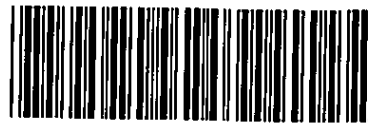


Company Registration No. 01526882 (England and Wales)

## Haydock Finance Limited

### Directors' Report and Financial Statements For The Year Ended 31 December 2012

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# HAYDOCK FINANCE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J H Wilkinson S J Wilkinson B D Wilkinson
<b>Secretary</b>	J H Wilkinson
<b>Company number</b>	01526882
<b>Registered office</b>	Challenge House Challenge Way Greenbank Business Park Blackburn BB1 5QB
<b>Auditors</b>	Garbutt & Elliott LLP Arabesque House Monks Cross Drive Huntington York YO32 9GW
<b>Bankers</b>	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN  National Westminster Bank plc Corporate Banking 6th Floor 1 Spinningfields Square Manchester M3 3AP

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# HAYDOCK FINANCE LIMITED

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# **HAYDOCK FINANCE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and financial statements for the year ended 31 December 2012

### **Principal activities and review of the business**

The company's principal business during the year continued to be the provision of financial services to the commercial asset finance and the residential property development sectors in the United Kingdom

For 2012, the company has reported a loss before tax on ordinary activities of £454,000 compared to a loss before tax of £363,000 in 2011. After a tax charge of £96,000, the loss for the year of £550,000 has been taken to reserves.

The financial results for the year were broadly in line with expectations. The broker introduced commercial asset finance business increased its profitability despite the finance receivables portfolio at £38.5 million (2011 £38.2 million) remaining static. New lending reduced to £20.8 million compared to £28.8 million advanced in 2011 primarily due to increased competition within the SME funding market.

The collect-in of the Scottish commercial vehicle portfolio is proceeding in line with Directors' expectations, with receivables at the year end amounting to £2.4 million, down from £7.5 million at the previous year end.

As budgeted, the profits generated from the company's asset finance activities have been unfortunately absorbed, in the main, by further impairment losses incurred by the company's property finance business. However, in line with our target the property finance portfolio at the year end stood at £4.25 million (2011 £26.04 million), net of impairment provisions, a substantial £21.79 million reduction. Total lending to complete existing projects in the year was £2.3 million (2011 £8.3 million).

In line with the strategy adopted in 2010, the property portfolio, as with the Scottish commercial division, is being collected in, and significant progress has been made in 2012. In accordance with our self-imposed target the substantial liquidation of the property portfolio is reflected in the reduction of net bank borrowings.

Bank borrowings, less cash held at bank, at the year end amounted to £28.7 million (2011 £53.7 million).

Net assets at 31 December 2012 amounted to £7.33 million (2011 £7.88 million).

The principal risks and uncertainties faced by the company are liquidity, interest rate, credit and fraud risk.

The company operates tiered levels of underwriting authority, all mandated by the Board of Directors, in respect of all new lending. The controls that are in place further require Director approval for individual customer exposures above certain monetary levels set regularly by the Board. Customer and portfolio exposures are also regularly reviewed by the Directors.

The economic climate is such that there is continued uncertainty over the ability of the company's customers to meet their obligations as they fall due. The company funds its finance business through a revolving credit facility that is due for review in 2013. Despite a heightened bad debt exposure the company continues to operate within this facility and within associated bank covenants.

The company has a policy of hedging its variable interest rate exposures through the use of interest rate swaps and similar derivatives. At the year end, approximately 95% of the company's borrowings were effectively on fixed rates through the use of interest rate derivatives.

Detailed monthly management accounts are prepared and reviewed to monitor actual financial performance against the budget, which is set annually by the Board.

# **HAYDOCK FINANCE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **Financial instruments**

As noted above the company uses interest rate swaps to manage its exposure to changes in variable interest rates on its funding

Save for this, the company does not actively use financial instruments as part of its financial risk management. It is exposed to the typical credit risk and cash flow risk associated with the provision of finance to customers, and it manages this through credit control procedures. The nature of its remaining financial instruments means that they are not exposed to price or liquidity risk.

