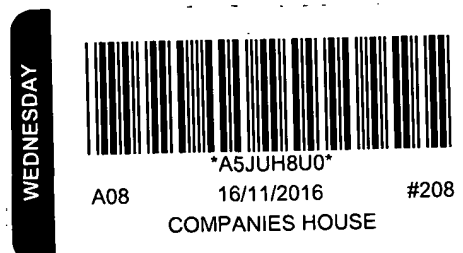


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**Heywood Finance Limited
Annual Report and
Financial Statements**

For the year ended 30 June 2016



HEYWOOD FINANCE LIMITED

Annual report and financial statements for the year ended 30 June 2016

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Officers and professional advisers

DIRECTORS

HN Moser (Chief Executive Officer)
GD Beckett
MR Goldberg
SP Baker (Resigned 27 April 2016)
GA Jennison (Resigned 30 September 2015)

SECRETARY

GD Beckett

REGISTERED OFFICE

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 Hardman Street
Manchester,
United Kingdom,
M3 3HF

PRINCIPAL BANKERS

The Royal Bank of Scotland PLC
135 Bishopsgate
London
EC2M 3UR

LEGAL ADVISERS

Eversheds LLP
70 Great
Bridgewater
Street
Manchester
M1 5ES

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2016.

Business review

Principal activities

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.

The Company qualifies as a small company 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 and from preparing a strategic report.

Results and Dividends

As shown in the Company's statement of comprehensive income on page 8, in 2016, the company made a profit after tax of £110,456 (2015: £36,974).

The directors of the Company recommend the payment of a dividend of £1,965,960 (2015: £nil).

Principal risk and uncertainties

Credit risk

Credit risk is the risk of suffering financial loss should borrowers default on their contractual obligations. The Company is exposed to changes in the economic position of its customers, which may adversely impact their ability to make loan repayments. The level of this risk is driven by both macro-economic factors, as well as by factors relating to specific customers, such as a change in the borrower's circumstances. Note 17 to the accounts provides detailed financial disclosures relating to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its current and future financial obligations as they fall due, or can do so only at excessive cost. The Group and the Company actively monitors and considers compliance with its funding covenants, including formal monthly reporting and by performing stress-test analysis as part of its budgeting and forecasting process.

Market risk

The main market risk potentially faced by the Company is interest-rate risk, the risk of loss through mismatched asset and liability positions sensitive to changes in interest rates. The Company has limited material market risk as its loan book consists primarily of variable rate mortgages. In addition, the Company has the ability to undertake hedging transactions in order to mitigate potential interest rate risk.

Directors' report (continued)

Principal risk and uncertainties (continued)

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 uses its operational systems and controls to mitigate these risks, including policies and procedures to manage specific risks. It has taken steps to ensure its IT infrastructure meets operational performance needs, is sufficiently resilient and has controls in place to mitigate cyber risk. A documented and tested business continuity plan is in place to enable the recovery of operations in the event of an incident. Financial crime-prevention controls are in place and are overseen by the risk department.

Statement of going concern

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

The Company is reliant on its parent company, Jerrold Holdings Limited, for a significant proportion of its funding. The Board of Jerrold Holdings Limited has confirmed that it is a going concern.

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 the financial statements.

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.

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.

Directors' report (continued)

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint it will be proposed at the forthcoming Annual General Meeting.

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



GD Beckett
Chief Financial Officer

11 November 2016

Statement of directors' responsibilities

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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's report

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 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 19. 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) including FRS 101 "Reduced Disclosure Framework".

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report (continued)

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 or from the requirement to prepare a Strategic Report.



Peter Birch (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

11 November 2016

Statement of comprehensive income

Year ended 30 June 2016

Unless otherwise indicated, all amounts are stated in £'s

	Note	2016	2015
Interest receivable and similar income	4	70,369	18,575
Interest payable and similar charges	5	(3,768)	(24,362)
NET INTEREST INCOME		<u>66,601</u>	<u>(5,787)</u>
Fees and commission expense	6	(1,332)	(7,388)
Other income	7	10	990
OPERATING INCOME		<u>65,279</u>	<u>(12,185)</u>
Administrative expenses	8	(12,033)	(6,106)
OPERATING PROFIT/(LOSS)		<u>53,246</u>	<u>(18,291)</u>
Impairment releases	10	89,091	56,779
PROFIT BEFORE TAXATION		<u>142,337</u>	<u>38,488</u>
Income tax	9	(31,881)	(1,514)
PROFIT AFTER TAXATION		<u>110,456</u>	<u>36,974</u>

Comparative information has been restated for the change in accounting standards described in note 2 and note 19.

The results for the current and preceding years relate entirely to continuing operations.

There is no other comprehensive income in either year.

Statement of financial position

As at 30 June 2016

Unless otherwise indicated, all amounts are stated in £'s

	Note	2016	2015
FIXED ASSETS			
Deferred tax asset	15	725	982
		<u>725</u>	<u>982</u>
CURRENT ASSETS			
Debtors	11	280,421	63,262
Cash and cash equivalents		-	2,104,288
		<u>280,421</u>	<u>2,167,550</u>
CREDITORS: amounts falling due within one year	12	(98,664)	(81,949)
NET CURRENT ASSETS		<u>181,757</u>	<u>2,085,601</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>182,482</u>	<u>2,086,583</u>
CREDITORS: amounts falling due after more than one year	13	(71,926)	(120,523)
NET ASSETS		<u>110,556</u>	<u>1,966,060</u>
CAPITAL AND RESERVES			
Share capital	14	100	100
Retained earnings		110,456	1,965,960
TOTAL EQUITY		<u>110,556</u>	<u>1,966,060</u>

These financial statements were approved by the Board of Directors on || November 2016.

Company Registration No. 03160517

Signed on behalf of the Board of Directors

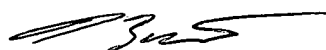
HN Moser

Director



GD Beckett

Director



Statement of changes in equity

Unless otherwise indicated, all amounts are stated in £'s

2016

	Called up share capital	Retained earnings	Total
At the beginning of the year	100	1,965,960	1,966,060
Retained profit for the financial year	-	110,456	110,456
Dividend paid	-	(1,965,960)	(1,965,960)
At the end of the year	100	110,456	110,556

2015

	Called up share capital	Retained earnings	Total
At the beginning of the year	100	1,928,986	1,929,086
Retained profit for the financial year	-	36,974	36,974
At the end of the year	100	1,965,960	1,966,060

Notes to the financial statements

Unless otherwise indicated, all amounts are stated in £'s

1. REPORTING ENTITY/GENERAL INFORMATION

Heywood Finance Limited (the Company) is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company is primarily involved in financial services.

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.

Basis of preparation

The financial statements have been prepared for the first time 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 date of transition to FRS 101 and the date of the opening statement of financial position using IFRS recognition and measurement principles was 1 July 2014. All financial information since this date for the Company has been restated from UK GAAP to FRS 101. Reconciliations between previously reported UK GAAP results and FRS 101 are presented in note 19. The comparative figures reported for the year ended 30 June 2015 are non-statutory figures; the UK GAAP statutory figures have been submitted to the Registrar of Companies with an unqualified audit opinion.

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 consolidated financial statements are disclosed in the individual accounting policies.

The Company has taken advantage of the disclosure exemptions under FRS 101 in relation to presentation of comparative information in respect of certain assets, share-based payments, presentation of a statement of financial position on transition, presentation of a cash flow statement, standards not yet effective and related party transactions.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The directors confirm they are satisfied that the Company have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing accounts.

Operating segments

The Company has no listed financial instruments in issue. It is therefore outside the scope of IFRS 8, *Operating Segments*, and accordingly does not disclose segment information in these financial statements.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit for the year. Taxable profit differs from net profit as reported in the consolidated 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

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.

Financial assets

The majority of the Company's financial assets are amounts owed by Group undertakings that are measured at fair value.

Financial liabilities

All the Company's financial liabilities are in relation to amounts owed to Group undertakings and are measured at fair value.

Impairment of financial assets

The Company regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses incurred if, and only if, there is 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 have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Impairment losses and any subsequent reversals are recognised in the income statement.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the asset group and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. In addition, the Company uses its experienced judgement to correct model deficiencies and systemic risks where appropriate and supported by historic loss experience data. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and improves reliability.

Where a loan is uncollectable, it is written off against the related provision. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are taken through the income statement.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Fee and commission income and expense

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recognised as an adjustment to the contractual interest rate and recorded in interest income.

Fees and commissions which are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service has been provided.

