

Company Registration No. 3459649

HEYWOOD LEASING LIMITED

Report and Financial Statements

Year ended 30 June 2011

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HEYWOOD LEASING LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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HEYWOOD LEASING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S P Baker
G D Beckett
M R Goldberg
P Heywood
D M Hyland (resigned 29 September 2010)
M J Ridley (resigned 3 August 2010)

SECRETARY

M J Ridley

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

The Royal Bank of Scotland Plc
Spinningfields
Manchester
M3 3AP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
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 2011

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. On 1 October 2010 the directors confirmed that the company was to cease writing new business. The company continues to finance and collect its existing arrangements.

The company qualifies as small 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.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2011 are set out on pages 7 to 14. The profit after tax for the year was £59,267 (2010: £46,374).

The directors do not recommend the payment of a dividend (2010: £nil).

STATEMENT OF GOING CONCERN

As set out in the Directors' Responsibilities Statement, 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 The 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 9 of the Jerrold Holdings Limited accounts) and a £323m drawn revolving securitisation facility (made between Charles Street Conduit Asset Backed Securitisation 1 Limited, as Purchaser, The 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 due for renewal on 9 November 2012. The securitised facility is supported by a revolving 364 day liquidity facility which is due for renewal on 11 November 2011. 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 the basis that the group and company have adequate funding as detailed above, together with their current performance and financial position, 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

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

P. Heywood owns 10 ordinary shares of £1 each (2010: 10 ordinary shares of £1 each).

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.

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

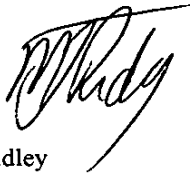
- as far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information and to establish that the company's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

This statement is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor 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

27 October 2011

HEYWOOD LEASING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 period. 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, 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 TO THE MEMBERS OF HEYWOOD LEASING LIMITED

We have audited the financial statements of Heywood Leasing Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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).

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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. 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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEYWOOD LEASING LIMITED

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



Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

30/10/2011

HEYWOOD LEASING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2011

	Note	2011 £	2010 £
TURNOVER	2	76,423	125,424
GROSS PROFIT		76,423	125,424
Administrative expenses		(11,459)	(38,223)
OPERATING PROFIT		64,964	87,201
Interest receivable/(payable) and similar charges	4	16,961	(23,126)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	81,925	64,075
Tax on profit on ordinary activities	6	(22,658)	(17,701)
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	59,267	46,374

All activity has arisen from continuing operations

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

HEYWOOD LEASING LIMITED

BALANCE SHEET

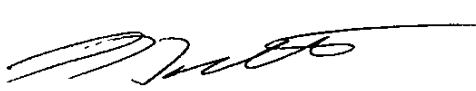
As at 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	-	222
CURRENT ASSETS			
Debtors			
- due within one year	8	193,213	336,134
- due after one year	8	310,312	146,743
Cash at bank and in hand		50,796	26,488
		<u>554,321</u>	<u>509,365</u>
CREDITORS: Amounts falling due within one year	9	<u>(35,299)</u>	<u>(44,245)</u>
NET CURRENT ASSETS		<u>519,022</u>	<u>465,120</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		519,022	465,342
CREDITORS: Amounts falling due after more than one year	10	<u>-</u>	<u>(5,587)</u>
NET ASSETS		<u>519,022</u>	<u>459,755</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	<u>518,922</u>	<u>459,655</u>
SHAREHOLDERS' FUNDS	14	<u>519,022</u>	<u>459,755</u>

These financial statements were approved by the Board of Directors on 27 October 2011

Company Registration No 3459649

Signed on behalf of the Board of Directors


G D Beckett
Director


M R Goldberg
Director

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom 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. Incurred but not reported loss 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.

Interest payable and similar charges

Finance costs of financial liabilities are recognised in the profit and loss account over the term of the facilities at the applicable rates on the carrying amounts in the financial period.

