(55,261)	43,553
<b>OPERATING PROFIT</b>		153,742	353,470
Interest payable and similar charges	4	(232)	-
Interest receivable and similar income	4	109,674	54,096
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	263,184	407,566
Tax on profit on ordinary activities	6	(62,595)	(104,226)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	13	200,589	303,340

All activity has arisen from continuing operations

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



# HEYWOOD FINANCE LIMITED

## BALANCE SHEET

As at 30 June 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	211
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	8	117,553	418,024
- due after one year	8	95,311	1,441,983
Cash at bank and in hand		1,848,499	78,024
		2,061,363	1,938,031
<b>CREDITORS. Amounts falling due within one year</b>	9	(193,846)	(270,414)
<b>NET CURRENT ASSETS</b>		1,867,517	1,667,617
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,867,517	1,667,828
<b>CREDITORS: Amounts falling due after more than one year</b>	10	-	(900)
<b>NET ASSETS</b>		1,867,517	1,666,928
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account	13	1,867,417	1,666,828
<b>SHAREHOLDERS' FUNDS</b>	14	1,867,517	1,666,928

These financial statements were approved by the Board of Directors on 3 October 2013

Company Registration No 3160517

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 2013**

**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.

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 Limited which has produced consolidated financial statements that are publicly available.

**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. 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.

**Provisions for 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. Incurred but not reported loss 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2013

1. ACCOUNTING POLICIES (CONTINUED)

**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

Computer equipment - 33% straight-line on cost

2. TURNOVER

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

Aggregate rentals received in respect of hire purchase contracts amounted to £456,628 (2012 £1,148,539)

3. STAFF COSTS

The company had no employees and paid no director's emoluments during either year

Directors' emoluments are borne by a fellow subsidiary company of Jerrold Holdings Limited, Bleman Finance Limited

4. FINANCE CHARGES

	2013 £	2012 £
<i>Interest payable and similar charges</i>		
Other loan interest	(232)	-
	<u>          </u>	<u>          </u>
<i>Interest receivable and similar income</i>		
Interest receivable on intragroup loans	109,674	54,096
	<u>          </u>	<u>          </u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2013 £	2012 £
Loss on sale of fixed assets	-	1,965
Depreciation of tangible fixed assets - owned assets	211	3,232
	<u>          </u>	<u>          </u>

The audit fee was borne by another group undertaking

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2013	2012
	£	£
<b>Current tax</b>		
UK corporation tax	61,732	100,958
Adjustment in respect of previous periods	(1)	-
	<u>61,731</u>	<u>100,958</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences (see note 11)	777	3,268
Effect of changes in tax rates	87	-
	<u>864</u>	<u>3,268</u>
<b>Total tax charge on profit on ordinary activities</b>	<u><u>62,595</u></u>	<u><u>104,226</u></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

	2013	2012
	£	£
<b>Profit on ordinary activities before tax</b>	<u>263,184</u>	<u>407,566</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.75% (2012 25.5%)	62,509	103,942
Effects of		
Expenses not deductible for tax purposes	1	-
Capital allowances in excess of depreciation	(331)	(1,528)
Other timing differences	(447)	(1,456)
Adjustment to tax charge in respect of previous periods	(1)	-
	<u>61,731</u>	<u>100,958</u>
<b>Current tax charge for year</b>	<u><u>61,731</u></u>	<u><u>100,958</u></u>

The main rate of corporation tax reduced from 24% to 23% from 1 April 2013 resulting in a standard rate of corporation tax for the year to 30 June 2013 of 23.75%

There is no unprovided deferred tax at the year end (2012 £nil)

# HEYWOOD FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2013

### 7. TANGIBLE FIXED ASSETS

	Computer equipment £
<b>Cost</b>	
At 1 July 2012	7,584
Disposals	(7,584)
	<hr/>
At 30 June 2013	-
	<hr/>
<b>Depreciation</b>	
At 1 July 2012	7,373
Charge for the year	211
Disposals	(7,584)
	<hr/>
At 30 June 2013	-
	<hr/>
<b>Net book value</b>	
At 30 June 2013	-
	<hr/> <hr/>
At 30 June 2012	211
	<hr/> <hr/>

### 8. DEBTORS

	2013 £	2012 £
Amounts falling due within one year		
Net investment in hire purchase contracts	117,553	418,024
	<hr/>	<hr/>
Amounts falling due after more than one year		
Net investment in hire purchase contracts	5,922	79,496
Amounts owed by fellow group undertakings	87,567	1,359,801
Deferred taxation (see note 11)	1,822	2,686
	<hr/>	<hr/>
	95,311	1,441,983
	<hr/>	<hr/>
	212,864	1,860,007
	<hr/> <hr/>	<hr/> <hr/>

The aggregate cost of assets acquired for letting under hire purchase contracts amounted to £4,538,190 (2012 £5,907,693)

The terms of the intercompany loan result in the balance not being repayable prior to 31 December 2014

# HEYWOOD FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2013

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	110	105
UK corporation tax	61,731	100,958
Accruals and deferred income	245	42,267
Other creditors	131,726	127,084
Other taxes and social security	34	-
	<u>193,846</u>	<u>270,414</u>

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2013 £	2012 £
Amounts owed to group undertakings	<u>-</u>	<u>900</u>
Borrowings are repayable as follows		
Between one and two years	<u>-</u>	<u>900</u>

### 11. DEFERRED TAXATION

	£
Balance at 1 July 2012	2,686
Charge to profit and loss account	(864)
Balance at 30 June 2013	<u>1,822</u>

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

	2013 £	2012 £
Capital allowances in advance of depreciation	1,679	2,086
Other timing differences	143	600
	<u>1,822</u>	<u>2,686</u>

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

### 12. CALLED UP SHARE CAPITAL

	2013 £	2012 £
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 (continued)

Year ended 30 June 2013

### 13. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2012	1,666,828
Retained profit for the financial year	<u>200,589</u>
At 30 June 2013	<u><u>1,867,417</u></u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	1,666,928	1,363,588
Profit for the financial year	<u>200,589</u>	<u>303,340</u>
Closing shareholders' funds	<u><u>1,867,517</u></u>	<u><u>1,666,928</u></u>

### 15. CONTINGENT LIABILITY

As at 30 June 2013 the company's assets were subject to a fixed and floating charge in respect of £204.5m of bank borrowings of the group (2012 £378m)

### 16. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions, in the ordinary course of business, with other related parties as follows

	2013 £	2012 £
<i>Transactions with parent</i>		
Treasury payments with Jerrold Holdings Limited	<u>87,567</u>	<u>-</u>
<i>Transactions with fellow group companies</i>		
Interest recharges received from Blemain Finance Limited	109,674	54,096
Management recharges to Blemain Finance Limited	(98,228)	(136,163)
Treasury (receipts) / payments with Blemain Finance Limited	<u>(1,370,247)</u>	<u>1,587,954</u>
	<u><u>(1,358,801)</u></u>	<u><u>1,505,887</u></u>
Amounts due from parent	87,567	-
Amounts due from fellow group companies	<u>-</u>	<u>1,358,801</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 30 June 2013**

**17. ULTIMATE PARENT COMPANY**

The company is a subsidiary undertaking of Jerrold Holdings Limited, 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 Limited, whose principal place of business is at Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW

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

**18. POST BALANCE SHEET EVENT**

In September 2013 Jerrold FinCo plc, a subsidiary of Jerrold Holdings Limited, issued and closed an offering of £200 million Senior Secured Notes repayable in 2018. The proceeds will be used to reduce the syndicated loan facility and to provide additional funding capacity for the Group