The key performance indicators with which the Directors regularly monitor the progress of the company are -

- New lending,
- Net margin after money costs,
- Cost / income ratio,
- Bad debt write-offs,
- Average return on receivables

Due to commercial sensitivity, and recognising the company's ultimate privately owned status, the Directors are of the opinion that it is not appropriate to disclose further details on all of these indicators.

Whilst these are the main performance indicators, the Directors regularly monitor a range of other measures in order to assess the company's financial and non-financial performance.

### **Results and dividends**

The results for the year are set out on page 7.

Preference dividends amounting to £750,000 were paid during the year. The directors do not propose payment of a final ordinary dividend.

### **Market value of land and buildings**

Land and buildings were revalued at 17 January 2012 in accordance with professional advice received. At the year end the directors do not consider the value as carried in the balance sheet to be significantly different to its current market value.

# **HAYDOCK FINANCE LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **Future developments**

In last year's report, the Directors intimated their opinion that trading conditions would continue to be difficult, particularly for the residential property development sector, and had budgeted accordingly. Success in the company's self-imposed, challenging reduction of the Scottish commercial and the property portfolios, formed the platform to conclude the refinancing negotiations with Lloyds Bank. On the 27th February 2013 contracts were signed with Lloyds Bank for a new fully amortised £36.4 million Term Loan, repayable over three years. This Loan, secured by a charge on the lodged portfolio, together with a cash repayment of £5.6 million fully repaid the revolving facility which expired on 28th February 2013.

The terms and conditions of the new Lloyds loan allows the introduction of new funders to provide lines for future new business. To this end the company has received a written offer from Shawbrook Asset Finance and expressions of serious interest from several others. Indeed many of these funders have already carried out audits of the business model, and all audits gave satisfactory results. The company expects further offers to be received in due course.

The Directors believe the existing strategy for the medium to long term future of the company remains in expanding its broker introduced commercial asset finance business based in Blackburn. The combination of a) good introductory sources, b) quality underwriting of finance transactions that are secured on desirable moveable assets, and c) a quality arrears record, is a sufficiently strong proposition to attract future funding support.

In accordance with our forecast for 2013 the company is confident it can continue to operate at its current levels of activity into the foreseeable future.

In summary, the company's financial performance for 2012 was held back again by the fall out of the so-called credit crunch in 2008 and the continuing recession, despite the excellent results in the asset finance divisions. The Directors expect that the company's financial results for 2013 will show a very modest level of profit.

After having reviewed forecasts, and both financial and commercial projections for the company, the Directors believe that it has, and will obtain, adequate resources to continue in operational existence for the foreseeable future and that it can do so within the level of its new bank facilities and within associated bank covenants.

### **Directors**

The following directors have held office since 1 January 2012

J H Wilkinson

S J Wilkinson

B D Wilkinson

# HAYDOCK FINANCE LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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### Auditors

The auditors, Garbutt & Elliott LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgements 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,
- 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

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



J H Wilkinson

Director

22/3/13

# **HAYDOCK FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAYDOCK FINANCE LIMITED**

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We have audited the financial statements of Haydock Finance Limited for the year ended 31 December 2012 set out on pages 7 to 22. 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 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**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 4, 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 Directors' 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 31 December 2012 and of its loss 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.



