

Company Registration No. 01526882 (England and Wales)

**Haydock Finance Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 31 December 2020**

# HAYDOCK FINANCE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J H Wilkinson Mr S L Worrall Mr I H Barr Mr J M Jenkins Mr J L Pearson Mr A S Taylor
<b>Secretary</b>	Mr J L Pearson
<b>Company number</b>	01526882
<b>Registered office</b>	Challenge House Challenge Way Greenbank Business Park Blackburn BB1 5QB
<b>Auditors</b>	Garbutt & Elliott Audit Limited Triune Court Monks Cross Drive York YO32 9GZ

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# HAYDOCK FINANCE LIMITED

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# HAYDOCK FINANCE LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

### **Fair review of the business**

The Company has continued to deliver strong growth in its portfolio whilst maintaining credit and pricing discipline. It has also maintained its programme of investment to upgrade and improve its underlying systems, processes and control environment alongside continued expansion of its staff base and thus ensure growth continues to be well managed.

The Company has reported a profit before tax on ordinary activities of £3.8million compared to a profit before tax of £2.8million in 2019. After taxation, the retained profit for the year of £3.1million has been taken to reserves compared to £2.4million in 2019. The Group has reported a profit before tax on ordinary activities of £3.3million compared to a profit before tax of £2.5million in 2019.

Net assets of the Company at 31 December 2020 amounted to £18.5million compared with £16.0million in 2019. Net assets of the Group at 31 December 2020 amounted to £24.0million compared with £22.0million in 2019.

The net receivables of the Company continued to grow being at £375.4million at the end of 2020, an increase of 48.1% when compared with £253.5million in 2019. The net receivables of the Group also continued to grow being at £377.8million at the end of 2020, an increase of over 45.3% when compared with £260.0million in 2019.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced remain as liquidity, interest rate, credit and fraud risk, all of which are mitigated through a comprehensive control framework.

The Company and the Group 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. Ongoing monitoring of exposures and portfolio behaviour ensures swift identification and resolution of issues.

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

Interest rate exposure is managed Group wide through the use of fixed interest rate agreements with funders and an element of interest rate caps on bank borrowings. No additional financial instruments are actively utilised as part of the financial risk management.

During the year and continuing into 2021, Covid-19 resulted in a pandemic affecting businesses globally, including within the UK. The speed and severity of the impact was unprecedented and while the UK Government introduced considerable measures to help businesses through this extremely challenging time, the full, longer term impact of Covid-19 on the wider economy is currently still evolving. The business has traded very robustly throughout this period – providing unprecedented levels of support to customers, maintaining strong control over the portfolio, keeping staff safe and enabling a transition to secure and effective home working and ensuring systems remained resilient. The business successfully re-negotiated its primary funding facilities to ensure continuity of origination and thus remained supportive of markets and brokers. Furthermore, following the launch of the government supported CBILS programme in April, the business successfully negotiated a substantial additional funding facility to increase capacity and diversity of funding sources.

# **HAYDOCK FINANCE LIMITED**

## **STRATEGIC REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Key performance indicators**

The key performance indicators which the Directors regularly monitor include:-

- New lending volumes;
- Net margin after money costs;
- Cost / income ratio;
- Default levels;
- Bad debt write-offs;
- Average return on receivables.

Due to commercial sensitivity, the Directors are of the opinion that it is not appropriate to disclose further details on these indicators.

### **Future developments**

The Directors believe the continuing primary strategy for the medium to long term future remains in expanding and developing its commercial finance business. The combination of: -

- a) strong origination sources;
- b) sound underwriting of finance transactions that are secured on moveable assets; and
- c) a commendable arrears record,

Provides a sufficiently robust platform, with ongoing investment to continue to drive growth and success.

The Company is mindful of ongoing uncertainty in its market and the broader economic environment and will continue to monitor developments closely, especially as they pertain to its core borrower sectors. It believes, however, that its well diversified portfolio, broad sourcing and attractive and flexible propositions will continue to deliver opportunity and is planning accordingly.

