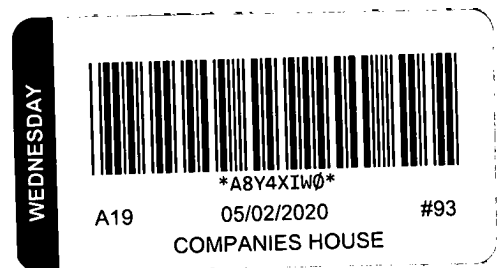


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Heywood Finance Limited

Annual Report and Financial Statements

For the year ended 30 June 2019



Heywood Finance Limited

Annual report and financial statements for the year ended 30 June 2019

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Officers and professional advisers

Directors

HN Moser
GD Beckett
MR Goldberg
J Lowe

Chief Executive Officer

(Appointed 12 December 2018)

Secretary

GD Beckett

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

Auditor

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

Strategic report

The directors present the annual report and audited financial statements of Heywood Finance Limited (the Company) for the year ended 30 June 2019.

Business review

Business model and strategy

The principal activity of the Company was formerly that of financiers. The Company has ceased trading and it is the intention of the directors to dissolve the Company, which may occur in the forthcoming year.

The Company is a wholly-owned subsidiary of Together Financial Services Limited which, with its subsidiaries, operates as the Together Group of businesses. All operations are located at its head office.

Results and dividends

As shown in the statement of comprehensive income on page 7, the Company made a loss before tax of £1,342 (2018: profit of £552).

Financial position

As shown in the Company's statement of financial position on page 8, the Company's equity has increased to £114,007 (30 June 2018: £110,534), reflecting the retained profit for the year of £3,473 (2018: £560).

Principal risks and uncertainties

Credit risk

Credit risk is the risk arising as result of default by counterparties due to failure to honour obligations when they fall due.

The Company's credit risk relates to its intercompany loan and the ability of its parent, Together Financial Services Limited, to meet any contractual obligations. The Together Group has continued to report substantial, increasing profits, and has a diverse funding structure with maturities ranging from 2021 to 2024; hence the directors consider that the Company has no material credit risk.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company is no longer trading and therefore does not have significant exposure to operational risk.

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



J Lowe
Director
18 December 2019

Directors' report

Directors

The directors of the Company are set out on page 1.

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.

Environment

As the Company is no longer trading, its actions do not have a significant environmental impact.

Statement of going concern

As set out in the statement of directors' responsibilities, 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.

As explained in the Strategic Report, the Company has ceased trading and it is the intention of the directors to dissolve the Company, which may occur in the forthcoming year. As required by UK accounting standards, the directors have therefore prepared the financial statements on the basis that the Company is no longer a going concern. For further details see Note 2 in the financial statements.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company is contained in the Strategic report.

Dividends

The directors of the Company do not recommend the payment of a dividend (2018: £nil).

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(2) of the Companies Act 2006.

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



J Lowe
Director
18 December 2019

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), including FRS 101 *Reduced Disclosure Framework*. 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 year. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

Independent auditor's report to the members of Heywood Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Heywood Finance Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial positions;
- the statement of changes in equity;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report (continued)

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Opinions on other matters prescribed by the Companies Act 2006


In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Use of our report

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.



David Heaton (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
18 December 2019

Statement of comprehensive income

Year ended 30 June 2019

All amounts are stated in £

Income statement	Note	2019	2018
Interest receivable and similar income	4	-	1,433
Interest payable and similar charges	5	(88)	(616)
Net interest (charge)/income		(88)	817
Other gains/(losses)	6	238	(53)
Operating income		150	764
Administrative expenses	7	(1,492)	(212)
(Loss)/profit before taxation		(1,342)	552
Income tax credit	8	4,815	8
Profit after taxation		3,473	560

The results for the current and preceding years relate entirely to discontinued operations. There is no other comprehensive income in either year.

Statement of financial position

As at 30 June 2019

All amounts are stated in £

	Note	2019	2018
Assets			
Cash and cash equivalents		-	499,988
Amounts owed by parent company	9	170,695	-
Total assets		170,695	499,988
Liabilities			
Bank facilities	10	2,050	-
Other liabilities	11	54,638	385,012
Current tax liabilities		-	372
Deferred tax liability	12	-	4,070
Total liabilities		56,688	389,454
Equity			
Share capital	13	100	100
Retained earnings		113,907	110,434
Total equity		114,007	110,534
Total equity and liabilities		170,695	499,988

These financial statements were approved and authorised for issue by the Board of Directors on 18 December 2019.

