

FACTOR 21 PLC

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2015

Registration number: 04206708

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COMPANIES HOUSE

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 Statutory Auditors
 Hamilton House
 25 High Street
 Rickmansworth
 Hertfordshire
 WD3 1ET

FACTOR 21 PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2015

The directors present their strategic report for the year ended 30 June 2015.

Business review

Fair review of the business

The directors are pleased to report that the year under review, the fourteenth in the company's history, has seen continued increases in turnover and profit accompanied by an appropriate strengthening of the operations team and systems.

Our associate company, Factor 21 (North) Limited has continued to exceed expectations and produced a pre-tax profit of £379,182 in its second year of operation and now services over 50 clients.

The confidential facilities introduced last year have all performed satisfactorily although we are continuing to restrict them to a select group of carefully vetted clients.

Our excellent relationship with Royal Bank of Scotland continues to strengthen and during the year the facility limit was increased to £30 million with an indication that this could be raised further as and when required.

The directors feel that the company has strengthened in all aspects during the year and remain confident of continued development in the current period.

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

	Unit	2015	2014
Factored turnover growth	%	20	26
Turnover	£	5,316,514	4,296,289
Turnover growth	%	24	33
Operating profit margin	%	36	43
Client numbers	No.	260	234

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

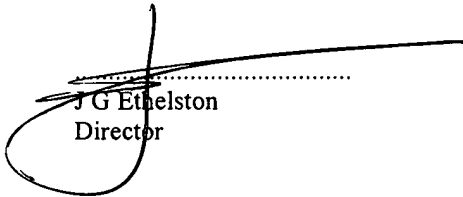
The company operates solely in the UK but has some clients who have foreign currency invoices. The company therefore has a need to have foreign currency bank accounts. The company does not currently hedge such foreign currency cash flows and as a consequence is exposed through fluctuations in foreign exchange rates. During the year the company had an overall loss on foreign currency exchange amounting to £26,652 (2014: £52,081) which has been charged to the profit and loss account.

FACTOR 21 PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2015

..... ***CONTINUED***

Approved by the Board on 22.10.15 and signed on its behalf by:


J G Ethelston
Director

FACTOR 21 PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report and the financial statements for the year ended 30 June 2015.

Statement of Directors' Responsibilities

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 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.

FACTOR 21 PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

..... *CONTINUED*

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.

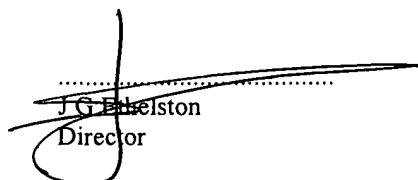
Disclosure of information to the auditor

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 22.10.15 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 2015, set out on pages 8 to 23. 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 2015 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

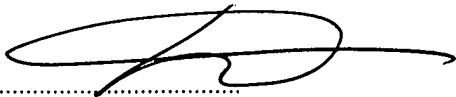
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 Auditors

Hamilton House
25 High Street
Rickmansworth
Hertfordshire
WD3 1ET

Date: 29/10/15.....

FACTOR 21 PLC**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 £	2014 £
Turnover		5,316,514	4,296,289
Administrative expenses		<u>(3,406,592)</u>	<u>(2,681,714)</u>
Operating profit	2	1,909,922	1,614,575
Other interest receivable and similar income	6	-	3
Interest payable and similar charges	7	<u>(569,991)</u>	<u>(495,028)</u>
Profit on ordinary activities before taxation		1,339,931	1,119,550
Tax on profit on ordinary activities	8	<u>(283,721)</u>	<u>(291,055)</u>
Profit for the financial year	15	<u>1,056,210</u>	<u>828,495</u>

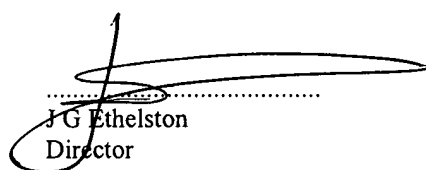
Turnover and operating profit derive wholly from continuing operations.

