

Audited Financial Statements

Factor 21 Plc

For the Year Ended 30 June 2010
Company Registration No 04206708





FACTOR 21 PLC
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

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FACTOR 21 PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J G Ethelston
N A Ethelston
N Errington

Company secretary

J Burnett

Registered office

Ayres House
Station Road
Wallingford
Oxfordshire
OX10 0XF

Auditor

HW, Chartered Accountants
Chartered Accountants
& Statutory Auditor
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 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors are pleased with the continued growth achieved in difficult trading conditions which saw the volume of assignments increase by 30% to £123 million. Total income rose by a more modest 5.5% as a result of the prevailing low interest rates and a gradual move to larger clients with slightly lower interest rates.

Unfortunately, despite continuing systems improvements, provisions for bad debts are again unexpectedly high such that profits remain impaired. The directors have continued to concentrate on this area of the business and believe that the controls which have been introduced should bring immediate benefits.

On a more positive note, the year has seen major plans being implemented to enable the company to manage the anticipated continued growth. The nature of the funding provided by the bank has been changed to a back-to-back arrangement which has already removed some of the constraints which were beginning to appear, more suitable larger premises have been purchased subsequent to the year end, which are currently being refurbished with a planned move in December, and the final member of the management team was recruited when Ralph Peedell joined the company to take responsibility for existing clients.

The early months of this, the tenth year, have provided an encouraging start and the directors expect the growth and development to continue throughout the period.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £278,088. Particulars of dividends paid are detailed in note 8 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has a strict credit approval policy which is applied to all 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 company uses financial instruments to facilitate onward lending which are subject to variable interest rates. The company minimises interest rate risk by passing on any increased rate costs to customers in accordance with their factoring agreement.

DIRECTORS

The directors who served the company during the year were as follows:

J G Ethelston
N A Ethelston
N Errington

POLICY ON THE PAYMENT OF CREDITORS

The company pays all invoices in the month they are received unless the supplier offers fixed instalment settlement.

FACTOR 21 PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2010

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

FACTOR 21 PLC
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2010

AUDITOR

HW, Chartered Accountants are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Ayres House
Station Road
Wallingford
Oxfordshire
OX10 0XF

Signed by order of the directors



J BURNETT
Company Secretary

Approved by the directors on 7/11/10

FACTOR 21 PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FACTOR 21 PLC

YEAR ENDED 30 JUNE 2010

We have audited the financial statements of Factor 21 plc for the year ended 30 June 2010 on pages 7 to 19. 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 shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB'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 directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS 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.

FACTOR 21 PLC

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

YEAR ENDED 30 JUNE 2010

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

HW, Chartered Accountants

JOHN BAILEY BSC FCA (Senior
Statutory Auditor)

For and on behalf of

HW, CHARTERED ACCOUNTANTS

Chartered Accountants

& Statutory Auditor

7 - 11 Station Road
Reading
Berkshire
RG1 1LG

9 November 2010

FACTOR 21 PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2010

	Note	2010 £	2009 £
TURNOVER	2	2,162,969	2,049,841
Administrative expenses		<u>1,575,327</u>	<u>1,598,078</u>
OPERATING PROFIT	3	587,642	451,763
Interest payable and similar charges	6	237,475	289,499
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>350,167</u>	<u>162,264</u>
Tax on profit on ordinary activities	7	72,079	54,577
PROFIT FOR THE FINANCIAL YEAR		<u>278,088</u>	<u>107,687</u>

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 10 to 19 form part of these financial statements

FACTOR 21 PLC

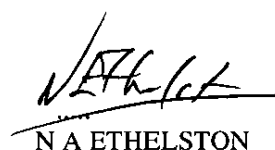
BALANCE SHEET

30 JUNE 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	<u>39,343</u>	<u>26,329</u>
CURRENT ASSETS			
Debts factored with recourse			
Gross debts (after providing for credit protection fee and accrued interest)		19,940,045	15,850,424
less amount due to clients		<u>(8,173,661)</u>	<u>(7,298,739)</u>
		11,766,384	8,551,685
Other debtors	10	<u>39,128</u>	<u>33,005</u>
Cash in hand		<u>200</u>	<u>200</u>
TOTAL CURRENT ASSETS		11,805,712	8,584,890
CREDITORS: Amounts falling due within one year	12	<u>9,389,645</u>	<u>6,273,897</u>
NET CURRENT ASSETS		2,416,067	2,310,993
TOTAL ASSETS LESS CURRENT LIABILITIES		2,455,410	2,337,322
CREDITORS: Amounts falling due after more than one year	13	<u>300,000</u>	<u>400,000</u>
		2,155,410	1,937,322
CAPITAL AND RESERVES			
Called-up equity share capital	18	60,000	60,000
Profit and loss account	19	2,095,410	1,877,322
SHAREHOLDERS' FUNDS	20	<u>2,155,410</u>	<u>1,937,322</u>

These financial statements were approved by the directors and authorised for issue on 4/11/10 and are signed on their behalf by


J G ETHELSTON


N A ETHELSTON

Company Registration Number 04206708

The notes on pages 10 to 19 form part of these financial statements

FACTOR 21 PLC
CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2010

	Note	2010 £	2009 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21	(2,539,798)	(766,352)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	(237,475)	(289,499)
TAXATION	21	(56,058)	(208,206)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21	(36,993)	(3,860)
EQUITY DIVIDENDS PAID		(60,000)	—
CASH OUTFLOW BEFORE FINANCING		(2,930,324)	(1,267,917)
FINANCING	21	3,062,417	705,719
INCREASE/(DECREASE) IN CASH	21	<u>132,093</u>	<u>(562,198)</u>

The notes on pages 10 to 19 form part of these financial statements.

