

FACTOR 21 PLC

DIRECTORS' REPORT AND STRATEGIC REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Registration number: 04206708

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FACTOR 21 PLC

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The following pages do not form part of the statutory financial statements:

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FACTOR 21 PLC
COMPANY INFORMATION

Directors	N Errington N A Ethelston D J Tilling J G Ethelston
Company secretary	H J Fernandes
Registered office	9 Thames Park Lester Way Wallingford Oxfordshire OX10 9TA
Auditors	MHI Audit LLP Chartered Certified Accountants and Registered Auditors Hamilton House 25 High Street Rickmansworth Hertfordshire WD3 1ET

FACTOR 21 PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors present their strategic report for the year ended 30 June 2014.

Business review

Fair review of the business

The directors are pleased to report that the year under review, the thirteenth in the company's history, has seen continued advancement and the passing of two notable milestones:

- The total debts assigned exceeded a quarter of a billion pounds and
- Pre-tax and dividend profit passed the million pound mark.

Our associate company, Factor 21 (North) Limited has enjoyed an impressive first year resulting in pre-tax profit of £75,543, considerably ahead of expectations.

During the year it was decided to extend the range of facilities provided by adding various confidential arrangements to the existing full factoring offering. These will be directed at carefully chosen clients and should extend the company's target market.

It was reported last year that the company had applied for membership of the Asset Based Finance Association and, as anticipated, that application was approved providing access to training courses, seminars and increased visibility. The recently introduced code of conduct gives credence to and requires honourable and honest dealings with all parties.

Royal Bank of Scotland has continued to be an excellent partner and a three-year plan currently being produced is anticipated to justify extended and increased support to match further projected growth.

The directors believe that the company has a strong and motivated operating team and during the year the marketing effort has been enhanced by the recruitment of two experienced and well known business development managers. The expanded new business team is now able to efficiently service clients and introducers throughout Southern England, South Wales and the Midlands.

It is felt that all the components are now in place to produce continued growth and profitability and the directors look forward with confidence to the coming year.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2014	2013
Factored turnover growth	%	29	23
Turnover	£	4,296,289	3,222,378
Turnover growth	%	33	12
Operating profit margin	%	43	42
Client numbers	No.	234	180

Principal risks and uncertainties

Land and Buildings

In the opinion of the directors, the market value of land and buildings is not substantially different to the balance sheet value.

Company's policy for payment of creditors

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

Currency risk

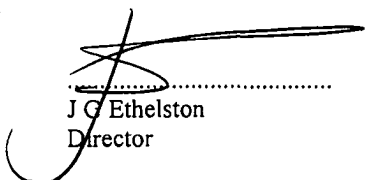
The company operates solely in the UK but has some clients who have foreign currency invoices. The company therefore has a need to have foreign currency bank accounts. The company does not currently hedge such foreign currency cash flows and as a consequence is exposed through fluctuations in foreign exchange rates. During the year the company had an overall loss on foreign currency exchange amounting to £52,081 (2013: £18,225) which has been charged to the profit and loss account.

FACTOR 21 PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

..... CONTINUED

Approved by the Board on 8.10.14 and signed on its behalf by:



.....
J G Ethelston
Director

FACTOR 21 PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors of the company

The directors who held office during the year were as follows:

N Errington

N A Ethelston

D J Tilling

J G Ethelston

Financial instruments

Objectives and policies

Environment

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements and new ways of multi-functional working. Employees' performance is aligned to our goals through a performance review process that is carried out with all employees.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

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.

Interest rate 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.

FACTOR 21 PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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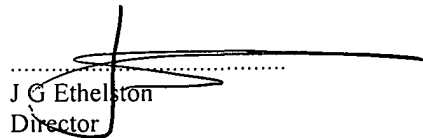
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Reappointment of auditors

The auditors MHI Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 8.10.14 and signed on its behalf by:


.....
J G Ethelston
Director

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

We have audited the financial statements of Factor 21 Plc for the year ended 30 June 2014, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

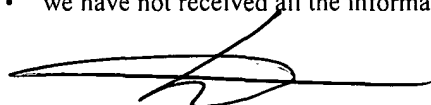
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
FACTOR 21 PLC**

..... **CONTINUED**

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.