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 2011

2. TURNOVER

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

Aggregate rentals received in respect of finance lease contracts amounted to £297,260 (2010 £486,119)

3. STAFF COSTS

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

Directors' emoluments are borne by a fellow subsidiary company of Jerrold Holdings Limited, Blemain Finance Limited. No emoluments were paid by the company to the directors during the year (2010 £nil)

4. INTEREST (RECEIVABLE)/PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest (receivable)/payable on intragroup loans	(16,961)	23,126

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £	2010 £
Profit on ordinary activities is stated after charging		
Depreciation on owned assets	222	222

The audit fee of £640 (2010 £618) was borne by another group undertaking

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2011 £	2010 £
Current tax		
UK corporation tax	22,068	16,704
Adjustment in respect of prior years		
- UK corporation tax	52	(100)
Total current tax	22,120	16,604
Deferred tax		
Origination and reversal of timing differences	538	475
Adjustment in respect of prior years	-	622
Total deferred tax (see note 11)	538	1,097
Total tax on profit on ordinary activities	22,658	17,701

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2011

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

	2011 £	2010 £
Profit on ordinary activities before tax	81,925	64,075
Tax on profit on ordinary activities at UK corporation tax rate of 27.5% (2010 28%)	22,531	17,941
Effects of		
Capital allowances in excess of depreciation	(98)	(141)
Other timing differences	(365)	(956)
Effects of lower rates of tax	-	(140)
Adjustments in respect of prior years	52	(100)
Current tax charge for year	22,120	16,604

The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 resulting in a standard rate of corporation tax for the year to 30 June 2011 of 27.5%

There is no unprovided deferred tax at the year end (2010 £Nil)

7. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 July 2010	1,500
Disposals	(834)
At 30 June 2011	666
Depreciation	
At 1 July 2010	1,278
Charge for the year	222
Disposals	(834)
At 30 June 2011	666
Net book value	
At 30 June 2011	-
At 30 June 2010	222

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2011

8. DEBTORS

	2011 £	2010 £
Amounts falling due within one year		
Net investment in finance lease contracts	193,213	334,989
Prepayments	-	1,145
	<u>193,213</u>	<u>336,134</u>
Amounts falling due after more than one year		
Net investment in finance lease contracts	-	122,295
Amounts due from group companies	309,457	23,055
Deferred taxation (see note 11)	855	1,393
	<u>310,312</u>	<u>146,743</u>
	<u>503,525</u>	<u>482,877</u>

The aggregate cost of assets acquired for letting under finance lease contracts amounted to £1,297,554 (2010 £2,249,663)

In the current year, the terms of the intercompany loan were extended, resulting in the balance not being repayable prior to 31 December 2012

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Corporation tax	22,068	29,297
Accruals and deferred income	13,231	14,948
	<u>35,299</u>	<u>44,245</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Amounts owed to group undertakings	-	5,587
Borrowings are repayable as follows		
Between two and five years	-	5,587

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2011

11. DEFERRED TAXATION

	£
Balance at 1 July 2010	1,393
Charge to profit and loss account	(538)
Balance at 30 June 2011	<u>855</u>

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

	2011 £	2010 £
Capital allowances in excess of depreciation	603	750
Other timing differences	252	643
	<u>855</u>	<u>1,393</u>

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

12. CALLED-UP SHARE CAPITAL

	2011 £	2010 £
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 2010	459,655
Retained profit for the financial year	<u>59,267</u>
At 30 June 2011	<u>518,922</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	459,755	413,381
Profit for the financial year	<u>59,267</u>	<u>46,374</u>
Closing shareholders' funds	<u>519,022</u>	<u>459,755</u>

15. 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 (2010 £378 million)

HEYWOOD LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2011

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

During the year, the company entered into transactions, in the ordinary course of business, with other related parties as follows

	2011 £	2010 £
<i>Transactions with fellow group companies</i>		
Interest recharges	16,961	(23,126)
Management recharges	(107,640)	(142,554)
Treasury payments	382,668	934,816
	<u>291,989</u>	<u>769,136</u>
 Amounts due from parent company	 <u>-</u>	 <u>-</u>
Amounts due from fellow group companies	<u>309,457</u>	<u>17,468</u>

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 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

H N Moser, a director of Jerrold Holdings Limited, and members of his close family, control the company as a result of controlling directly or indirectly 70% of the voting rights of Jerrold Holdings Limited