The Company recognises the importance of maintaining good business relationships with its suppliers and remains committed to paying all invoices in accordance with agreed terms.

Despite the current environmental uncertainties, the long term future outlook remains encouraging and the Directors expect that the financial results for 2021 will continue to show a healthy level of profitability.

On behalf of the board

Mr J M Jenkins  
**Director**  
16 July 2021

# **HAYDOCK FINANCE LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

### **Principal activities**

The company's principal business during the year continued to be the provision of financial services to the commercial asset finance sector in the United Kingdom.

### **Results and dividends**

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £25,696,000. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J H Wilkinson  
Mr S L Worrall  
Mr I H Barr  
Mr J M Jenkins  
Mr J L Pearson  
Mr A S Taylor

### **Auditor**

The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Energy and carbon report**

We have considered the recommendations of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the Government's policy on Streamlined Energy and Carbon reporting (SECR) when preparing this report.

This is the first year the company has been required to provide information on emissions relating to the use of electricity, gas and transport in its operations and therefore, no comparatives are disclosed.

Due to Covid-19, our single office was substantively closed from March 2020 until the autumn, and again in the winter. Overall, we were closed for approximately 7 ½ months during 2020. All of our (average 78) employees were home-based during this period. Outside of this, our average business mileage was, and continues to be, negligible.

## HAYDOCK FINANCE LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

<i>Energy consumption</i>	<b>kWh</b>	<b>kWh</b>
Aggregate of energy consumption in the year		
- Gas combustion	38,399	
- Electricity purchased	98,326	
		136,725
<i>Emissions of CO2 equivalent</i>	<b>Metric tonnes</b>	<b>Metric tonnes</b>
Scope 1 - direct emissions		
- Gas combustion	7.09	
- Fuel consumed for owned transport	-	
		7.09
Scope 2 - indirect emissions		
- Electricity purchased		22.92
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		-
Total gross emissions		30.01
Intensity ratio		
Tonnes CO2e per average employee		0.385

#### *Quantification and reporting methodology*

Total electricity and gas usage has been extracted from supplier invoices and adjustment made where periods were not coterminous with the reporting period.

The total kWh has been multiplied by 0.23314kg (electric) and 0.18455kg (gas) of CO2 to derive the total CO2e emissions for the Company as a whole. The multipliers have been extracted from the UK Government GHG Conversion Factors for Company Reporting 2020.

#### *Intensity measurement*

The Intensity Ratio is 0.385 : 1 based on total metric tonnes of CO2e per average employee, as substantively all of the consumption relates to office heat and light.

#### *Measures taken to improve energy efficiency*

The Company is committed to reducing its impact on the environment. In January 2020 we replaced our old heating provisions with new, state-of-the-art, heating / air conditioning units, with a single temperature control. We also changed our office lighting from switch to sensor based. At the same time, we replaced our servers and almost all of our IT infrastructure, with energy efficiency being one of our key purchasing criteria. As new equipment is required, it will continue to be replaced with energy efficient alternatives where possible.

We have furthermore during 2020 changed the contracts of most of our employees such that they are only required to attend the office when they need to and as agreed with their line manager. Previously, all employees were expected to be in the office every day Monday – Friday.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

## **HAYDOCK FINANCE LIMITED**

### **DIRECTORS' REPORT (CONTINUED)** ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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On behalf of the board

Mr J M Jenkins  
**Director**

16 July 2021



## **HAYDOCK FINANCE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 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.

# HAYDOCK FINANCE LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAYDOCK FINANCE LIMITED

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### Opinion

We have audited the financial statements of Haydock Finance Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# HAYDOCK FINANCE LIMITED

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

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management, and from inspection of the company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising employment, environmental and health and safety legislation and, in the current climate, covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

## **HAYDOCK FINANCE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HAYDOCK FINANCE LIMITED**

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To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors to understand the high level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period; and
- subjective accounting estimates

both due to a desire to present stronger results and enable management to benefit from enhanced incentives. As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the timing and recognition of income and, in particular, that it was appropriately recognised or deferred.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Chris Butt (Senior Statutory Auditor)**  
**For and on behalf of Garbutt & Elliott Audit Limited**

16 July 2021

**Chartered Accountants**  
**Statutory Auditor**

Triune Court  
Monks Cross Drive  
York  
YO32 9GZ

## HAYDOCK FINANCE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>Turnover</b>	<b>3</b>	32,634	23,338
Administrative expenses		(16,812)	(12,938)
Other operating income		5	-
<b>Operating profit</b>	<b>4</b>	15,827	10,400
Interest receivable and similar income	<b>7</b>	464	457
Interest payable and similar expenses	<b>8</b>	(12,458)	(8,015)
<b>Profit before taxation</b>		3,833	2,842
Tax on profit	<b>9</b>	(691)	(460)
<b>Profit for the financial year</b>		3,142	2,382

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# HAYDOCK FINANCE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	11		219		267
<b>Current assets</b>					
Debtors falling due after more than one year	13	268,109		177,866	
Debtors falling due within one year	13	139,949		102,977	
Cash at bank and in hand		6,045		6,086	
		414,103		286,929	
<b>Creditors: amounts falling due within one year</b>	15	(103,037)		(79,171)	
<b>Net current assets</b>			311,066		207,758
<b>Total assets less current liabilities</b>			311,285		208,025
<b>Creditors: amounts falling due after more than one year</b>	16		(292,767)		(191,647)
<b>Provisions for liabilities</b>			(56)		(362)
<b>Net assets</b>			18,462		16,016
<b>Capital and reserves</b>					
Called up share capital	19		4,612		2,112
Share premium account			7,268		200
Capital redemption reserve			1,000		1,000
Profit and loss reserves			5,582		12,704
<b>Total equity</b>			18,462		16,016

The financial statements were approved by the board of directors and authorised for issue on 16 July 2021 and are signed on its behalf by:

Mr J M Jenkins  
**Director**

**Company Registration No. 01526882**

## HAYDOCK FINANCE LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2019</b>		2,112	200	1,000	10,322	13,634
<b>Year ended 31 December 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	2,382	2,382
<b>Balance at 31 December 2019</b>		2,112	200	1,000	12,704	16,016
<b>Year ended 31 December 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	3,142	3,142
Issue of share capital	19	2,500	22,500	-	-	25,000
Dividends	10	-	-	-	(25,696)	(25,696)
Transfer	19	-	(15,432)	-	15,432	-
<b>Balance at 31 December 2020</b>		4,612	7,268	1,000	5,582	18,462

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Haydock Finance Limited is a company limited by shares incorporated in England and Wales. The registered office is Challenge House, Challenge Way, Greenbank Business Park, Blackburn, BB1 5QB.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

On the grounds that the company's results are consolidated into its parent, as disclosed in note 22, the company has taken advantage of certain exemptions conferred by section 1.11 of FRS 102 as follows:

- Exemption from presenting a statement of cashflows as a primary note to the financial statements, as otherwise required by section 7 of FRS 102;
- Exemption from disclosing details of its financial instruments;
- Exemption from disclosing key management personnel remuneration.

The company has taken advantage of the disclosure exemptions of Section 33.1A of FRS102 which permit it to not present details of its transactions with members of the group headed by Haydock Finance Holdings Limited where relevant group companies are all wholly owned. Details of outstanding balances as at the year end are given in note 13 and 14.

Haydock Finance Limited is a wholly owned subsidiary of Haydock Finance Holdings Limited and the results of Haydock Finance Limited are included in the consolidated financial statements of Haydock Finance Holdings Limited. The registered office of Haydock Finance Holdings Limited is Challenge House, Challenge Way, Greenbank Business Park, Blackburn, BB1 5QB.

HD Bidco Limited owns 100% of the share capital of Haydock Finance Holdings Limited. HD Bidco Limited is a company that is ultimately controlled by Apollo Global Management, LLC. Apollo Global Management, LLC's registered office is 9 West 57th Street, 43rd Floor, New York, NY 10019, United States.

#### 1.2 Going concern

During the year, the outbreak of Covid-19 has resulted in a global pandemic affecting customers within the UK, Europe and wider territories. The speed and severity of the impact has been unprecedented, but the UK Government has introduced considerable measures to help business through this extremely challenging time. Similarly, the business, with the support of its funders, shareholders and partners has effectively adapted to the new environment.

On the basis of the value and terms of the Company's credit facilities, the cash position at 31 December 2020, underlying profitability of the business, and various stress cash flow scenarios, the directors have determined that the company is a going concern and has the ability to meet its liabilities as they fall due, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. The accounts do not include any adjustments that would be necessary if the company was not a going concern.



# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 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

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures, fittings and equipment	25% - 33% Straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss. See also accounting policy 1.13, Bad and doubtful debts.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.14 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, after deduction for specific impairment provisions.

#### 1.15 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.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Bad debt provision*

The company includes a specific bad debt provision within its financial statements to cover potential future losses arising from finance lease receivables. Management calculate and review this provision regularly, basing the provision on missed or late payments, and the judgement of management, having regard to potential recoveries from enforcement actions. The value of bad debt provisions is disclosed in note 12.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £'000	2019 £'000
<b>Turnover analysed by class of business</b>		
Interest earnings	28,272	20,302
Other finance related income	4,360	3,036
Commissions	2	-
	<u>32,634</u>	<u>23,338</u>

Grants received	5	-
	<u>5</u>	<u>-</u>

	2020 £'000	2019 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>32,634</u>	<u>23,338</u>

### 4 Operating profit

	2020 £'000	2019 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	(5)	-
Depreciation of owned tangible fixed assets	76	70
Loss on disposal of tangible fixed assets	10	-
Operating lease charges	110	87
	<u>191</u>	<u>157</u>

### 5 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>38</u>	<u>28</u>
<b>For other services</b>		
Taxation compliance services	10	10
All other non-audit services	3	2
	<u>13</u>	<u>12</u>

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Directors	6	6
Sales and administration	72	53
Total	78	59

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	4,897	3,728
Social security costs	592	423
Pension costs	249	111
	5,738	4,262

### 7 Interest receivable and similar income

	2020 £'000	2019 £'000
<b>Interest income</b>		
Interest on bank deposits	10	16
Interest receivable from group companies	448	427
Other interest income	6	14
Total income	464	457

### 8 Interest payable and similar expenses

	2020 £'000	2019 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on block discount finance agreements	623	4,015
Interest on securitised debt	6,950	2,321
Interest on other loans	4,885	1,679
	12,458	8,015

The rights to interest due on the preference shares were waived in the year as they were in the prior year.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,029	530
Adjustments in respect of prior periods	(18)	(45)
Group tax relief	118	-
	<u>1,129</u>	<u>485</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(438)	(25)
	<u>(438)</u>	<u>(25)</u>
<b>Total tax charge</b>	<u>691</u>	<u>460</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	<u>3,833</u>	<u>2,842</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	728	540
Adjustments in respect of prior years	(18)	(45)
Other	(19)	(35)
	<u>691</u>	<u>460</u>
<b>Taxation charge for the year</b>	<u>691</u>	<u>460</u>

### 10 Dividends

	2020 £'000	2019 £'000
Interim paid	<u>25,696</u>	<u>-</u>



## HAYDOCK FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 11 Tangible fixed assets

	Fixtures, fittings and equipment £'000
<b>Cost</b>	
At 1 January 2020	1,292
Additions	38
Disposals	(992)
	<hr/>
At 31 December 2020	338
	<hr/>
<b>Depreciation and impairment</b>	
At 1 January 2020	1,025
Depreciation charged in the year	76
Eliminated in respect of disposals	(982)
	<hr/>
At 31 December 2020	119
	<hr/>
<b>Carrying amount</b>	
At 31 December 2020	219
	<hr/>
At 31 December 2019	267
	<hr/>

## HAYDOCK FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12 Finance lease and loan receivables

	2020 £'000	2019 £'000
<b>Finance lease receivables</b>		
Gross amounts receivable under finance leases:		
Within one year	134,654	94,482
In one to five years	306,677	200,235
	<u>441,331</u>	<u>294,717</u>
Unearned finance income	(65,900)	(41,180)
	<u>375,431</u>	<u>253,537</u>
Present value of minimum lease payments receivable	<u>375,431</u>	<u>253,537</u>
The present value is receivable as follows:		
Within one year	114,548	81,280
In one to five years	260,883	172,257
	<u>375,431</u>	<u>253,537</u>

At the year end the company had made specific provisions against the finance lease present value of minimum lease payments receivable to the value of £7,261,000 (2019 - £5,368,000).

	2020 £'000	2019 £'000
<b>Loan receivables</b>		
Gross amounts receivable under loans:		
Within one year	627	1,025
In one to five years	1,429	2,218
	<u>2,056</u>	<u>3,243</u>
Unearned finance income	(290)	(393)
	<u>1,766</u>	<u>2,850</u>
Present value of minimum loan payments receivable	<u>1,766</u>	<u>2,850</u>
The present value is receivable as follows:		
Within one year	539	899
In one to five years	1,227	1,951
	<u>1,766</u>	<u>2,850</u>

At the year end the company had made specific provisions against the present value of minimum repayments of loan receivables to the value of £179,000 (2019 - £80,000).

The above finance lease and loan receivables have been pledged as security against borrowings as disclosed in note 14.

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Debtors

	Notes	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>			
Amount due from parent undertaking		15,052	14,646
Finance leases receivable	12	114,548	81,280
Loans receivable	12	539	899
Other debtors		694	475
Prepayments and accrued income		8,490	5,183
		<u>139,323</u>	<u>102,483</u>
Deferred tax asset	17	626	494
		<u>139,949</u>	<u>102,977</u>
<b>Amounts falling due after one year:</b>			
Finance leases receivable	12	260,883	172,257
Loans receivable	12	1,227	1,951
Prepayments and accrued income		5,999	3,658
		<u>268,109</u>	<u>177,866</u>
<b>Total debtors</b>		<u>408,058</u>	<u>280,843</u>

### 14 Loans and overdrafts

	2020 £'000	2019 £'000
Securitised debt	281,598	186,026
Redeemable preference shares	15,000	15,000
Block discount finance agreements	21,639	15,637
Other loans	68,575	45,000
	<u>386,812</u>	<u>261,663</u>
Payable within one year	95,262	70,988
Payable after one year	291,550	190,675
	<u>386,812</u>	<u>261,663</u>

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Loans and overdrafts

(Continued)

In the opinion of the directors, it is not in the interest of the shareholders 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 preference shares comprise £6,000,000 'A' preference shares and £9,000,000 'C' redeemable preference shares, the rights of which are more fully disclosed in note 19.

The block discount financing agreements are secured against the underlying finance agreements. Interest rates vary between 4% and 6% and are repayable in line with the repayments of the underlying finance agreements.

The securitised debt is secured against the underlying finance agreements. Interest rates vary between 0.5% and 2.6% and are repayable in line with the repayments of the underlying finance agreements. The debts are secured through Haydock Finance No.1 Limited and Haydock Finance No. 2 Limited and as the risks and rewards of the debts remain with Haydock Finance Limited they have remained on their balance sheet.

All debt through Haydock Finance No. 2 Limited is in relation to the government backed Coronavirus Business Interruption Loan Scheme (CBILS), whereby all debt is secured up to 80% by the government.

Other loans consists of £68,575,000 (2019 - £45,000,000) from a related party, see note 21.

### 15 Creditors: amounts falling due within one year

		2020 £'000	2019 £'000
Block discount finance agreements	14	9,347	11,351
Securitised debt	14	85,915	59,637
Trade creditors		318	568
Amounts owed to group undertakings		3,576	4,348
Corporation tax		1,125	54
Other taxation and social security		622	436
Accruals and deferred income		2,134	2,777
		<u>103,037</u>	<u>79,171</u>

### 16 Creditors: amounts falling due after more than one year

		2020 £'000	2019 £'000
Redeemable preference shares	14	15,000	15,000
Block discount finance agreements	14	12,292	4,286
Securitised debt	14	195,683	126,389
Other loans	14	68,575	45,000
Other creditors		1,217	972
		<u>292,767</u>	<u>191,647</u>

# HAYDOCK FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £'000	Liabilities 2019 £'000	Assets 2020 £'000	Assets 2019 £'000
<b>Balances:</b>				
Leased assets	56	362	-	-
Other timing differences	-	-	626	494
	<u>56</u>	<u>362</u>	<u>626</u>	<u>494</u>
<b>Movements in the year:</b>				2020 £'000
Asset at 1 January 2020				(132)
Credit to profit or loss				(438)
Asset at 31 December 2020				<u>(570)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

### 18 Retirement benefit schemes

	2020 £'000	2019 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>249</u>	<u>111</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## HAYDOCK FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 19 Share capital

	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
4,612,000 Ordinary shares of £1 each	4,612	2,112

On 3rd July 2020, 1,000,000 Ordinary shares were issued. The shares had a nominal value of £1 and were issued at a share price of £10 each, giving rise to a total contribution of £10,000,000. £9,000,000 was added to the share premium account on this date.

On 14th August 2020, 1,500,000 Ordinary shares were issued. The shares had a nominal value of £1 and were issued at a share price of £10 each, giving rise to a total contribution of £15,000,000. £13,500,000 was added to the share premium account on this date.

On 30th September 2020, following a resolution, the share premium was reduced by £15,431,944 and transferred to profit and loss reserves.

Details of the non-equity share capital included within creditors due after more than one year 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 (charged as interest). 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 (charged as interest). These shares have been available to redeem at par since 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 (charged as interest) 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.

#### 20 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £'000	2019 £'000
Within one year	109	109
Between two and five years	416	422
In over five years	1,491	1,594
	<u>2,016</u>	<u>2,125</u>

The above rentals are in respect of Challenge House for the period to May 2040.

## HAYDOCK FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 21 Related party transactions

##### Transactions with related parties

The company has taken advantage of the exemption in FRS 102 section 33.1A from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Included in other loans is a £68,575,000 (2019 - £45,000,000) loan from a group company of which £68,575,000 was secured against the underlying finance agreements at the year end. Interest is charged on the loan at an average of 7.7% and is due for repayment in July 2025. Interest charged on the loan in the year was £4.9m (2019 - £1.5m).

#### 22 Ultimate controlling party

The company is a wholly owned subsidiary of Haydock Finance Holdings Limited ("HFH"), a company registered in England and Wales.

The financial statements of the company are consolidated in the financial statements of HFH. Copies of the group financial statements are available from HFH with registered office Challenge House, Challenge Way, Greenbank Business Park, Blackburn, BB1 5QB. HFH is the smallest and largest group into which Haydock Finance Limited is consolidated.

HD Bidco Limited owns 100% of the share capital of HFH. HD Bidco Limited is a company that is ultimately controlled by Apollo Global Management, LLC. Apollo Global Management, LLC's registered office is 9 West 57th Street, 43rd Floor, New York, NY 10019, United States.

#### 23 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	1,548	1,390
Company pension contributions to defined contribution schemes	156	52
	<u>1,704</u>	<u>1,442</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2019 - 6).

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	<u>570</u>	<u>535</u>

## **HAYDOCK FINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **23 Directors' remuneration**

**(Continued)**

The company's key management personnel are considered to be the directors only.



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.