# HAYDOCK FINANCE LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HAYDOCK FINANCE LIMITED

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### 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



Alan Sidebottom (Senior Statutory Auditor)  
for and on behalf of Garbutt & Elliott LLP

22-3-13

Chartered Accountants  
Statutory Auditor

Arabesque House  
Monks Cross Drive  
Huntington  
York  
YO32 9GW

# HAYDOCK FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	8,018	8,544
Administrative expenses		(6,904)	(6,796)
Other operating income		624	583
<b>Operating profit</b>	<b>3</b>	<b>1,738</b>	<b>2,331</b>
Other interest receivable and similar income	4	72	59
Interest payable and similar charges	5	(2,264)	(2,753)
<b>Loss on ordinary activities before taxation</b>		<b>(454)</b>	<b>(363)</b>
Tax on loss on ordinary activities	6	(96)	(142)
<b>Loss for the year</b>	<b>14</b>	<b>(550)</b>	<b>(505)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

## **HAYDOCK FINANCE LIMITED**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss for the financial year</b>	(550)	(505)
Unrealised deficit on revaluation of properties	-	(56)
<b>Total recognised gains and losses relating to the year</b>	<u>(550)</u>	<u>(561)</u>

### **Note of historical cost profits and losses**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reported loss on ordinary activities before taxation</b>	(454)	(363)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	15	15
<b>Historical cost loss on ordinary activities before taxation</b>	<u>(439)</u>	<u>(348)</u>
<b>Historical cost loss for the year retained after taxation, extraordinary items and dividends</b>	<u>(535)</u>	<u>(490)</u>

# HAYDOCK FINANCE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2012

		2012		2011	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	7		924		950
<b>Current assets</b>					
Finance receivables falling due					
Within one year	8	22,831		44,489	
After more than one year	8	24,145		28,849	
Debtors	8	6,161		5,363	
Cash at bank and in hand		13,270		5,275	
		66,407		83,976	
<b>Creditors, amounts falling due within one year</b>	9	(44,128)		(2,216)	
<b>Net current assets</b>			22,279		81,760
<b>Total assets less current liabilities</b>			23,203		82,710
<b>Creditors, amounts falling due after more than one year</b>	10		(15,871)		(74,828)
			7,332		7,882
<b>Capital and reserves</b>					
Called up share capital	13		2,112		2,112
Share premium account	14		200		200
Revaluation reserve	14		411		426
Other reserves	14		1,000		1,000
Profit and loss account	14		3,609		4,144
<b>Shareholders' funds</b>	15		7,332		7,882

Approved by the Board and authorised for issue on

22/3/13



J H Wilkinson  
Director

Company Registration No. 01526882

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Turnover

Finance leases and instalment credit agreements

Income from assets leased to customers and from instalment credit agreements is determined by spreading interest and charges over the period of repayment in proportion to the net cash investment. Amounts due from customers under finance leases and instalment credit agreements are included in debtors

Loans and similar advances

Interest earnings from loans and similar advances made to customers are recognised on an accruals basis

Other income

Fees and commission income are recognised on an accruals basis and are stated net of VAT where applicable

#### 1.4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Leasehold buildings	2% Straight line
Fixtures, fittings and equipment	25% - 33% Straight line

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

#### 1.5 Pensions

The company does not operate a pension scheme but makes payments directly into individual personal pension plans. The pension costs charged in the financial statements represent the contributions payable during the year

# **HAYDOCK FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **1 Accounting policies**

**(Continued)**

#### **1.6 Deferred taxation**

Full provision is made for deferred tax arising from timing differences existing at the balance sheet date where there exists an obligation to pay more, or right to pay less tax, with the following exceptions

- Provision is made for tax on gains arising from revaluation of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax balances are not discounted and are calculated at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse

#### **1.7 Bad and doubtful debts**

Impairment provisions are made for specific finance lease, instalment credit receivables and loans which are considered to be bad or doubtful. Impairment provisions made during the year are charged to the profit and loss account, net of recoveries

Finance lease, instalment credit and loan receivables are all stated in the balance sheet as finance receivables, after deduction for specific impairment provisions

#### **1.8 Deferred commissions**

Time-apportionable commission that is paid to third-party introducers is allocated to accounting periods by spreading the cost in proportion to the net cash investment of the related finance receivable

Commission payable in respect of property finance transactions is charged to the profit and loss account as the facility is drawn down by the borrower