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

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

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 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

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

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

	2010 £	2009 £
United Kingdom	<u>2,162,969</u>	<u>2,049,841</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Depreciation of owned fixed assets	23,979	16,780
Auditor's remuneration		
- as auditor	8,750	8,500
- for other services	<u>4,000</u>	<u>4,000</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2010 £	2009 £
Audit	8,750	8,500
Accountancy	1,500	1,500
Taxation	<u>2,500</u>	<u>2,500</u>
	<u>12,750</u>	<u>12,500</u>

4. PARTICULARS OF EMPLOYEES

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

	2010 No	2009 No
Number of management staff	<u>14</u>	<u>13</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	545,575	481,283
Social security costs	51,909	44,142
Other pension costs	<u>43,663</u>	<u>43,583</u>
	<u>641,147</u>	<u>569,008</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Remuneration receivable	156,150	157,947
Value of company pension contributions to money purchase schemes	9,492	9,602
	<u>165,642</u>	<u>167,549</u>

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

	2010	2009
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Interest payable on bank borrowing	170,045	221,178
Interest payable - all other loans	53,030	68,321
Preference share dividends	14,400	-
	<u>237,475</u>	<u>289,499</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010	2009
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 21%)	75,263	56,268
Over/under provision in prior year	(136)	-
Total current tax	<u>75,127</u>	<u>56,268</u>
Deferred tax		
Origination and reversal of timing differences	<u>(3,048)</u>	<u>(1,691)</u>
Tax on profit on ordinary activities	<u>72,079</u>	<u>54,577</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 21%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>350,167</u>	<u>162,264</u>
Profit on ordinary activities by rate of tax	98,047	34,075
Expenses not deductible for tax	9,271	20,313
Capital allowances in excess of depreciation	1,437	1,182
Adjustments in respect of previous periods	(136)	-
Marginal relief	(20,279)	-
Other short term timing differences	787	698
Income not taxable	<u>(14,000)</u>	<u>-</u>
Total current tax (note 7(a))	<u>75,127</u>	<u>56,268</u>

8. DIVIDENDS

Equity dividends

	2010 £	2009 £
Paid during the year		
Equity dividends on ordinary shares	<u>60,000</u>	<u>-</u>

Dividends on shares classed as financial liabilities

	2010 £	2009 £
Paid during the year		
Dividends on shares treated as interest	<u>14,400</u>	<u>-</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1 July 2009	51,008	72,449	123,457
Additions	<u>29,972</u>	<u>7,021</u>	<u>36,993</u>
At 30 June 2010	<u>80,980</u>	<u>79,470</u>	<u>160,450</u>
DEPRECIATION			
At 1 July 2009	34,093	63,035	97,128
Charge for the year	<u>18,946</u>	<u>5,033</u>	<u>23,979</u>
At 30 June 2010	<u>53,039</u>	<u>68,068</u>	<u>121,107</u>
NET BOOK VALUE			
At 30 June 2010	<u>27,941</u>	<u>11,402</u>	<u>39,343</u>
At 30 June 2009	<u>16,915</u>	<u>9,414</u>	<u>26,329</u>

10. OTHER DEBTORS

	2010 £	2009 £
Other debtors	–	1,706
Prepayments and accrued income	33,606	28,825
Deferred taxation (note 11)	<u>5,522</u>	<u>2,474</u>
	<u>39,128</u>	<u>33,005</u>

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2010 £	2009 £
Included in debtors (note 10)	<u>5,522</u>	<u>2,474</u>

The movement in the deferred taxation account during the year was

	2010 £	2009 £
Balance brought forward	2,474	783
Profit and loss account movement arising during the year	<u>3,048</u>	<u>1,691</u>
Balance carried forward	<u>5,522</u>	<u>2,474</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

11. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Excess of depreciation over taxation allowances	5,522	2,474
	<u>5,522</u>	<u>2,474</u>

12. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Other loans	759,969	880,210
Bank loans and overdrafts	8,134,834	4,984,269
Trade creditors	15,208	9,019
Corporation tax	75,263	56,194
Other taxation and social security	69,577	42,728
Preference shares < 1 year	240,000	240,000
Accruals and deferred income	94,794	61,477
	<u>9,389,645</u>	<u>6,273,897</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.