Company Registration No. 03160517

Signed on behalf of the Board of Directors



HN Moser
Director



J Lowe
Director

Statement of changes in equity

Year ended 30 June 2019

All amounts are stated in £

2019	Share capital	Retained earnings	Total
At beginning of the year	100	110,434	110,534
Profit for the year	-	3,473	3,473
At end of the year	100	113,907	114,007

2018	Share capital	Retained earnings	Total
At beginning of the year	100	109,874	109,974
Profit for the year	-	560	560
At end of the year	100	110,434	110,534

Notes to the financial statements

1. Reporting entity and general information

Heywood Finance Limited is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company is limited by shares. The Company was primarily a financier but trading has ceased and the directors intend to dissolve the Company, which may occur during the forthcoming year.

2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* ('FRS 101'). This applies the recognition and measurement requirements of International Financial Reporting Standards ('IFRS') but provides certain exemptions from the disclosure requirements of IFRS.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the individual accounting policies and Note 3 to the financial statements.

The Company's parent undertaking, Together Financial Services Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Together Financial Services Limited are available to the public and may be obtained from Lake View, Lakeside, Cheadle, Cheshire SK8 3GW. In these financial statements, the Company has taken advantage of the disclosure exemptions under FRS 101 in relation to presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective and related party transactions. The Company is not regarded as a financial institution, and as such is exempt from preparing disclosures required by IFRS 7 and IFRS 13.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Adoption of new accounting standards, amendments and interpretations

IFRS 9 Financial instruments

The Company has adopted IFRS 9 *Financial instruments* issued by the IASB in July 2014 with a date of application of 1 July 2018. The adoption of IFRS 9 represents a significant change from the requirements of IAS 39 *Financial instruments: recognition and measurement*, and has resulted in changes in our accounting policies for recognition, classification and measurement of financial instruments and the impairment of financial assets. It also significantly amends the disclosures relating to financial instruments.

Classification of financial instruments

IFRS 9 has replaced the classification categories of IAS 39, determining the appropriate classification of financial instruments based on the business model in which the assets are managed and the nature of the contractual cash flows, specifically whether they represent solely payments of principal and interest. In practice this change has no effect for the Company as all of its financial instruments continue to be held at amortised cost.

Transition to IFRS 9

The potential impact of transition to IFRS 9 for the Company is the requirement to measure impairment allowances on an expected credit loss (ECL) basis. As explained further in Note 3, no ECL has been recognised in respect of the intercompany loan on transition to IFRS 9 or at the year-end date. As such, there has been no financial impact on transition.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

IFRS 15

IFRS 15 was issued in May 2014 and is effective for annual periods beginning on or after 1 January 2018. There is no effect of IFRS 15 as the Company is no longer trading.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in its strategic report.

The Company has ceased trading and it is the intention of the directors to dissolve the Company, which may occur in the forthcoming year. Thus the annual financial statements have been prepared on a basis other than going-concern. No adjustments arose as a result of ceasing to apply the going-concern basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable loss for the year. Taxable loss differs from loss before tax as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Financial assets

The Company's financial assets consist of amounts owed by group undertakings that are initially recorded at fair value plus any directly attributable transaction costs. From 1 July 2018, the Company's financial assets are classified as measured at amortised cost, being the gross carrying amount less expected impairment allowance, using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Notes to the financial statements (continued)

All amounts are stated in £

2. Significant accounting policies (continued)

Impairment of financial assets

Policy applicable from 1 July 2018

From 1 July 2018, the Company recognises loss allowances for expected credit losses (ECL) on financial assets held at amortised cost. ECLs are a probability-weighted estimate of the present value of credit losses discounted over the expected life of an instrument at its original effective interest rate (EIR). Credit losses for financial assets are the difference between the contractual cash flows and the cash flows expected to be received.

The Company considers whether financial assets are credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred.

For financial instruments on which credit risk has not increased significantly since initial recognition, the Company measures loss allowances at an amount equal to the 12-month ECL, i.e. the portion of lifetime ECL of those default events expected to arise within 12 months of the reporting date. For all other financial instruments loss allowances are measured at an amount equal to the full lifetime ECL. The latter category of instruments includes those that have objective evidence of impairment at the reporting date.