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 2015**

		2015		2014	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		527,524		603,457
Current assets					
Debtors	10	24,952,654		20,677,951	
Cash at bank and in hand		<u>210,659</u>		<u>251,599</u>	
		25,163,313		20,929,550	
Creditors: Amounts falling due within one year	11	<u>(20,499,884)</u>		<u>(16,945,774)</u>	
Net current assets			<u>4,663,429</u>		<u>3,983,776</u>
Total assets less current liabilities			5,190,953		4,587,233
Creditors: Amounts falling due after more than one year	12		(131,278)		(329,605)
Provisions for liabilities			-		(14,163)
Net assets			<u>5,059,675</u>		<u>4,243,465</u>
Capital and reserves					
Called up share capital	13	60,000		60,000	
Profit and loss account	15	<u>4,999,675</u>		<u>4,183,465</u>	
Shareholders' funds			<u>5,059,675</u>		<u>4,243,465</u>

Approved and authorised for issue by the Board on 22.10.15 and signed on its behalf by:


J G Ethelston
Director

The notes on pages 12 to 23 form an integral part of these financial statements.

FACTOR 21 PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015****Reconciliation of operating profit to net cash flow from operating activities**

	2015	2014
	£	£
Operating profit	1,909,922	1,614,575
Depreciation, amortisation and impairment charges	84,489	76,379
Profit on disposal of fixed assets	(4,487)	(8,238)
Increase in debtors	(4,272,477)	(2,195,713)
Increase in creditors	1,596,670	88,468
Net cash outflow from operating activities	<u>(685,883)</u>	<u>(424,529)</u>

Cash flow statement

	2015	2014
	£	£
Net cash outflow from operating activities	<u>(685,883)</u>	<u>(424,529)</u>
Returns on investments and servicing of finance		
Interest received	-	3
Interest paid	(569,991)	(489,688)
Preference dividend paid	-	(5,340)
	<u>(569,991)</u>	<u>(495,025)</u>
Taxation paid	<u>(281,824)</u>	<u>(234,312)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(9,069)	(130,367)
Sale of tangible fixed assets	5,000	14,094
	<u>(4,069)</u>	<u>(116,273)</u>
Equity dividends paid	<u>(240,000)</u>	<u>(210,000)</u>
Net cash outflow before management of liquid resources and financing	<u>(1,781,767)</u>	<u>(1,480,139)</u>
Financing		
Value of new loans obtained during the period	1,702,976	1,565,507
Repayment of loans and borrowings	-	190,651
Purchase of own shares	(14,000)	(40,000)
Repayment of capital element of finance leases and HP contracts	<u>(17,436)</u>	<u>(5,496)</u>
	<u>1,671,540</u>	<u>1,710,662</u>
(Decrease)/increase in cash	<u>(110,227)</u>	<u>230,523</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

FACTOR 21 PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015****..... CONTINUED****Reconciliation of net cash flow to movement in net debt**

	Note	2015 £	2014 £
(Decrease)/increase in cash		(110,227)	230,523
Cash inflow from increase in loans		(1,702,976)	(1,565,507)
Cash outflow from repayment of loans		-	(190,651)
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		17,436	5,496
Cash outflow from decrease in other debt		14,000	40,000
Change in net debt resulting from cash flows	19	<u>(1,781,767)</u>	<u>(1,480,139)</u>
 Movement in net debt	19	 (1,781,767)	 (1,480,139)
Net debt at 1 July	19	<u>(16,210,364)</u>	<u>(14,730,225)</u>
Net debt at 30 June	19	<u>(17,992,131)</u>	<u>(16,210,364)</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

Debtors and creditors

Trade debtors represent the gross debts assigned under factoring agreements, net of the provision for bad debts. The trade debtors are offset by the amounts due to clients payable out of the funds derived from the collection of the debts - the amount due to clients is the difference between the assigned debt and the cash advanced to clients net of appropriate factoring fees. Where timing differences result in amounts due to clients exceeding those clients' gross debts assigned under factoring agreements, the resulting credit balances are reclassified as trade creditors and included in creditors due within one year.

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.