.....
Mr Chris Bleach FCCA (Senior Statutory Auditor)
For and on behalf of MHI Audit LLP
Chartered Certified Accountants and Statutory Auditor

Hamilton House
25 High Street
Rickmansworth
Hertfordshire
WD3 1ET

Date: 8/10/14

FACTOR 21 PLC**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £	2013 £
Turnover		4,296,289	3,222,378
Administrative expenses		<u>(2,681,714)</u>	<u>(1,872,941)</u>
Operating profit	2	1,614,575	1,349,437
Other interest receivable and similar income	6	3	13
Interest payable and similar charges	7	<u>(495,028)</u>	<u>(393,482)</u>
Profit on ordinary activities before taxation		1,119,550	955,968
Tax on profit on ordinary activities	8	<u>(291,055)</u>	<u>(230,998)</u>
Profit for the financial year	16	<u>828,495</u>	<u>724,970</u>

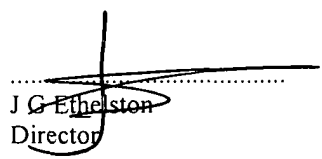
Turnover and operating profit derive wholly from continuing operations.

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

FACTOR 21 PLC (REGISTRATION NUMBER: 04206708)**BALANCE SHEET AT 30 JUNE 2014**

		2014		2013	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		603,457		555,325
Current assets					
Debtors	10	20,677,951		18,482,238	
Cash at bank and in hand		<u>251,599</u>		<u>57,592</u>	
		20,929,550		18,539,830	
Creditors: Amounts falling due within one year	11	<u>(16,945,774)</u>		<u>(15,111,496)</u>	
Net current assets			<u>3,983,776</u>		<u>3,428,334</u>
Total assets less current liabilities			4,587,233		3,983,659
Creditors: Amounts falling due after more than one year	12		(329,605)		(353,795)
Provisions for liabilities	13		<u>(14,163)</u>		<u>(4,894)</u>
Net assets			<u>4,243,465</u>		<u>3,624,970</u>
Capital and reserves					
Called up share capital	14	60,000		60,000	
Profit and loss account	16	<u>4,183,465</u>		<u>3,564,970</u>	
Shareholders' funds	17		<u>4,243,465</u>		<u>3,624,970</u>

Approved and authorised for issue by the Board on 8.10.14 and signed on its behalf by:


 J G Ethelston
 Director

FACTOR 21 PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014****Reconciliation of operating profit to net cash flow from operating activities**

	2014	2013
	£	£
Operating profit	1,614,575	1,349,437
Depreciation, amortisation and impairment charges	76,379	58,371
Profit on disposal of fixed assets	(8,238)	(1,083)
Increase in debtors	(2,195,713)	(3,554,243)
Increase in creditors	67,468	69,504
Net cash outflow from operating activities	<u>(445,529)</u>	<u>(2,078,014)</u>

Cash flow statement

	2014	2013
	£	£
Net cash outflow from operating activities	<u>(445,529)</u>	<u>(2,078,014)</u>
Returns on investments and servicing of finance		
Interest received	3	13
Interest paid	(489,688)	(385,742)
Preference dividend paid	<u>(5,340)</u>	<u>(7,740)</u>
	<u>(495,025)</u>	<u>(393,469)</u>
Taxation paid	<u>(234,312)</u>	<u>(229,237)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(130,367)	(61,883)
Sale of tangible fixed assets	14,094	7,500
	<u>(116,273)</u>	<u>(54,383)</u>
Equity dividends paid	<u>(210,000)</u>	<u>(162,000)</u>
Net cash outflow before management of liquid resources and financing	<u>(1,501,139)</u>	<u>(2,917,103)</u>
Financing		
Value of new loans obtained during the period	1,565,507	3,026,431
Repayment of loans and borrowings	211,651	51,146
Purchase of own shares	(40,000)	(69,000)
Repayment of capital element of finance leases and HP contracts	<u>(5,496)</u>	<u>(16,748)</u>
	<u>1,731,662</u>	<u>2,991,829</u>
Increase in cash	<u>230,523</u>	<u>74,726</u>