Fees and commissions expenses primarily consist of legal and valuations fees and credit search fees.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash comprises cash in hand, demand deposits and bank overdrafts. 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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the accounting policies set out above, the Company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

a) Loan impairment allowances

Allowances for loan impairment represent management's best estimate of the losses incurred in the loan portfolios at the reporting date. Charges to the allowances for loan impairment are reported in the income statement as impairment losses on loans and advances. Impairment provisions are made on all loans if there is objective evidence of impairment as a result of one or more subsequent events and its impact can be reliably estimated.

Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loan's original effective interest rate. Impairment losses determined on a portfolio basis are calculated using a formulaic approach which allocates a loss rate dependent on the arrears status of the loan. Loss rates are based on the discounted expected future cash flows, from historical experience and are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fees and commission income

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the contractual interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
Interest on loans and advances to customers	70,369	6,400
Other interest receivable	-	12,175
	<u>70,369</u>	<u>18,575</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
On borrowings	3,768	2,643
Other interest	-	21,719
	<u>3,768</u>	<u>24,362</u>

Included within borrowings is interest payable on amounts owed to group undertakings.

6. FEES AND COMMISSION EXPENSE

	2016	2015
Legal, valuations and other fees	792	838
Other fees payable	540	6,550
	<u>1,332</u>	<u>7,388</u>

7. OTHER INCOME

	2016	2015
Other income	10	990
	<u>10</u>	<u>990</u>

8. ADMINISTRATIVE EXPENSES

	2016	2015
Other administrative costs	12,033	6,106
	<u>12,033</u>	<u>6,106</u>

Company overheads, including directors' emoluments, wages and salaries and office administration costs, are borne by a fellow subsidiary company of Jerrold Holdings Limited, Blemain Finance Limited and are recharged to companies within the Jerrold Holdings group on a proportionate basis.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016	2015
Current tax		
Corporation tax	28,291	-
Adjustment in respect of previous years	3,333	(1)
	<u>31,624</u>	<u>(1)</u>
Deferred tax		
Current year	176	-
Origination and reversal of timing differences	-	1,571
Adjustment in respect of prior years	-	1
Effect of tax rates	81	(57)
Total deferred tax	<u>257</u>	<u>1515</u>
Total tax on profit	<u>31,881</u>	<u>1,514</u>

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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 profit before tax are as follows:

	2016	2015
Profit before tax	<u>142,337</u>	<u>38,488</u>
Tax on profit at standard UK corporation tax rate of 20.00%/20.75%	28,467	7,986
Effects of:		
Expenses not deductible for tax purposes		(1)
Group relief		(6,414)
Income not taxable	3,333	-
Adjustment in respect of previous years	-	(1)
Deferred tax: Adjustment in respect of prior years		1
Effect of changes in tax rate	81	(57)
Tax charge for year	<u>31,881</u>	<u>1,514</u>

10. LOANS AND ADVANCES TO CUSTOMERS

	2016	2015
Aggregate gross loans and advances	324,629	416,759
Less: allowances for impairment on loans and advances	(324,629)	(416,759)
	<u>-</u>	<u>-</u>
Aggregate gross loans and advances include:	-	-
Due within one year	202,790	207,298
Due within 2-5 years	2,628	89,299
Due after 5 years	119,211	120,162
	<u>324,629</u>	<u>416,759</u>
Allowance for impairment losses	-	-
Balance brought forward	(416,759)	(872,616)
Charges to the income statement	89,695	56,780
Write offs net of recoveries	2,435	399,077
At the end of the year	<u>(324,629)</u>	<u>(416,759)</u>
Impairment losses for year		
Charges to the income statement	89,696	56,780
Recoveries of amounts previously written off	(605)	(1)
	<u>89,091</u>	<u>56,779</u>

11. DEBTORS

	2016	2015
Amounts owed by group undertakings	<u>280,421</u>	<u>63,262</u>
	<u>280,421</u>	<u>63,262</u>

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
Accruals and deferred income	75	210
Other creditors	70,252	81,615
Other taxation and social security	25	124
Current tax liability	28,290	-
Bank overdraft	22	-
	<u>98,664</u>	<u>81,949</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
Amounts owed to group undertakings	<u>71,926</u>	<u>120,523</u>
	<u>71,926</u>	<u>120,523</u>

Amount owed to group undertakings are repayable between one and two years.