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

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:

	2015 £	2014 £
Foreign currency losses	26,652	52,081
Profit on sale of tangible fixed assets	(4,487)	(8,238)
Depreciation of owned assets	75,009	66,899
Depreciation of assets held under finance lease and hire purchase contracts	9,480	9,480
Auditor's remuneration	<u>17,825</u>	<u>20,350</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****3 Auditor's remuneration**

	2015 £	2014 £
Audit of the financial statements	<u>13,500</u>	<u>11,300</u>
Other fees to auditors		
Tax services	875	850
Other services	<u>3,450</u>	<u>8,200</u>
	<u>4,325</u>	<u>9,050</u>
	<u>17,825</u>	<u>20,350</u>

4 Particulars of employees

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

	2015 No.	2014 No.
Administration and support	<u>31</u>	<u>24</u>

The aggregate payroll costs were as follows:

	2015 £	2014 £
Wages and salaries	1,420,851	1,132,458
Social security costs	167,765	124,429
Staff pensions	<u>89,876</u>	<u>65,070</u>
	<u>1,678,492</u>	<u>1,321,957</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £	2014 £
Remuneration (including benefits in kind)	505,805	426,433
Company contributions paid to money purchase schemes	<u>50,770</u>	<u>19,900</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2015**

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

	2015 No.	2014 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2015 £	2014 £
Remuneration	226,627	135,887
Company contributions to money purchase pension schemes	<u>6,270</u>	<u>8,980</u>

6 Other interest receivable and similar income

	2015 £	2014 £
Other interest receivable	<u>-</u>	<u>3</u>

7 Interest payable and similar charges

	2015 £	2014 £
Interest on bank borrowings	532,591	459,902
Interest on other loans	30,493	21,916
Other interest payable	6,907	7,870
Preference share dividends	<u>-</u>	<u>5,340</u>
	<u>569,991</u>	<u>495,028</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****8 Taxation****Tax on profit on ordinary activities**

	2015 £	2014 £
Current tax		
Corporation tax charge	300,200	280,500
Adjustments in respect of previous years	(90)	1,286
UK Corporation tax	300,110	281,786
Deferred tax		
Origination and reversal of timing differences	(16,389)	9,269
Total tax on profit on ordinary activities	283,721	291,055

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%).

The differences are reconciled below:

	2015 £	2014 £
Profit on ordinary activities before taxation	1,339,931	1,119,550
Corporation tax at standard rate	278,036	251,899
Depreciation in excess of capital allowances	11,216	4,709
Short term timing difference leading to an increase / (decrease) in taxation	1,113	(1,176)
Marginal relief	-	(1,544)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,835	26,612
Adjustments to tax charge in respect of prior periods	(90)	1,286
Total current tax	300,110	281,786

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****9 Tangible fixed assets**

	Freehold land and buildings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 July 2014	461,792	212,582	111,538	785,912
Additions	-	-	9,069	9,069
Disposals	-	(24,620)	(5,120)	(29,740)
At 30 June 2015	461,792	187,962	115,487	765,241
Depreciation				
At 1 July 2014	53,965	70,991	57,499	182,455
Charge for the year	15,150	47,503	21,836	84,489
Eliminated on disposals	-	(24,107)	(5,120)	(29,227)
At 30 June 2015	69,115	94,387	74,215	237,717
Net book value				
At 30 June 2015	392,677	93,575	41,272	527,524
At 30 June 2014	407,827	141,591	54,039	603,457

Leased assets

Included within the net book value of tangible fixed assets is £nil (2014 - £21,066) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £nil (2014 - £9,480).

10 Debtors

	2015 £	2014 £
Gross debts (after provision for charges)	41,854,704	36,547,442
Due to clients	(16,989,705)	(15,942,691)
Other debtors	4,845	2,382
Deferred tax	2,226	-
Prepayments and accrued income	80,584	70,818
	<u>24,952,654</u>	<u>20,677,951</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Deferred tax**

The movement in the deferred tax asset in the year is as follows:

	£
At 1 July 2014	(14,163)
Deferred tax credited to the profit and loss account	16,389
At 30 June 2015	<u>2,226</u>

Analysis of deferred tax

	2015 £	2014 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>2,226</u>	<u>(14,163)</u>
	<u>2,226</u>	<u>(14,163)</u>

11 Creditors: Amounts falling due within one year

	2015 £	2014 £
Preference shares	75,000	89,000
Bank loans and overdrafts	17,732,209	15,746,496
Other loans	264,303	449,426
Obligations under finance lease and hire purchase contracts	-	17,436
Trade creditors	1,044,327	26,590
Corporation tax	301,633	283,347
Other taxes and social security	230,851	172,521
Directors' current accounts	639,561	-
Accruals and deferred income	<u>212,000</u>	<u>160,958</u>
	<u>20,499,884</u>	<u>16,945,774</u>

FACTOR 21 PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2015**

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

	2015	2014
	£	£
Bank loans and overdrafts	17,732,209	15,746,496
Obligations under finance lease and hire purchase contracts	-	17,436
	<u>17,732,209</u>	<u>15,763,932</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 13.