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	40	45
	Commission charges	870	752
	Auditors' remuneration	15	18
	and after crediting		
	Instalment credit repayments	23,047	23,122
	Finance lease rentals	8,646	10,978
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	Bank interest	23	13
	Other interest	49	46
		<u>      </u>	<u>      </u>
		72	59
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
	On bank loans and overdrafts	1,514	2,003
	Dividends paid on preference shares classified as financial liabilities	750	750
		<u>      </u>	<u>      </u>
		2,264	2,753
		<u>          </u>	<u>          </u>

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £'000	2011 £'000
	<b>Domestic current year tax</b>		
	Adjustment for prior years	-	(5)
	Payment in respect of group relief	90	108
	<b>Total current tax</b>	<u>90</u>	<u>103</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	6	(28)
	Deferred tax adjust re previous year	-	67
		<u>6</u>	<u>39</u>
		<u>96</u>	<u>142</u>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	<u>(454)</u>	<u>(363)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.00% (2011 - 26.50%)	<u>(114)</u>	<u>(96)</u>
	<b>Effects of</b>		
	Non deductible expenses	3	2
	Capital allowances in excess of/(less than) depreciation	114	156
	Utilisation of capital losses	(12)	(34)
	Adjustments to previous periods	-	(5)
	Finance lease and pension provisions	(89)	(119)
	Dividends and distributions received	188	199
		<u>204</u>	<u>199</u>
	<b>Current tax charge for the year</b>	<u>90</u>	<u>103</u>

At the year end the group had unutilised capital losses of £219,000 (2011 £266,000) for which no credit has been taken in these accounts

No provision has been made for deferred tax on the unrealised gain recognised on revaluing property to its market value. Corporation tax on a capital gain, after indexation allowance, would become payable only if the property was sold without it being possible to claim rollover relief, or if there were insufficient unutilised capital losses. The amount of unprovided tax in respect of the revaluation reserve is £107,000 (2011 £113,000). The directors have no current plans to dispose of the company's long leasehold property.



# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 7 Tangible fixed assets

	Leasehold buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2012	895	822	1,717
Additions	-	14	14
At 31 December 2012	895	836	1,731
<b>Depreciation</b>			
At 1 January 2012	-	767	767
Charge for the year	25	15	40
At 31 December 2012	25	782	807
<b>Net book value</b>			
At 31 December 2012	870	54	924
At 31 December 2011	895	55	950

The long leasehold property was valued at £895,000 by Petty Chartered Surveyors, as at 17 January 2012, on an existing use basis in accordance with the Appraisal and Valuation Standards, 5th Edition (as amended), of the Royal Institution of Chartered Surveyors

### Comparable historical cost for the land and buildings included at valuation

	£'000
<b>Cost</b>	
At 1 January 2012 & at 31 December 2012	639
<b>Depreciation based on cost</b>	
At 1 January 2012	170
Charge for the year	10
At 31 December 2012	180
<b>Net book value</b>	
At 31 December 2012	459
At 31 December 2011	469

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8	Finance receivables and debtors	2012 £'000	2011 £'000
	<b>Finance receivables</b>		
	Finance leases	15,332	16,019
	Less unearned interest	(2,279)	(2,387)
		<u>13,053</u>	<u>13,632</u>
	Instalment credit receivables	34,941	39,679
	Less unearned interest	(5,617)	(6,753)
		<u>29,324</u>	<u>32,926</u>
	Loans	<u>4,599</u>	<u>26,780</u>
	<b>Total finance receivables</b>	<u><u>46,976</u></u>	<u><u>73,338</u></u>
	Amounts falling due within one year	22,831	44,489
	Amounts falling due after more than one year	<u>24,145</u>	<u>28,849</u>
		<u><u>46,976</u></u>	<u><u>73,338</u></u>
	<b>Debtors</b>		
	Amounts owed by parent and fellow subsidiary undertakings	4,287	3,478
	Prepayments and accrued income	1,348	1,353
	Deferred tax asset (see note 11)	<u>526</u>	<u>532</u>
	<b>Total debtors</b>	<u><u>6,161</u></u>	<u><u>5,363</u></u>