FACTOR 21 PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014****..... CONTINUED****Reconciliation of net cash flow to movement in net debt**

	Note	2014 £	2013 £
Increase in cash		230,523	74,726
Cash inflow from increase in loans		(1,565,507)	(3,026,431)
Cash outflow from repayment of loans		(211,651)	(51,146)
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		5,496	16,748
Cash outflow from decrease in other debt		40,000	69,000
Change in net debt resulting from cash flows	20	(1,501,139)	(2,917,103)
New finance leases		-	(39,680)
Movement in net debt	20	(1,501,139)	(2,956,783)
Net debt at 1 July	20	(14,879,225)	(11,922,442)
Net debt at 30 June	20	<u>(16,380,364)</u>	<u>(14,879,225)</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

Basis of preparation

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

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance, as follows:

Administration fees are recognised in the profit and loss account at the time the debts are factored and transactions financed. Other fees are recognised in the profit and loss account at the time the charge is made.

Turnover is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	10 to 50 years straight line
Motor vehicles	4 years straight line
Office equipment	5 years straight line

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Foreign currency losses	52,081	18,225
Profit on sale of tangible fixed assets	(8,238)	(1,083)
Depreciation of owned assets	66,899	50,998
Depreciation of assets held under finance lease and hire purchase contracts	9,480	7,373
Auditor's remuneration	20,350	13,550

3 Auditor's remuneration

	2014 £	2013 £
Audit of the financial statements	11,300	11,300
Other fees to auditors		
Tax services	850	850
Other services	8,200	1,400
	9,050	2,250
	20,350	13,550

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Administration and support	24	19

The aggregate payroll costs were as follows:

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014**

	2014 £	2013 £
Wages and salaries	1,132,458	848,206
Social security costs	124,429	94,594
Staff pensions	65,070	53,270
	<u>1,321,957</u>	<u>996,070</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £	2013 £
Remuneration (including benefits in kind)	426,433	240,510
Company contributions paid to money purchase schemes	<u>19,900</u>	<u>10,200</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2014 No.	2013 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

In respect of the highest paid director:

	2014 £	2013 £
Remuneration	135,887	141,148
Company contributions to money purchase pension schemes	<u>8,980</u>	<u>5,400</u>

6 Other interest receivable and similar income

	2014 £	2013 £
Other interest receivable	<u>3</u>	<u>13</u>

7 Interest payable and similar charges

	2014 £	2013 £
Interest on bank borrowings	459,902	358,642
Interest on other loans	21,916	18,136
Other interest payable	7,870	8,964
Preference share dividends	<u>5,340</u>	<u>7,740</u>
	<u>495,028</u>	<u>393,482</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014****8 Taxation****Tax on profit on ordinary activities**

	2014 £	2013 £
Current tax		
Corporation tax charge	280,500	233,000
Adjustments in respect of previous years	1,286	(1,083)
UK Corporation tax	281,786	231,917
Deferred tax		
Origination and reversal of timing differences	9,269	(919)
Total tax on profit on ordinary activities	<u>291,055</u>	<u>230,998</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	1,119,550	955,968
Corporation tax at standard rate	251,899	227,042
Capital allowances for year in excess of depreciation	4,709	2,869
Short term timing difference leading to an increase / (decrease) in taxation	(1,176)	(259)
Marginal relief	(1,544)	(4,671)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,612	8,019
Adjustments to tax charge in respect of prior periods	1,286	(1,083)
Total current tax	<u>281,786</u>	<u>231,917</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****9 Tangible fixed assets**