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.

The director's 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.

12 Creditors: Amounts falling due after more than one year

	2015	2014
	£	£
Bank loans and overdrafts	131,278	159,605
Directors' current accounts	-	170,000
	<u>131,278</u>	<u>329,605</u>

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

	2015	2014
	£	£
Bank loans and overdrafts	<u>131,278</u>	<u>159,605</u>

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

	2015	2014
	£	£
After more than five years by instalments	<u>-</u>	<u>5,679</u>

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

Obligations under finance leases and HP contracts

Amounts repayable:

	2015 £	2014 £
In one year or less on demand	-	17,436

13 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

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

75,000 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.

14 Dividends

	2015 £	2014 £
Dividends paid		
Current year interim dividend paid	240,000	210,000

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

15 Reserves

	Profit and loss account £	Total £
At 1 July 2014	4,183,465	4,183,465
Profit for the year	1,056,210	1,056,210
Dividends	(240,000)	(240,000)
At 30 June 2015	<u>4,999,675</u>	<u>4,999,675</u>

16 Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Profit attributable to the members of the company	1,056,210	828,495
Dividends	(240,000)	(210,000)
Net addition to shareholders' funds	816,210	618,495
Shareholders' funds at 1 July	<u>4,243,465</u>	<u>3,624,970</u>
Shareholders' funds at 30 June	<u>5,059,675</u>	<u>4,243,465</u>

17 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 £89,876 (2014 - £65,070).

18 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.

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19 Analysis of net debt

	At 1 July 2014 £	Cash flow £	At 30 June 2015 £
Cash at bank and in hand	251,599	(40,940)	210,659
Bank overdraft	-	(69,287)	(69,287)
	<u>251,599</u>	<u>(110,227)</u>	<u>141,372</u>
Debt due within one year	(16,284,922)	(1,717,303)	(18,002,225)
Debt due after more than one year	(159,605)	28,327	(131,278)
Finance leases and hire purchase contracts	(17,436)	17,436	-
Net debt	<u>(16,210,364)</u>	<u>(1,781,767)</u>	<u>(17,992,131)</u>

20 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 £8,943 (2014 - £9,016). At the balance sheet date the amount due to Close members of J G Ethelston's family was £206,435 (2014 - £192,562).

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 £40,000 (2014 - £35,000). At the balance sheet date the amount due to L A Ethelston was £nil (2014 - £nil).

N A Ethelston

(Director)

A dividend on the ordinary share capital of the company was paid in the year in the sum of £80,000 (2014 - £105,000). At the balance sheet date the amount due to N A Ethelston was £nil (2014 - £nil).

J G Ethelston

(Director)

A dividend on the ordinary share capital of the company was paid in the year in the sum of £80,000 (2014 - £70,000). During the current and previous year, loans have been provided to the company, attracting interest at 2.5% above Natwest Bank base rate. The maximum amount outstanding on this loan was £639,561 (2014 - £170,000). The total of amounts repaid in the year was £nil (2014 - £nil). At the balance sheet date the amount due to J G Ethelston was £639,561 (2014 - £170,000).

The Ethelston 1998 Discretionary Trust

(The director J G Ethelston is a trustee)

Dividends in respect of preference shares were paid totalling £nil (2014 - £5,340). At the balance sheet date the amount due to The Ethelston 1998 Discretionary Trust was £nil (2014 - £nil).

FACTOR 21 PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 £nil (2014 - £767,715) were made by the company to Factor 21 (North) Limited on which £nil (2014 - £3,736) of interest was charged. The company also paid expenses on behalf of Factor 21 (North) Limited totalling £65,749 (2014 - £45,850). At the balance sheet date the amount due from Factor 21 (North) Limited was £4,749 (2014 - £1,753).

All directors

(Directors of Factor 21 PLC)

The directors have each provided a personal guarantee as security in respect of loan finance provided to the company by Royal Bank of Scotland (RBS).

21 Control

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