14. SHARE CAPITAL

	2016	2015
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

15. DEFERRED TAX

	2016	2015
Deferred taxation asset		
At beginning of year	982	2,496
Charge to income statement	(257)	(1,513)
Adjustment in respect of prior years	-	(1)
	<u>725</u>	<u>982</u>

The deferred tax asset consisted of the following:

Accelerated capital allowances	<u>725</u>	<u>982</u>
	<u>725</u>	<u>982</u>

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

16. FINANCIAL INSTRUMENTS AND FAIR VALUES

All the Group's financial assets and liabilities are held at amortised cost. The table below summarises the carrying value and the fair value of financial instruments as at the year end:

	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans and advances to customers	-	-	-	-
Amounts owed by related parties	280,421	280,421	63,262	63,262
Cash at bank and in hand	-	-	2,104,288	2,104,288
	<u>280,421</u>	<u>280,421</u>	<u>2,167,550</u>	<u>2,167,550</u>
Financial liabilities				
Amounts owed to related parties	71,926	71,926	120,523	120,523
Other creditors	70,252	70,252	81,615	81,615
Other taxation and social security	25	25	124	124
Cash at bank and in hand	22	22	-	-
	<u>142,225</u>	<u>142,225</u>	<u>202,262</u>	<u>202,262</u>

All the Company's financial assets and liabilities are held at fair value. The carrying value, which for loans and advances to customers is adjusted for future losses, is a reasonable approximation of fair value for all financial instruments.

17. CREDIT RISK

Credit risk is the risk of suffering financial loss should borrowers default on their contractual obligations to the Company.

Audited	2016	2015
Gross loans and advances	324,629	416,759
Allowance for impairment	(324,629)	(416,759)
Loans and advances to customers	-	-
Amounts owed by related parties	280,421	63,262
Cash and cash equivalents	-	2,104,288
	<u>280,421</u>	<u>2,167,550</u>

The Company does not have any material credit risk due to its loans and advances to customers being fully impaired and thus management deemed that a credit risk analysis was not required.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

18. ULTIMATE PARENT COMPANY

During the year the Company was 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 was a member during the year, and for which group financial statements are drawn up, was that headed by Jerrold Holdings Limited, whose principal place of business is at Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW.

HN Moser, a director of Jerrold Holdings Limited, and members of his close family, controlled the Company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited.

Events after the year end

On 2 November 2016 all the voting rights of Jerrold Holdings Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited. Redhill Famco Limited is wholly controlled by HN Moser and members of his family.

As a consequence, from that date the Company has been a member of a group headed by Redhill Famco Limited, whose principal place of business is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW.

19. FRS 101 RECONCILIATIONS

(i) Reconciliation of statement of changes in equity on transition to FRS 101

The statement of changes in equity for the year ended 30 June 2014 and 2015 reconciles to that under FRS 101 as follows:

	2015	2014
Total equity as previously reported under UK GAAP	<u>1,966,060</u>	<u>1,934,278</u>
Measurement of financial instruments at amortised cost using EIR method	(40,133)	-
Calculation of impairment provisions in accordance with IAS 39	<u>40,133</u>	<u>(6,490)</u>
	-	(6,490)
Tax effect on the above	-	<u>1,299</u>
Total adjustments to retained earnings	<u>-</u>	<u>(5,191)</u>
Total equity under FRS 101	<u><u>1,966,060</u></u>	<u><u>1,929,087</u></u>

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £'s

19. FRS 101 RECONCILIATIONS (continued)

(ii) Reconciliation of profit or loss on transition to FRS 101

The profit for the year ended 30 June 2015 reconciles to that under FRS 101 as follows:

		2015
As previously reported under UK GAAP		31,782
Measurement of financial instruments at amortised cost using EIR method	(40,133)	
Calculation of impairment provisions in accordance with IAS 39	46,622	
	<hr/> 6,489	
Tax effect on the above	(1,297)	
	<hr/>	
Total adjustments to profit		5,192
		<hr/>
Total profit under FRS 101		<u>36,974</u>

(iii) The transition to FRS 101 has resulted in the following changes in accounting policies:

- a) Interest income was previously recognised in the income statement using the contractual rate of the loan to the extent that it was considered recoverable. Under FRS 101 interest income is now recognised using the EIR method on the unimpaired carrying value.
- b) In accordance with IAS 39, all the Group's financial assets are classified as loans and receivables.
- c) The Company's policy for providing for loan losses has changed. The most significant change is that impairment allowances on financial assets are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted using the asset's EIR.