

HEYWOOD FINANCE LIMITED

Report and Financial Statements

Year ended 30 June 2007

WEDNESDAY



AIC14ZB0

A96

30/04/2008

34

COMPANIES HOUSE

HEYWOOD FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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

HEYWOOD FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
P Heywood
G D Beckett
D M Hyland
M R Goldberg
M J Ridley (appointed 27 July 2007)

SECRETARY

M J Ridley

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Royal Bank of Scotland
Spinningfields
Manchester
M3 3AP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Manchester
United Kingdom

HEYWOOD FINANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

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

The directors consider the results for the year to be satisfactory and look forward to the future with confidence

The company qualifies as small in accordance with the provisions of S246(4) of the Companies Act 1985 and is therefore exempt from the requirement to present an enhanced business review

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2007 are set out on pages 5 to 12 The profit for the year after tax was £462,079 (2006 - £339,151)

The directors do not recommend the payment of a dividend (2006 - £nil)

DIRECTORS

The directors of the company are set out on page 1 All directors served throughout the year, except as noted on page 1

P Heywood owns 10 ordinary shares of £1 each (2006 – 10)

AUDIT INFORMATION

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

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information

This statement is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

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

M J Ridley
Secretary

28 April

2008



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for establishing and maintaining the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEYWOOD FINANCE LIMITED

We have audited the financial statements of Heywood Finance Limited for the year ended 30 June 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report, as described in the contents page, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2007 and of the profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom
30 APRIL 2008

HEYWOOD FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

	Note	2007 £	2006 £
TURNOVER	2	1,763,668	1,626,260
Cost of sales		(112,182)	(92,790)
GROSS PROFIT		1,651,486	1,533,470
Administrative expenses		(407,827)	(501,704)
OPERATING PROFIT		1,243,659	1,031,766
Interest payable and similar charges (net)	4	(567,477)	(543,890)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	676,182	487,876
Tax on loss on ordinary activities	6	(214,103)	(148,725)
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	462,079	339,151

All activity has arisen from continuing operations

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

HEYWOOD FINANCE LIMITED

BALANCE SHEET

30 June 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	54,185	74,518
CURRENT ASSETS			
Debtors			
- due within one year	8	5,865,758	5,068,809
- due after one year	8	4,971,870	4,260,654
Cash at bank and in hand		156,332	193,718
		<u>10,993,960</u>	<u>9,523,181</u>
CREDITORS Amounts falling due within one year	9	<u>(9,140,425)</u>	<u>(8,152,451)</u>
NET CURRENT ASSETS		<u>1,853,535</u>	<u>1,370,730</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,907,720</u>	<u>1,445,248</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(22,416)</u>	<u>(22,023)</u>
NET ASSETS		<u><u>1,885,304</u></u>	<u><u>1,423,225</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	<u>1,885,204</u>	<u>1,423,125</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u><u>1,885,304</u></u>	<u><u>1,423,225</u></u>

These financial statements were approved by the Board of Directors on 28 April 2008

Signed on behalf of the Board of Directors


G D Beckett

Director


M R Goldberg

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover and cost of sales

Turnover consists of interest recoverable on loans and commissions income. Interest income is recognised on an accruals basis. Other finance related fees receivable are credited to income when the related service is performed.

Cost of sales includes the direct costs of the financing, including commissions payable.

Bad and doubtful debts

Specific provisions are made when the directors consider that the recoverability of the advance is in part or in whole doubtful. General provisions are raised to cover losses that are judged to be present in loans and advances at the balance sheet date but which have not been specifically identified as such. Provisions for bad and doubtful debts, along with bad debt write-offs, are charged to operating profit as part of administrative expenses.