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

	2010	2009
	£	£
Directors' loan accounts	<u>300,000</u>	<u>400,000</u>

14. PENSIONS

The company makes contributions to employees individual personal pension plans. The total cost for the year amounted to £34,171 (2009 £33,981) for the general employees, together with payments in respect of directors of £9,492 (2009 £9,602).

15. DERIVATIVES

The preference shares, which can be redeemed or converted at the request of either the company or the shareholder with three months written notice, are included within current liabilities at their nominal value of £1 each, the total liability being £240,000.

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

16. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>28,250</u>	<u>28,250</u>

17. RELATED PARTY TRANSACTIONS

The company was under the control of J G Ethelston and N A Ethelston, directors and shareholders, throughout the current and previous year

During the current and previous year, loans have been provided to the company by J G Ethelston and N Errington, attracting interest at 2.5% above Natwest Bank base rate. The balances of these loans at the beginning and end of the year were £700,000 and £420,000, and £nil and £51,900 respectively. The maximum amounts owing on these loans were £700,000 and £51,900 respectively.

A dividend on the ordinary share capital of the company was paid in the year in the sum of £30,000 (2009 £nil) each to N A Ethelston and to J G Ethelston or his immediate family. In addition, dividends in respect of preference shares were also paid to J G Ethelston totalling £14,400 (2009 £nil).

During the year a car was purchased from a member of N Errington's immediate family in the sum of £29,972, which has been capitalised and is included within fixed assets. N Errington is a director of the company.

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

18. SHARE CAPITAL

Authorised share capital:

	2010 £	2009 £
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:

	2010 No	£	2009 No	£
60,000 Ordinary shares of £1 each	60,000	60,000	60,000	60,000
240,000 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>

	2010 £	2009 £
Amounts presented in equity:		
60,000 Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

	2010 £	2009 £
Amounts presented in liabilities:		
240,000 Preference shares of £1 each	<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 dividends paid on preference shares are treated as an expenses in the profit and loss as per FRS25. 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.

19. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
Balance brought forward	1,877,322	1,769,635
Profit for the financial year	278,088	107,687
Equity dividends	(60,000)	—
Balance carried forward	<u>2,095,410</u>	<u>1,877,322</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	278,088	107,687
Equity dividends	<u>(60,000)</u>	<u>–</u>
Net addition to shareholders' funds	218,088	107,687
Opening shareholders' funds	<u>1,937,322</u>	<u>1,829,635</u>
Closing shareholders' funds	<u>2,155,410</u>	<u>1,937,322</u>

21. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	587,642	451,763
Depreciation	23,979	16,780
Increase in debtors	(4,092,696)	(1,447,028)
Increase in creditors	<u>941,277</u>	<u>212,133</u>
Net cash outflow from operating activities	<u>(2,539,798)</u>	<u>(766,352)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £	2009 £
Interest paid	(223,075)	(289,499)
Dividends on shares classed as financial liabilities	<u>(14,400)</u>	<u>–</u>
Net cash outflow from returns on investments and servicing of finance	<u>(237,475)</u>	<u>(289,499)</u>

TAXATION

	2010 £	2009 £
Taxation	<u>(56,058)</u>	<u>(208,206)</u>

CAPITAL EXPENDITURE

	2010 £	2009 £
Payments to acquire tangible fixed assets	(36,993)	(3,861)
Receipts from sale of fixed assets	<u>–</u>	<u>1</u>
Net cash outflow from capital expenditure	<u>(36,993)</u>	<u>(3,860)</u>

FACTOR 21 PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2010

21. NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	2010 £	2009 £
(Repayment of)/increase in debenture loans	(120,241)	205,719
Increase in bank loans	3,282,658	500,000
Repayment of directors' long-term loans	(100,000)	–
Net cash inflow from financing	<u>3,062,417</u>	<u>705,719</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	2009 £
Increase/(decrease) in cash in the period	132,093	(562,198)
Net cash outflow from/(inflow) from debenture loans	120,241	(205,719)
Net cash (inflow) from bank loans	(3,282,658)	(500,000)
Cash outflow from directors' long-term loans	<u>100,000</u>	<u>–</u>
	<u>(2,930,324)</u>	<u>(1,267,917)</u>
Change in net debt	(2,930,324)	(1,267,917)
Net debt at 1 July 2009	(6,504,279)	(5,236,362)
Net debt at 30 June 2010	<u>(9,434,603)</u>	<u>(6,504,279)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2009 £	Cash flows £	At 30 Jun 2010 £
Net cash			
Cash in hand and at bank	200	–	200
Overdrafts	(184,269)	132,093	(52,176)
	<u>(184,069)</u>	<u>132,093</u>	<u>(51,976)</u>
Debt			
Debt due within 1 year	(5,920,210)	(3,162,417)	(9,082,627)
Debt due after 1 year	(400,000)	100,000	(300,000)
	<u>(6,320,210)</u>	<u>(3,062,417)</u>	<u>(9,382,627)</u>
Net debt	<u>(6,504,279)</u>	<u>(2,930,324)</u>	<u>(9,434,603)</u>