

COMPANY REGISTRATION NUMBER 04206708

FACTOR 21 PLC
FINANCIAL STATEMENTS
30 JUNE 2006



HW, CHARTERED ACCOUNTANTS
Chartered Accountants & Registered Auditors
7 - 11 Station Road
Reading
Berkshire
RG1 1LG

FACTOR 21 PLC
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

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FACTOR 21 PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr J G Ethelston
Mr N A Ethelston

Company secretary

Mr J Burnett

Registered office

Ayres House
Station Road
Wallingford
Oxfordshire
OX10 0XF

Auditor

HW, Chartered Accountants
Chartered Accountants
& Registered Auditors
7 - 11 Station Road
Reading
Berkshire
RG1 1LG

Bankers

NatWest Bank plc
13 Market Place
Reading
Berkshire
RG1 2EP

FACTOR 21 PLC
THE DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of debt factoring

The directors are happy with the performance during the year, in particular the reduction in bad debts, and are continuing to improve internal monitoring and systems.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £398,880. Particulars of dividends paid and proposed are detailed in note 9 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has a strict credit approval policy which is applied to all new clients to minimise the risk of bad debts. All clients have a detailed contract to reduce the exposure of the company to credit risk.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2006	At 1 July 2005
Mr J G Ethelston	Ordinary	30,000	30,000
	Preference	240,000	240,000
Mr N A Ethelston	Ordinary	<u>30,000</u>	<u>30,000</u>

POLICY ON THE PAYMENT OF CREDITORS

The company pays all invoices in the month they are received, therefore, year-end creditors amount to £nil.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

FACTOR 21 PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2006

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DONATIONS

During the year the company made the following contributions:

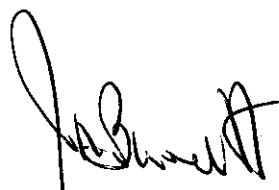
	2006	2005
	£	£
Charitable	<u>320</u>	<u>520</u>

AUDITOR

A resolution to re-appoint HW, Chartered Accountants as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Ayres House
Station Road
Wallingford
Oxfordshire
OX10 0XF

Signed by order of the directors



MR J BURNETT
Company Secretary

Approved by the directors on18 October 2006

FACTOR 21 PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FACTOR 21 PLC
YEAR ENDED 30 JUNE 2006

We have audited the financial statements of Factor 21 plc for the year ended 30 June 2006 on pages 6 to 18 which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

FACTOR 21 PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FACTOR 21 PLC *(continued)*

YEAR ENDED 30 JUNE 2006

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

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements year ended 30 June 2006.

HW, Chartered Accountants

7 - 11 Station Road
Reading
Berkshire
RG1 1LG

HW, CHARTERED ACCOUNTANTS
Chartered Accountants
& Registered Auditors

24 October 2006

FACTOR 21 PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2006

	Note	2006 £	2005 £
TURNOVER	2	1,286,181	1,059,481
Administrative expenses		523,931	518,704
Other operating income	3	(2,750)	—
OPERATING PROFIT	4	765,000	540,777
Interest payable and similar charges	7	226,425	199,062
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		538,575	341,715
Tax on profit on ordinary activities	8	139,695	74,716
PROFIT FOR THE FINANCIAL YEAR		398,880	266,999

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of these financial statements.

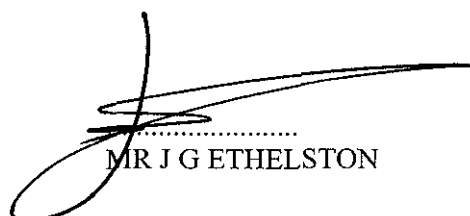
FACTOR 21 PLC

BALANCE SHEET

30 JUNE 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	11	27,405	<u>42,755</u>
CURRENT ASSETS			
Debts factored with recourse:			
Gross debts		9,164,847	6,263,017
less: amount due to clients		<u>(3,975,600)</u>	<u>(2,827,791)</u>
		5,189,247	3,435,226
Other debtors	12	<u>14,341</u>	<u>12,898</u>
Cash at bank and in hand		<u>95,797</u>	<u>200</u>
TOTAL CURRENT ASSETS		5,299,385	3,448,324
CREDITORS: Amounts falling due within one year	13	<u>3,885,893</u>	<u>2,398,313</u>
NET CURRENT ASSETS		1,413,492	1,050,011
TOTAL ASSETS LESS CURRENT LIABILITIES		1,440,897	1,092,766
CREDITORS: Amounts falling due after more than one year	14	<u>400,000</u>	<u>400,000</u>
		1,040,897	692,766
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	<u>496</u>	<u>245</u>
		1,040,401	692,521
CAPITAL AND RESERVES			
Called-up equity share capital	20	60,000	60,000
Profit and loss account		<u>980,401</u>	<u>632,521</u>
SHAREHOLDERS' FUNDS	22	1,040,401	692,521

These financial statements were approved by the directors on the 18 October 2006 and are signed on their behalf by:


MR J G ETHELSTON


MR N A ETHELSTON

The notes on pages 9 to 18 form part of these financial statements.

FACTOR 21 PLC
CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2006

	Note	2006 £	2005 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	(1,066,429)	1,297,840
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	(226,425)	(199,062)
TAXATION	23	(78,118)	(35,179)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23	(4,630)	(1,969)
EQUITY DIVIDENDS PAID		(51,000)	—
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,426,602)	1,061,630
FINANCING	23	1,600,000	(1,050,000)
INCREASE IN CASH	23	<u>173,398</u>	<u>11,630</u>

The notes on pages 9 to 18 form part of these financial statements.

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''.

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

In adopting FRS 25 it is necessary to include preference share capital within short term liabilities. This is due to the nature of the preference share capital which is redeemable with three months written notice by either the company or the shareholder. A prior year adjustment has been included to reflect this in the comparative figures.

Turnover

The turnover shown in the profit and loss account represents amounts charged during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 25% straight line
Equipment	- 20% straight line

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The pension costs charged against profit represent the contributions payable to employee's personal pension plans.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2006 £	2005 £
United Kingdom	<u>1,286,181</u>	<u>1,059,481</u>

3. OTHER OPERATING INCOME

	2006 £	2005 £
Rent receivable	<u>2,750</u>	<u>—</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

4. OPERATING PROFIT

Operating profit is stated after charging:

	2006	2005
	£	£
Depreciation of owned fixed assets	19,980	23,420
Auditor's remuneration		
- as auditor	<u>5,500</u>	<u>5,500</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006	2005
	No	No
Number of management staff	<u>9</u>	<u>7</u>

The aggregate payroll costs of the above were:

	2006	2005
	£	£
Wages and salaries	224,150	183,811
Social security costs	23,069	21,468
Other pension costs	18,336	15,477
	<u>265,555</u>	<u>220,756</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005
	£	£
Emoluments receivable	54,000	53,000
Value of company pension contributions to money purchase schemes	4,800	4,800
	<u>58,800</u>	<u>57,800</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2006	2005
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	153,948	133,410
Other similar charges payable	<u>72,477</u>	<u>65,652</u>
	<u>226,425</u>	<u>199,062</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 25.30% (2005 - 21.40%)	139,907	77,765
Over/under provision in prior year	<u>(463)</u>	<u>-</u>
Total current tax	<u>139,444</u>	<u>77,765</u>
Deferred tax:		
Origination and reversal of timing differences	<u>251</u>	<u>(3,049)</u>
Tax on profit on ordinary activities	<u>139,695</u>	<u>74,716</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25.30% (2005 - 21.40%).

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>538,575</u>	<u>341,715</u>
Profit/(loss) on ordinary activities by rate of tax	136,259	73,127
Expenses not deductible for tax	841	1,583
Capital allowances in excess of depreciation	2,807	3,055
Adjustments in respect of previous periods	<u>(463)</u>	<u>-</u>
Total current tax (note 8(a))	<u>139,444</u>	<u>77,765</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

9. DIVIDENDS

Dividends on equity shares

	2006 £	2005 £
Paid during the year	51,000	—
Proposed equity dividends (not recognised as a liability)	<u>—</u>	<u>—</u>

10. PRIOR YEAR ADJUSTMENT

In order to reflect the provisions of FRS 25, the preference share capital held has been transferred from equity to current liabilities by using a prior year adjustment. This is due to the nature of the preference share capital which is redeemable or convertible with three months written notice, and should now be classified under current liabilities.

11. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1 July 2005	48,495	58,749	107,244
Additions	—	4,630	4,630
At 30 June 2006	<u>48,495</u>	<u>63,379</u>	<u>111,874</u>
DEPRECIATION			
At 1 July 2005	27,559	36,930	64,489
Charge for the year	8,376	11,604	19,980
At 30 June 2006	<u>35,935</u>	<u>48,534</u>	<u>84,469</u>
NET BOOK VALUE			
At 30 June 2006	<u>12,560</u>	<u>14,845</u>	<u>27,405</u>
At 30 June 2005	<u>20,936</u>	<u>21,819</u>	<u>42,755</u>

12. OTHER DEBTORS

	2006 £	2005 £
Trade debtors	46	—
Prepayments and accrued income	14,295	12,898
	<u>14,341</u>	<u>12,898</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

13. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Other loans	500,000	500,000
Bank loans and overdrafts	2,800,000	1,277,801
Other creditors including taxation and social security:		
Corporation tax	143,180	81,854
Other taxation and social security	35,065	19,708
Preference shares < 1 year	240,000	240,000
Directors current accounts	—	180,000
	<u>3,718,245</u>	<u>2,299,363</u>
Accruals and deferred income	167,648	98,950
	<u>3,885,893</u>	<u>2,398,313</u>

The bank loan is secured by a fixed and floating charge over all current and future assets of the company.

The other loans all require 6 months written notice before repayment. As at the balance sheet date, no formal requests had been received.

14. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Other creditors:		
Directors' loan accounts	<u>400,000</u>	<u>400,000</u>

The director's loan was made by J G Ethelston and it has remained at £400,000 for the entire year. Interest is paid on the the loan on a monthly basis.

15. PENSIONS

The company makes contributions into employees individual personal pension plans. The total cost for the year amounted to £18,336 (2005: £15,477). This includes payments for 1 director amounting to £4,800 (2005: £4,800).

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006 £	2005 £
Provision brought forward	245	3,294
Profit and loss account movement arising during the year	251	(3,049)
Provision carried forward	<u>496</u>	<u>245</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2006

16. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	496	245
	<u>496</u>	<u>245</u>

17. DERIVATIVES

The preference shares are included within current liabilities at their nominal value of £1 each, the total liability being £240,000.

The preference shares can be redeemed or converted at the request of either the company or the shareholder, with three months written notice.

18. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2006	2005
	£	£
Operating leases which expire:		
After more than 5 years	<u>25,000</u>	<u>25,000</u>

19. RELATED PARTY TRANSACTIONS

The company was under the control of Mr J G Ethelston and Mr N A Ethelston, the Directors and equal 50% shareholders, throughout the current and previous year.

As at the year-end, Mr J G Ethelston was owed £400,000 (2005: £580,000) by the company.

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

20. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
760,000 Ordinary shares of £1 each	760,000	760,000
240,000 Preference shares of £1 each	240,000	240,000
	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
Preference shares of £1 each	240,000	240,000	240,000	240,000
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Equity shares				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Shares classed as financial liabilities				
Preference shares of £1 each	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>

The preference shares can be redeemed or converted at the request of either the company or shareholder, with three months written notice required, with terms being agreed by the parties at the transaction date. The annual dividend entitlement is at a rate of 6%, payable at the discretion of the company and is non-cumulative. The shares will not carry any voting right, but the shareholders will be informed, and can attend, all shareholder meetings. On any potential dissolution of the company, the shares will not participate in any surplus asset distribution.

21. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	632,521	365,522
Profit for the financial year	398,880	266,999
Equity dividends paid (FRS 25)	(51,000)	—
Balance carried forward	<u>980,401</u>	<u>632,521</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	398,880	266,999
Equity dividends paid (FRS 25)	(51,000)	—
Net addition to shareholders' funds	347,880	266,999
Opening shareholders' funds	692,521	665,522
Prior year adjustment (see note 10)	—	(240,000)
Closing shareholders' funds	<u>1,040,401</u>	<u>692,521</u>

23. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	765,000	540,777
Depreciation	19,980	23,420
(Increase)/decrease in debtors	(2,903,273)	951,580
Increase/(decrease) in creditors	1,051,864	(217,937)
Net cash (outflow)/inflow from operating activities	<u>(1,066,429)</u>	<u>1,297,840</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006 £	2005 £
Interest paid	(226,425)	(199,062)
Net cash outflow from returns on investments and servicing of finance	<u>(226,425)</u>	<u>(199,062)</u>

TAXATION

	2006 £	2005 £
Taxation	<u>(78,118)</u>	<u>(35,179)</u>

CAPITAL EXPENDITURE

	2006 £	2005 £
Payments to acquire tangible fixed assets	<u>(4,630)</u>	<u>(1,969)</u>
Net cash outflow from capital expenditure	<u>(4,630)</u>	<u>(1,969)</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

23. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

FINANCING

	2006 £	2005 £
Increase in/(repayment of) bank loans	<u>1,600,000</u>	<u>(1,050,000)</u>
Net cash inflow/(outflow) from financing	<u>1,600,000</u>	<u>(1,050,000)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	2005 £
Increase in cash in the period	173,398	11,630
Net cash (inflow) from/outflow from bank loans	<u>(1,600,000)</u>	<u>1,050,000</u>
Change in net debt resulting from cash flows	(1,426,602)	1,061,630
Other differences	—	(240,000)
Movement in net debt in the period	<u>(1,426,602)</u>	<u>821,630</u>
Net debt at 1 July 2005	<u>(2,417,601)</u>	<u>(3,239,231)</u>
Net debt at 30 June 2006	<u>(3,844,203)</u>	<u>(2,417,601)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2005 £	Cash flows £	At 30 Jun 2006 £
Net cash:			
Cash in hand and at bank	200	95,597	95,797
Overdrafts	<u>(77,801)</u>	<u>77,801</u>	<u>—</u>
	<u>(77,601)</u>	<u>173,398</u>	<u>95,797</u>
Debt:			
Debt due within 1 year	(1,940,000)	(1,600,000)	(3,540,000)
Debt due after 1 year	<u>(400,000)</u>	<u>—</u>	<u>(400,000)</u>
	<u>(2,340,000)</u>	<u>(1,600,000)</u>	<u>(3,940,000)</u>
Net debt	<u>(2,417,601)</u>	<u>(1,426,602)</u>	<u>(3,844,203)</u>