Policy applicable before 1 July 2018

Financial assets were impaired and impairment losses incurred if, and only if, there was objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the assets and prior to the reporting date and that had an impact on the estimated future cash flows of the financial asset that could be reliably estimated.

3. Critical accounting estimates and judgements

The Company has to make judgements in applying its accounting policies which affect the amounts recognised in the accounts. In addition, estimates and assumptions are made that could affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates.

The only significant area where judgement is made is the impairment of financial assets. The Company regularly assesses whether there is evidence that financial assets are impaired. Financial assets of the Company are loans to its parent, Together Financial Services Limited and the loan is repayable on demand. The Together Group, has continued to report substantial, increasing profits, and has a diverse funding structure with maturities ranging from 2021 to 2024. The Directors consider that the Company would suffer no material loss by allowing Together Financial Services Limited to repay over time, and so no loss allowance has been recognised.

There are no critical accounting estimates.

4. Interest receivable and similar income

	2019	2018
Interest receivable and similar income	-	1,433

5. Interest payable and similar charges

	2019	2018
Interest payable and similar charges	88	616

Notes to the financial statements (continued)

All amounts are stated in £

6. Other gains and losses

	2019	2018
Other gains/(losses)	238	(53)

7. Administrative expenses

	2019	2018
Administrative costs	1,492	212

The audit fee borne by Blemain Finance Limited (a fellow group company) in respect of the Company in 2019 is £1,000 (2018: £1,000). The Company had no employees and paid no directors' emoluments during either year.

8. Income tax

	2019	2018
Current tax		
Corporation tax	-	745
Adjustment in respect of prior years	(745)	-
	(745)	745
Deferred tax		
Origination and reversal of temporary differences	612	(753)
Adjustment in respect of prior years	113	-
Transfer of deferred tax liability to fellow subsidiary	(4,795)	-
	(4,070)	(753)
Total tax credit on (loss)/profit	(4,815)	(8)

Corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated (loss)/profit for the year.

The differences between the Company tax charge for the year and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax are as follows:

	2019	2018
(Loss)/profit before tax	(1,342)	552
Tax on (loss)/profit at standard UK corporation tax rate of 19.00%/19.00%	(255)	105
Effects of:		
Income not taxable	-	(113)
Group relief	867	-
Adjustment in respect of prior years	(632)	-
Transfer of deferred tax liability to fellow subsidiary	(4,795)	-
	(4,815)	(8)

The Company transferred deferred tax liability to Together Commercial Finance Limited.

9. Amounts owed by parent company

	2019	2018
Amounts owed by parent company	170,695	-

Amounts owed by parent company are repayable on demand.

Notes to the financial statements (continued)

All amounts are stated in £

10. Bank facilities

	2019	2018
Bank facilities	2,050	-

The bank facilities are repayable on demand.

11. Other liabilities

	2019	2018
Other creditors	54,638	385,012

12. Deferred tax liability

	2019	2018
At beginning of year	4,070	4,823
Charge to the income statement	612	(753)
Adjustment in respect of prior years	113	-
Transfer of deferred tax liability to fellow subsidiary	(4,795)	-
Deferred tax liability at the end of year	-	4,070

The deferred tax liability consisted of the following:

	2019	2018
Accelerated capital allowances	-	(725)
Short term timing differences	-	4,795
Deferred tax liability at the end of year	-	4,070

13. Share capital

Authorised, called-up, allotted and fully paid	2019	2018
100 ordinary shares of £1 each	100	100

14. Contingent liabilities

As at 30 June 2019, the Company's assets, along with those of the Together Group were subject to a fixed and floating charge in respect of £725m senior secured notes (2018: £725m) and £55m in respect of bank borrowings (2018: £25m).

15. Ultimate parent company

The Company is a subsidiary undertaking of Together Financial Services Limited, a company incorporated in the UK and registered in England.

The smallest group of which the Company is a member, and for which group financial statements are drawn up, is that headed by Together Financial Services Limited. The largest group of which the Company is a member, and for which group financial statements will be drawn up, is that headed by Redhill Famco Limited. The principal place of business for Together Financial Services and Redhill Famco Limited, where copies of the financial statements can be obtained, is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW. Together Financial Services Limited and Redhill Famco Limited are both privately owned and limited by shares.