Tangible fixed assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

2 TURNOVER

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

3. STAFF COSTS

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

The company had no employees who received remuneration during either year

4. INTEREST PAYABLE AND SIMILAR CHARGES (NET)

	2007 £	2006 £
<i>Investment income</i>		
Bank interest	436	692
<i>Interest payable</i>		
Bank loans and overdrafts	(565,112)	(543,551)
Interest payable on hire purchase agreement	(2,801)	(1,031)
	<u>(567,913)</u>	<u>(544,582)</u>
<i>Interest payable and similar charges (net)</i>		
Investment income	436	692
Interest payable	<u>(567,913)</u>	<u>(544,582)</u>
	<u>(567,477)</u>	<u>(543,890)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2007 £	2006 £
Profit on sale of fixed assets	(705)	-
Operating lease rentals		
- land and buildings	20,744	-
Depreciation of tangible fixed assets		
- owned	12,588	11,938
- leased	<u>5,258</u>	<u>5,433</u>

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2007	2006
	£	£
Current tax		
UK corporation tax	200,354	147,723
Adjustment in respect of prior years		
- UK corporation tax	(328)	-
Total current tax	<u>200,026</u>	<u>147,723</u>
Deferred tax		
Origination and reversal of timing differences (see note 11)	14,077	1,002
Total tax on profit on ordinary activities	<u>214,103</u>	<u>148,725</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>676,182</u>	<u>487,876</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 – 30%)	202,855	146,363
Effects of		
Expenses not deductible for tax purposes	3,574	2,360
Capital allowances in excess of depreciation	(788)	-
Other timing differences	(5,287)	(1,000)
Prior period adjustments	(328)	-
Current tax charge for year	<u>200,026</u>	<u>147,723</u>

There is no unprovided deferred tax at the year end (2006 - £Nil)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Total £
Cost			
At 1 July 2006	98,499	86,648	185,147
Additions	951	44,172	45,123
Disposals	(85,025)	(70,745)	(155,770)
At 30 June 2007	14,425	60,075	74,500
Depreciation			
At 1 July 2006	87,495	23,135	110,630
Charge for the year	5,258	12,588	17,846
Disposals	(85,026)	(23,135)	(108,161)
At 30 June 2007	7,727	12,588	20,315
Net book value			
At 30 June 2007	6,698	47,487	54,185
At 30 June 2006	11,004	63,513	74,517

The net book value of tangible fixed assets includes £47,487 (2006 - £47,201) in respect of assets held under hire purchase agreements

8. DEBTORS

	2007 £	2006 £
Amounts falling due within one year		
Trade debtors	5,842,165	5,665,640
Amounts owed by fellow group undertakings	21,819	485
Prepayments	1,774	2,684
	5,865,758	5,068,809
Amounts falling due after more than one year		
Trade debtors	4,952,230	4,226,937
Deferred taxation (see note 11)	19,640	33,717
	4,971,870	4,260,654
	10,837,628	9,329,463

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Amounts owed to group undertakings	8,900,255	7,967,458
Amounts owed to related undertakings	-	1,530
UK corporation tax	200,354	147,723
Accruals and deferred income	15,968	16,910
Hire purchase creditor	21,237	18,830
Other creditors	2,611	-
	<u>9,140,425</u>	<u>8,152,451</u>

The amounts owed to related parties relates to a balance with UK Mortgage Corporation Limited, a company with which Heywood Finance Limited has common ownership This was repaid during the year

10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2007	2006
	£	£
Hire purchase creditor	<u>22,416</u>	<u>22,023</u>

11. DEFERRED TAXATION

	£
Balance at 1 July 2006	33,717
Debit to profit and loss account	(14,077)
Balance at 30 June 2007	<u>19,640</u>

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

	2007	2006
	£	£
Capital allowances in advance of depreciation	4,452	5,603
Other timing differences	15,188	28,114
	<u>19,640</u>	<u>33,717</u>

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2007

12. CALLED UP SHARE CAPITAL

	2007	2006
	£	£
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2006	1,423,125
Retained profit for the financial year	<u>462,079</u>
At 30 June 2007	<u>1,885,204</u>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	462,079	339,151
Opening equity shareholders' funds	<u>1,423,225</u>	<u>1,084,074</u>
Closing equity shareholders' funds	<u>1,885,304</u>	<u>1,423,225</u>

15. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £722.5 million of bank borrowings of the group (2006 - £481 million)

16. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996) "Cash flow statements", the company has not produced a cash flow statement as it is a 90% owned subsidiary undertaking of Jerrold Holdings Ltd which has produced consolidated financial statements that are publicly available

17. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Jerrold Holdings Ltd, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Jerrold Holdings Ltd

18. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Jerrold Holdings Ltd, a company incorporated in Great Britain and registered in England and Wales

The largest and smallest group of which Heywood Finance Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings Ltd, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD