

HEYWOOD LEASING LIMITED

Report and Financial Statements

Year ended 30 June 2008

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HEYWOOD LEASING LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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HEYWOOD LEASING LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.N. Moser
S.P. Baker (appointed 2 July 2008)
G.D. Beckett
M.R. Goldberg
P. Heywood
D.M. Hyland
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 Plc
Spinningfields
Manchester
M3 3AP

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
M60 2AT

HEYWOOD LEASING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company is that of financiers.

The directors consider the results of 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 2008 are set out on pages 6 to 12. The profit after tax for the year was £74,715 (2007: £85,248).

The directors do not recommend the payment of a dividend (2007: £nil).

STATEMENT OF GOING CONCERN

As set out in the Statement of Directors' Responsibilities, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the company have considered the group's forecast funding and liquidity facilities insofar as to the extent to which they might affect the preparation of the company's financial statements on a going concern basis.

Current group funding primarily consists of a £378m drawn syndicated loan facility (made between Royal Bank of Scotland plc, as Agent and Security Agent, and all of the trading and non trading group subsidiary companies as listed in Note 10 of the Jerrold Holdings Limited accounts) and a £435m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, Royal Bank of Scotland plc as Facility Agent, Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Harpmanor Limited, Lancashire Mortgage Corporation Limited and Auction Finance Limited as Originators and Servicers).

The syndicated facility is not due for renewal until 9th November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which is due for renewal on 11th November 2009. Based on recent successful renewal experience and the lack of receipt of any indication to the contrary from the relevant parties, the directors are of the opinion that the securitised facility will be renewed substantially in the same form as forecast.

On this basis the directors have a reasonable expectation that, despite the uncertainty in market conditions, the group will have sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing financial statements.

DIRECTORS AND THEIR INTERESTS

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 (2007: 10 ordinary shares of £1 each).

HEYWOOD LEASING LIMITED

DIRECTORS' REPORT (continued)

AUDIT INFORMATION

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

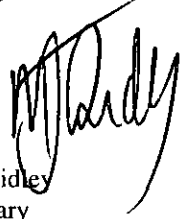
- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit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

On 1 December 2008, the company's auditors changed their name from Deloitte & Touche LLP to Deloitte LLP. A resolution to re-appoint Deloitte 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

26 April 2009

HEYWOOD LEASING LIMITED

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- 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 that 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 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF HEYWOOD LEASING LIMITED

We have audited the financial statements of Heywood Leasing Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 detailed 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 2008 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 LLP
Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
M60 2AT

24 APRIL 2009

HEYWOOD LEASING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2008

	Note	2008 £	2007 £
TURNOVER			
Cost of sales	2	242,389 (33,965)	252,622 (18,853)
GROSS PROFIT		208,424	233,769
Administrative expenses		(36,535)	(26,625)
OPERATING PROFIT		171,889	207,144
Interest payable	4	(65,906)	(85,022)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	105,983	122,122
Tax on profit on ordinary activities	6	(31,268)	(36,874)
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	74,715	85,248

All activity has arisen from continuing operations.

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

HEYWOOD LEASING LIMITED

BALANCE SHEET 30 June 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	736	348
CURRENT ASSETS			
Debtors			
- due within one year	8	898,327	851,765
- due after one year	8	722,644	516,418
Cash at bank and in hand		2,370	52,389
		<u>1,623,341</u>	<u>1,420,572</u>
CREDITORS: Amounts falling due within one year	9	<u>(1,275,024)</u>	<u>(1,146,582)</u>
NET CURRENT ASSETS		<u>348,317</u>	<u>273,990</u>
NET ASSETS		<u>349,053</u>	<u>274,338</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>348,953</u>	<u>274,238</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>349,053</u>	<u>274,338</u>

These financial statements were approved by the Board of Directors on 24th April 2009.
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 2008

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 year and the prior year.

Accounting convention

The company prepares its accounts under the historic cost convention and on the going concern basis. The directors continue to adopt the going concern basis as disclosed in the Directors' Report - Statement of Going Concern.

Tangible fixed assets

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on the cost of tangible fixed assets to write them down to their estimated residual value over their expected useful lives. The principal rates are:

Computer equipment 33% straight-line on cost

Turnover and cost of sales

Turnover consists of interest receivable and related commissions on money lending agreements. The interest credit to the profit and loss account is calculated on a straight line basis pro rata to repayments recognised on an accruals basis.

Cost of sales includes direct costs of financing arrangements 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.

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.

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

2. TURNOVER

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

3. STAFF COSTS

The company had no employees and paid no directors' emoluments during either year.

4. INTEREST PAYABLE

	2008 £	2007 £
Other interest payable on intragroup loans	65,906	85,022
	<u>65,906</u>	<u>85,022</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
Profit on ordinary activities is stated after charging:		
Depreciation on owned assets	278	278
	<u>278</u>	<u>278</u>

The audit fee of £500 (2007: £500) was borne by another group undertaking.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2008 £	2007 £
Current tax		
UK corporation tax	31,286	33,000
Total current tax	<u>31,286</u>	<u>33,000</u>
Deferred tax		
Origination and reversal of timing differences	(18)	3,874
Total deferred tax (see note 10)	<u>(18)</u>	<u>3,874</u>
Total tax on profit on ordinary activities	<u>31,268</u>	<u>36,874</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 June 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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

	2008 £	2007 £
Profit on ordinary activities before tax	105,983	122,122
Tax on profit on ordinary activities at UK corporation tax rate of 29.5% (2007: 30%)	31,269	36,637
Effects of:		
Capital allowances less than depreciation	(335)	(444)
Other timing differences	352	(3,199)
Expenses not deductible	-	6
Current tax charge for year	31,286	33,000

There is no unprovided deferred tax at the year end (2007: £Nil).

During 2007, the Government enacted a change in corporation tax reducing the rate from 30% to 28% with effect from April 2008. For the year ended 30 June 2008, the tax rate was pro rated using a tax rate of 30% for the period from 1 July 2007 to 5 April 2008 and a tax rate of 28% from 6 April 2008 to 30 June 2008. This resulted in an average rate of tax for the year of 29.5%. The impact of this change on the corporation tax charge is disclosed in the table above.

7. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 July 2007	834
Additions	666
At 30 June 2008	1,500
Depreciation	
At 1 July 2007	486
Charge for the year	278
At 30 June 2008	764
Net book value	
At 30 June 2008	736
At 30 June 2007	348

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

8. DEBTORS

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	850,734	786,576
Amounts due from group companies	47,593	65,189
	<u>898,327</u>	<u>851,765</u>
Amounts falling due after more than one year:		
Trade debtors	719,418	513,210
Deferred taxation (see note 10)	3,226	3,208
	<u>722,644</u>	<u>516,418</u>
	<u><u>1,620,971</u></u>	<u><u>1,368,183</u></u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	1,206,222	1,111,416
Corporation tax	64,285	33,000
Accruals and deferred income	4,517	2,166
	<u>1,275,024</u>	<u>1,146,582</u>

10. DEFERRED TAXATION

	£
Balance at 1 July 2007	3,208
Credit to profit and loss account	<u>18</u>
Balance at 30 June 2008	<u><u>3,226</u></u>

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

	2008 £	2007 £
Capital allowances less than depreciation	1,063	1,380
Other timing differences	2,163	1,828
	<u>3,226</u>	<u>3,208</u>

The directors believe that future profitability will be sufficient to ensure that the deferred tax asset is recovered.

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30 June 2008

11. CALLED-UP SHARE CAPITAL

	2008 £	2007 £
Authorised, allotted, called-up and fully-paid 100 ordinary shares of £1 each	100	100

12. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2007	274,238
Retained profit for the financial year	74,715
At 30 June 2008	348,953

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening equity shareholders' funds	274,338	189,090
Profit for the financial year	74,715	85,248
Closing equity shareholders' funds	349,053	274,338

14. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £378 million of bank borrowings of the group (2007: £722.5 million).

15. 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.

16. 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.

17. 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 Leasing 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.