Included within prepayments and accrued income is £653,000 (2011 £701,000) due after one year

The cost of assets acquired during the year for the purposes of instalment credit and finance lease agreements was £21.5 million (2011 £33.2 million)

## HAYDOCK FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9	Creditors amounts falling due within one year	2012 £'000	2011 £'000
	Bank loans and overdrafts	41,998	-
	Trade creditors	79	29
	Corporation tax	90	108
	Other taxes and social security costs	367	337
	Accruals and deferred income	1,594	1,742
		<u>44,128</u>	<u>2,216</u>

The company is party to a cross-company guarantee in respect of borrowings from Bank of Scotland, as disclosed in note 16

Interest on amounts due to Bank of Scotland under the terms of a revolving credit facility is payable at various LIBOR-linked rates agreed at the time of draw-down of portions of the debt. The expiry date of the revolving credit facility is 28 February 2013

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

10 Creditors amounts falling due after more than one year	2012 £'000	2011 £'000
Bank loans	-	58,982
Accruals and deferred income	871	846
Preference shares classed as a financial liability	15,000	15,000
	<u>15,871</u>	<u>74,828</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	41,998	58,982
	<u>41,998</u>	<u>58,982</u>
Included in current liabilities	(41,998)	-
	<u>-</u>	<u>58,982</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	-	58,982
	<u>-</u>	<u>58,982</u>

In the opinion of the directors, it is not in the interest of the shareholder that distributable reserves should be used to redeem any preference shares at any time within 12 months of the balance sheet date. Accordingly, they have been included within creditors due after one year.

The company is party to a cross-company guarantee in respect of borrowings from Bank of Scotland, as disclosed in note 16.

At the year end the company had transacted interest rate derivatives, which have the effect of fixing interest rates, between 2.07% and 2.28%, on notional capital balances of £40 million (2011: £44 million). These transactions expire during 2013.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 11 Provisions for liabilities

The deferred tax asset (included in debtors, note 8) is made up as follows

	2012 £'000	
Balance at 1 January 2012	(532)	
Profit and loss account	6	
	<hr/>	
Balance at 31 December 2012	(526)	
	<hr/>	
	2012 £'000	2011 £'000
Decelerated capital allowances	(373)	(277)
Other timing differences	(153)	(255)
	<hr/>	<hr/>
	(526)	(532)
	<hr/>	<hr/>

### 12 Pension and other post-retirement benefit commitments

#### Defined contribution

The company does not operate a pension scheme but makes payments to individual personal pension plans. The pension cost charge represents contributions payable by the company to those personal pension plans.

	2012 £'000	2011 £'000
Contributions payable by the company for the year	214	73
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# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Share capital	2012 £'000	2011 £'000
Allotted, called up and fully paid		
2,112,000 Ordinary shares of £1 each	2,112	2,112

Details of the non-equity share capital are as follows -

### 'A' Preference shares

The 6,000,000 'A' Preference shares of £1 each carry no voting rights and carry a 5% per annum cumulative dividend. On a winding up, they are repayable at par and rank behind the 'C' Redeemable Preference shares but ahead of the other classes of shares.

### 'C' Redeemable preference shares

The 9,000,000 'C' Redeemable preference shares of £1 each carry no voting rights and carry a 5% per annum cumulative dividend. These shares were redeemable at par on 28 February 2006. In the opinion of the directors, it is not in the interest of the shareholder that distributable reserves should be used to redeem any of these preference shares at any time within 12 months of the balance sheet date. Accordingly, they have been included within creditors due after one year. Dividends will continue to be paid on the shares until such future date when the shares are redeemed. On a winding up, they are repayable at par and rank ahead of the other classes of shares.

