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Heywood Finance Limited
Annual Report and Financial Statements
For the year ended 30 June 2018

Company Registration No. 03160517



Heywood Finance Limited

Annual report and financial statements for the year ended 30 June 2018

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Officers and professional advisers

Directors

HN Moser
GD Beckett
MR Goldberg

Chief Executive Officer

Secretary

GD Beckett

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

Legal advisers

Allen & Overy LLP
Bishops Square
London
E1 6AD

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London
E14 5JJ

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Milbank, Tweed, Hadley & McCloy LLP
10 Gresham Street
London
EC2V 7JD

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 June 2018.

Business review

Business model and strategy

The principal activity of Heywood Finance Limited ('the Company') was that of financiers. The Company is a wholly-owned subsidiary of Together Financial Services Limited which, with its subsidiaries, operates as the Together Group of businesses.

The Company has transferred its residual loan book to a fellow subsidiary and the directors intend to dissolve the Company in the forthcoming year.

Results and dividends

As shown in the Company's statement of comprehensive income on page 8, the Company made a profit after tax of £560 (2017: loss of £580).

The directors of the Company do not recommend the payment of a dividend (2017: £nil).

Liquidity

The Company is financed by its parent company, Together Financial Services Limited. The Company is indirectly financed by the other group companies which constitute the Together Group.

Principal risks and uncertainties

Liquidity and funding 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 Company and the Together Group actively monitor and consider compliance with their funding covenants, including formal monthly reporting and by performing stress-test analysis as part of the budgeting and forecasting process.

Market risk

Market risk is the risk of loss as a result of the value of financial assets or liabilities being adversely affected by movements in market rates or prices. The Company has no material market risk.

Strategic report (continued)


Principal risks 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 aims to have in place a robust framework to manage operational risks, including systems, controls, policies and procedures. The Company has taken steps to ensure that the IT infrastructure is robust so as to meet operational performance needs and is sufficiently resilient. There is a documented and tested business continuity plan in place to support the Company to recover operations in the event of an incident. As for many institutions, the Company's principal external risk it faces is the increased cyber risk prevalent across the industry. The Company as part of the Together Group has invested heavily in this area over many years and its systems have proven robust against all the recently publicised attacks.

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



GD Beckett
Director
30 November 2018

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 operated in the financial services sector, its actions do not have a significant environmental impact. However, the Company does recognise the importance of the environment, and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

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 under business model and strategy, the Company has transferred its residual loan book to a fellow subsidiary and ceased to trade and the directors intend to dissolve the Company 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.

Audit information

In the case of each of the persons who are directors of the Company at the date when this report is approved:

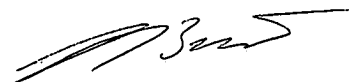
- as far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information and to establish that the Company's 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.

Auditor

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

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



GD Beckett
Director
30 November 2018

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 2018 and of its profit 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 of the company which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related Notes 1 to 16.

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 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 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, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 or the strategic report.

Matters on which we are required to report by exception

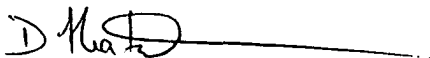
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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
30 November 2018

Statement of comprehensive income

Year ended 30 June 2018

All amounts are stated in £'s *

Income statement	Note	2018	2017
Interest receivable and similar income	3	1,433	4,749
Interest payable and similar charges	4	(616)	(290)
Net interest income		817	4,459
Fee and commission expense	5	-	(3,165)
Other losses	6	(53)	-
Operating income		764	1,294
Administrative expenses	7	(212)	(3,199)
Operating profit/(loss)		552	(1,905)
Impairment releases	9	-	6
Profit/(loss) before taxation		552	(1,899)
Income tax	8	8	1,319
Profit/(loss) after taxation		560	(580)

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 2018

All amounts are stated in £'s

	Note	2018	2017
Assets			
Cash and cash equivalents		499,988	403
Other assets	10	-	237,455
Total assets		499,988	237,858
Liabilities			
Other liabilities	12	385,012	122,797
Current tax liabilities		372	264
Deferred tax liability	11	4,070	4,823
Total liabilities		389,454	127,884
Equity			
Share capital	13	100	100
Retained earnings		110,434	109,874
Total equity		110,534	109,974
Total equity and liabilities		499,988	237,858

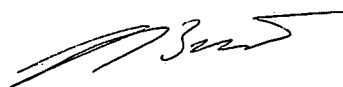
These financial statements were approved and authorised for issue by the Board of Directors on 30 November 2018.

Company Registration No. 03160517

Signed on behalf of the Board of Directors



HN Moser
Director



GD Beckett
Director

Statement of changes in equity

Year ended 30 June 2018

All amounts are stated in £'s

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

2017	Share capital	Retained earnings	Total
At beginning of the year	100	110,454	110,554
Loss for the year	-	(580)	(580)
At end of the year	100	109,874	109,974

Notes to the financial statements

1. Reporting entity and general information

Heywood Finance Limited is incorporated and domiciled in the UK. The Company is a private company, limited by shares, and registered in England (Company number: 03160517). The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company was primarily involved in financial services but trading has ceased and the directors intend to dissolve the Company in 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.