	Freehold land and buildings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 July 2013	461,792	157,592	94,133	713,517
Additions	-	110,363	20,004	130,367
Disposals	-	(55,373)	(2,599)	(57,972)
At 30 June 2014	<u>461,792</u>	<u>212,582</u>	<u>111,538</u>	<u>785,912</u>
Depreciation				
At 1 July 2013	38,815	81,280	38,097	158,192
Charge for the year	15,150	41,134	20,095	76,379
Eliminated on disposals	-	(51,423)	(693)	(52,116)
At 30 June 2014	<u>53,965</u>	<u>70,991</u>	<u>57,499</u>	<u>182,455</u>
Net book value				
At 30 June 2014	<u>407,827</u>	<u>141,591</u>	<u>54,039</u>	<u>603,457</u>
At 30 June 2013	<u>422,977</u>	<u>76,312</u>	<u>56,036</u>	<u>555,325</u>

Leased assets

Included within the net book value of tangible fixed assets is £21,066 (2013 - £30,546) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £9,480 (2013 - £7,373).

10 Debtors

	2014 £	2013 £
Gross debts (after provision for charges)	36,547,442	31,768,834
Due to clients	(15,942,691)	(13,343,850)
Other debtors	2,382	-
Prepayments and accrued income	<u>70,818</u>	<u>57,254</u>
	<u>20,677,951</u>	<u>18,482,238</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014****11 Creditors: Amounts falling due within one year**

	2014 £	2013 £
Preference shares	89,000	129,000
Bank loans and overdrafts	15,746,496	14,189,751
Other loans	449,426	258,775
Obligations under finance lease and hire purchase contracts	17,436	5,496
Trade creditors	26,590	42,066
Corporation tax	283,347	235,873
Other taxes and social security	172,521	157,667
Accruals and deferred income	160,958	92,868
	<u>16,945,774</u>	<u>15,111,496</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	2014 £	2013 £
Bank loans and overdrafts	15,746,496	14,189,751
Obligations under finance lease and hire purchase contracts	<u>17,436</u>	<u>5,496</u>
	<u>15,763,932</u>	<u>14,195,247</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 14.

The bank facility is secured by a fixed and floating charge over all current and future assets of the company. The commercial mortgage is secured on the company's freehold property. Obligations under finance leases and hire purchase contracts are secured on the assets subject to the leases / contracts.

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

12 Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans and overdrafts	159,605	187,359
Obligations under finance lease and hire purchase contracts	-	17,436
Directors' current accounts	<u>170,000</u>	<u>149,000</u>
	<u>329,605</u>	<u>353,795</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2014 £	2013 £
Bank loans and overdrafts	159,605	187,359
Obligations under finance lease and hire purchase contracts	-	17,436
	<u>159,605</u>	<u>204,795</u>

Included in the creditors are the following amounts due after more than five years:

	2014 £	2013 £
After more than five years by instalments	<u>5,679</u>	<u>72,892</u>

The commercial mortgage is repayable over ten years from October 2010 with interest charged at 3.5% over base.

The directors' current account represents a formal loan made to the company by a director, J G Ethelston, attracting interest at 2.5% above the Natwest Bank base rate.

Obligations under finance leases and HP contracts**Amounts repayable:**

	2014 £	2013 £
In one year or less on demand	17,436	5,496
Between one and two years	-	17,436
	<u>17,436</u>	<u>22,932</u>

13 Provisions

	Deferred tax £	Total £
At 1 July 2013	4,894	4,894
Utilised during the year	<u>9,269</u>	<u>9,269</u>
At 30 June 2014	<u>14,163</u>	<u>14,163</u>

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>14,163</u>	<u>4,894</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014****14 Share capital****Allotted, called up and fully paid shares**

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

Redeemable preference shares

The redeemable preference shares are redeemable at the option of the company or holder. They are redeemable at £1 per share and carry no voting rights.

Shares classified as debt

89,000 Redeemable Preference Shares of £1 each were in issue at the balance sheet date.

The preference shares can be redeemed or converted at the request of either the company or the 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 expense in the profit and loss account in accordance with FRS 25. 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.

15 Dividends

	2014 £	2013 £
Dividends paid		
Current year interim dividend paid	<u>210,000</u>	<u>162,000</u>

Dividends paid on shares classed as debt

Dividends paid on shares classed as debt: 2014 - £5,340 (2013 - £7,740).

16 Reserves

	Profit and loss account £	Total £
At 1 July 2013	3,564,970	3,564,970
Profit for the year	828,495	828,495
Dividends	<u>(210,000)</u>	<u>(210,000)</u>
At 30 June 2014	<u>4,183,465</u>	<u>4,183,465</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	828,495	724,970
Dividends	(210,000)	(162,000)
Net addition to shareholders' funds	618,495	562,970
Shareholders' funds at 1 July	3,624,970	3,062,000
Shareholders' funds at 30 June	4,243,465	3,624,970

18 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £65,070 (2013 - £53,270).

19 Contingent liabilities

On 29 August 2013 the company entered into a Multi Client Guarantee with a related party, Factor 21 (North) Limited. Each company has provided a cross guarantee to RBS Invoice Finance Limited, in so far as where the Bank gives time or credit or makes invoice finance facilities available, Factor 21 Plc and Factor 21 (North) Limited (together defined as 'the companies'), jointly and severally guarantee whenever a client does not pay any of its obligations to discharge on demand all the obligations of each client, with interest from the date of the demand. Any item or amount claimed by RBS Invoice Finance Limited to be included in either of the companies' obligations which is not recoverable from the companies under the terms of this guarantee shall nevertheless be recoverable from the companies as principal debtors by way of indemnity as a separate and independent obligation, and the companies jointly and severally agree to discharge that liability on demand with interest from the date of the demand.

20 Analysis of net debt

	At 1 July 2013 £	Cash flow £	At 30 June 2014 £
Cash at bank and in hand	57,592	194,007	251,599
Bank overdraft	(36,516)	36,516	-
	21,076	230,523	251,599
Debt due within one year	(14,541,010)	(1,743,912)	(16,284,922)
Debt due after more than one year	(336,359)	6,754	(329,605)
Finance leases and hire purchase contracts	(22,932)	5,496	(17,436)
Net debt	(14,879,225)	(1,501,139)	(16,380,364)

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

Close members of J G Ethelston's family

(Close members of the director, J G Ethelston's family)

The company has received loans from close members of J G Ethelston's family. Interest charged on these loans during the year amounts to £9,016 (2013 - £6,887). At the balance sheet date the amount due to Close members of J G Ethelston's family was £192,562 (2013 - £224,849).

L A Ethelston

(Shareholder and wife of the director, J G Ethelston)

A dividend on the ordinary share capital of the company was paid in the year in the sum of £35,000 (2013 - £27,000). At the balance sheet date the amount due to L A Ethelston was £nil (2013 - £nil).

N A Ethelston

(Director)

A dividend on the ordinary share capital of the company was paid in the year in the sum of £105,000 (2013 - £81,000). At the balance sheet date the amount due to N A Ethelston was £nil (2013 - £nil).

J G Ethelston

(Director)

A dividend on the ordinary share capital of the company was paid in the year in the sum of £70,000 (2013 - £54,000). During the current and previous year, loans have been provided to the company, attracting an interest at 2.5% above Natwest Bank base rate. The maximum amount outstanding on this loan was £170,000 (2013 - £250,000). The total of amounts repaid in the year was £nil (2013 - £101,000). At the balance sheet date the amount due to J G Ethelston was £170,000 (2013 - £149,000).

The Ethelston 1998 Discretionary Trust

(The director J G Ethelston is a trustee)

Dividends in respect of preference shares were paid totalling £5,340 (2013 - £7,740). At the balance sheet date the amount due to The Ethelston 1998 Discretionary Trust was £nil (2013 - £nil).

Factor 21 (North) Limited

(The directors J G Ethelston, N Errington, N A Ethelston and D J Tilling are directors of this company)

During the year the company provided financial support to Factor 21 (North) Limited. Loans totalling £767,715 (2013 - £nil) were made by the company to Factor 21 (North) Limited on which £3,736 (2013 - £nil) of interest was charged. The company also paid expenses on behalf of Factor 21 (North) Limited totalling £45,850 (2013 - £nil). At the balance sheet date the amount due from/(to) Factor 21 (North) Limited was £1,753 (2013 - £nil).

22 Control

The company is controlled by J G Ethelston and N A Ethelston, directors and shareholders.