## 14 Statement of movements on reserves

	Share premium account £'000	Revaluation reserve £'000	Other reserves (see below) £'000	Profit and loss account £'000
Balance at 1 January 2012	200	426	1,000	4,144
Loss for the year	-	-	-	(550)
Transfer from revaluation reserve to profit and loss account	-	(15)	-	15
Balance at 31 December 2012	200	411	1,000	3,609

### Other reserves

#### Capital redemption reserve

Balance at 1 January 2012 & at 31 December 2012

1,000

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(550)	(505)
	(550)	(505)
Other recognised gains and losses	-	(56)
Net depletion in shareholders' funds	(550)	(561)
Opening shareholders' funds	7,882	8,443
Closing shareholders' funds	7,332	7,882

### 16 Contingent liabilities

The company is subject to a cross-company guarantee in respect of borrowings of the group from the Bank of Scotland. Group borrowings at the year end amounted to £48.8 million (2011: £67.1 million).

<b>17 Directors' remuneration</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	314	205
Company pension contributions to defined contribution schemes	190	50
	504	255

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011: 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	211	140
Company pension contributions to defined contribution schemes	110	50

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 18 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Sales	1	2
Administration	20	21
	<u>21</u>	<u>23</u>

#### Employment costs

	2012 £'000	2011 £'000
Wages and salaries	1,007	1,071
Social security costs	115	123
Other pension costs	214	73
	<u>1,336</u>	<u>1,267</u>

### 19 Control

Haydock Finance Holdings Limited is the company's ultimate parent undertaking. Group financial statements for this company are prepared and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. Haydock Finance Holdings Limited is controlled by J H Wilkinson, a director.



# **HAYDOCK FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **20 Related party relationships and transactions**

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 not to disclose details of related party transactions with other group companies as it is a wholly owned subsidiary included in the parent company's consolidated financial statements, which are publicly available

#### **Beck Developments Limited ("Beck")**

J H Wilkinson is a director and shareholder of Beck. During the year the company had a loan on normal commercial terms with Beck. The highest amount outstanding during the year was £2,178,000 (2011 £2,138,000), and the amount due from Beck at the year end was £nil (2011 £2,138,000). During the year interest of £40,000 (2011 £53,000) was earned in respect of this advance, and repayments of £2,178,000 (2011 £nil) were received from Beck. In addition Beck acquired the rights to properties for consideration of £300,000 (2011 £nil) in exchange for making specific capital reductions to the loan facilities to which they relate.

#### **Haydock Asset Finance Limited ("HAF")**

J H Wilkinson is a director and shareholder of HAF. During the year the company had a loan on normal commercial terms with HAF. The maximum amount outstanding during the year was £598,000 (2011 £583,000), and the amount due from HAF at the year end was £nil (2011 £583,000). During the year interest of £15,000 (2011 £20,000) was earned in respect of this advance, and repayments of £598,000 (2011 £nil) were received from HAF.

#### **B D Wilkinson**

B D Wilkinson, is a director of Manthorpe Developments (UK) Limited ("Manthorpe"). During the year the company advanced, by way of loans on normal commercial terms, an aggregate of £93,000 (2011 £nil) to Manthorpe. The maximum amount outstanding during the year was £2,090,000 (2011 £1,840,000), and the amount due from Manthorpe at the year end was £nil (2011 £1,840,000). During the year interest of £82,000 (2011 £247,000) and fees of £75,000 (2011 £nil) were earned in respect of this advance, and repayments of £2,090,000 (2011 £nil) were received. In addition to the above Manthorpe acquired the rights to properties for consideration of £635,000 (2011 £nil) in exchange for making specific capital reductions to the loan facilities to which they relate.

#### **Norwest Leisure Limited ("Norwest")**

J H Wilkinson is a director of Norwest. During the year Norwest acquired the rights to properties for consideration of £100,000 (2011 £nil) in exchange for making specific capital reductions to the loan facilities to which they relate.