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.

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. Consolidated financial statements are prepared by the Company's parent, Together Financial Services Limited.

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.

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 in the forthcoming year. Thus the annual financial statements have been prepared on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis and all assets and liabilities were transferred to the fellow subsidiary at their carrying values.

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 valuation fees and credit search fees.

Notes to the financial statements (continued)

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 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, 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.

Financial assets & liabilities

Financial assets

The majority of the Company's financial assets are amounts owed by Group undertakings that are measured at fair value. All financial assets are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

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.

Financial liabilities

All the Company's financial liabilities are designated as financial liabilities at amortised cost and consist principally of amounts owed to Group undertakings. A financial liability is measured initially at fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable are recognised in the statement of comprehensive income using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

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.

Notes to the financial statements (continued)

All amounts are stated in £'s

3. Interest receivable and similar income

	2018	2017
Interest on loans and advances to customers	1,433	4,749

4. Interest payable and similar charges

	2018	2017
Interest due to customers	616	290

5. Fee and commission expense

	2018	2017
Legal, valuations and other fees	-	349
Other fees payable	-	2,816
	-	3,165

6. Other losses

	2018	2017
Other losses	53	-

7. Administrative expenses

	2018	2017
Administrative costs	212	3,199

Company overheads, including directors' emoluments, wages and salaries, office administration costs, and auditor remuneration are borne by a fellow subsidiary company of Together Financial Services Limited, Blemain Finance Limited and are recharged to companies within the Together Group on a proportionate basis.

The audit fee borne by Blemain Finance Limited in respect of the Company is £1,000 (2017: £500).

8. Income tax

	2018	2017
Current tax		
Corporation tax	745	264
Adjustment in respect of previous years	-	(7,131)
	745	(6,867)
Deferred tax		
Origination and reversal of temporary differences	(753)	(783)
Adjustment in respect of prior years	-	7,131
Effect of tax rates	-	(800)
Total deferred tax	(753)	5,548
Total tax on profit/(loss)	(8)	(1,319)

Corporation tax is calculated at 19.00% (2017: 19.75%) of the estimated profit/(loss) for the year.

Notes to the financial statements (continued)

All amounts are stated in £'s

8. Income tax (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/(loss) before tax are as follows:

	2018	2017
Profit/(loss) before tax	552	(1,899)
Tax on profit at standard UK corporation tax rate of 19.00%/19.75%	105	(375)
Effects of:		
Effect of changes in tax rate	-	(800)
Expenses not deductible for tax purposes	(113)	(144)
Tax credit for year	(8)	(1,319)

9. Loans and advances to customers

	2018	2017
Allowance for impairment losses		
At beginning of year	-	(324,629)
Releases to the income statement	-	6
Transfer to fellow subsidiary	-	324,623
At end of year	-	-
Impairment losses for year		
Release to the income statement	-	6
At end of year	-	6

10. Other assets

	2018	2017
Amounts owed by group undertakings	-	237,455

11. Deferred tax liability

	2018	2017
Deferred tax asset at beginning of year	(4,823)	725
Charge to the income statement	753	782
Adjustment in respect of prior years	-	(7,131)
Effect of changes in tax rates	-	800
Deferred tax liability at the end of year	(4,070)	(4,823)

The deferred tax liability consisted of the following:

	2018	2017
Accelerated capital allowances	725	725
Short term timing differences	(4,795)	(5,548)
Deferred tax liability at the end of year	(4,070)	(4,823)

Notes to the financial statements (continued)

All amounts are stated in £'s

12. Other liabilities

	2018	2017
Amounts owed to group undertakings	327,836	54,871
Other creditors	57,176	67,876
Other taxation and social security	-	50
	385,012	122,797

13. Share capital

Authorised, called-up, allotted and fully paid	2018	2017
100 ordinary shares of £1 each	100	100

14. Financial instruments and fair values

All the Company's financial assets and liabilities are held at amortised cost. The carrying value is a reasonable approximation of fair value for all financial instruments other than for loans and advances to customers. The fair value of financial assets is adjusted for incurred loss provisions.

15. Credit risk

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

Maximum exposure to credit risk

The Company's maximum exposure to credit risk after allowance for impairment is as follows:

	2018	2017
Amounts owed by Group undertakings	-	237,455
Cash and balances at bank	499,988	403
	499,988	237,858

Cash and balances at bank are primarily surplus cash placed overnight with institutions with sufficiently high credit ratings. The Company does not have any material credit risk because it no longer has any loans and advances to customers. Amounts owed by group undertakings are considered to be recoverable.

16. Ultimate parent company

The Company is a subsidiary undertaking of Together Financial Services Limited, a company incorporated in Great Britain and registered in England and Wales.

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 and registered office 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.