

Registration number: 04206708

Factor 21 Plc

Annual Report and Financial Statements

for the Year Ended 30 June 2016

Landmark Audit Limited
Chartered Accountants and Statutory Auditors
Hamilton House
25 High Street
Rickmansworth
Hertfordshire
WD3 1ET

THURSDAY



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Factor 21 Plc

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Statement of Income and Retained Earnings	8
Balance Sheet	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 to 20
Non-statutory pages	21 to 23
Detailed Profit and Loss Account	21

Factor 21 Plc

Company Information

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

Factor 21 Plc

Strategic Report for the Year Ended 30 June 2016

The Directors present their strategic report for the year ended 30 June 2016.

Principal activity

The principal activity of the company is debt factoring.

Fair review of the business

The directors are pleased to report that the year under review, the fifteenth 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 £544,764 in its third year of operation and has almost doubled the number of clients from last year to 100. We continue to offer confidential facilities although there is little demand and we are looking to implement stricter criteria.

Our excellent relationship with Royal Bank of Scotland remains strong, the facility limit was increased by a further £5 million to £35 million in the year and we are optimistic further increases would be received well should it be necessary.

The directors feel that the company has strengthened in all aspects during the year including the unbroken stance on building reserves. We 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	2016	2015
Factored turnover growth	%	6	20
Turnover	£	5,726,240	5,316,514
Turnover growth	%	8	24
Operating profit margin	%	35	36
Client numbers	No.	288	260

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.

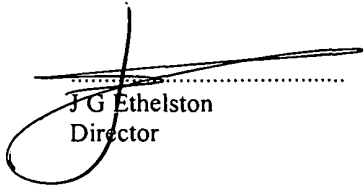
Currency risk

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 profit on foreign currency exchange amounting to £89,901 (2015: Loss of £26,652) which has been charged to the profit and loss account.

Approved by the Board on 1/11/16 and signed on its behalf by:

Factor 21 Plc

Strategic Report for the Year Ended 30 June 2016



J G Ethelston
Director

Factor 21 Plc

Directors' Report for the Year Ended 30 June 2016

The Directors present their report and the financial statements for the year ended 30 June 2016.

Directors of the Company

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

J G Ethelston

N A Ethelston

N Errington

D J Tilling

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.

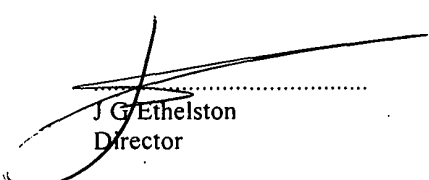
Disclosure of information to the auditors

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 auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

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

Approved by the Board on ...1/11/16... and signed on its behalf by:



J G Ethelston
Director

Factor 21 Plc

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 has 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.

Factor 21 Plc

Independent Auditor's Report

We have audited the financial statements of Factor 21 Plc for the year ended 30 June 2016, set out on pages 8 to 20. 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 5), 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 to the financial statements.

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 Annual 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 2016 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.

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.

Factor 21 Plc

Independent Auditor's Report



.....
Philip Cole FCA (Senior Statutory Auditor)
For and on behalf of Landmark Audit Limited, Statutory Auditor

Hamilton House
25 High Street
Rickmansworth
Hertfordshire
WD3 1ET

Date: 1/11/16

Factor 21 Plc

Statement of Income and Retained Earnings for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Turnover	3	5,726,240	5,316,514
Employee benefits expense		(2,031,713)	(1,719,825)
Depreciation and amortisation expense		(97,399)	(84,489)
Other expenses		(1,627,771)	(1,580,113)
Other gains	4	<u>5,739</u>	<u>4,487</u>
Operating profit	5	1,975,096	1,936,574
Interest payable and similar charges	6	<u>(498,387)</u>	<u>(596,643)</u>
Profit before tax		1,476,709	1,339,931
Taxation	10	<u>(288,854)</u>	<u>(283,721)</u>
Profit for the year		1,187,855	1,056,210
Retained earnings brought forward		4,999,676	4,183,466
Dividends paid		<u>(282,000)</u>	<u>(240,000)</u>
Retained earnings carried forward		<u><u>5,905,531</u></u>	<u><u>4,999,676</u></u>

The notes on pages 11 to 20 form an integral part of these financial statements.

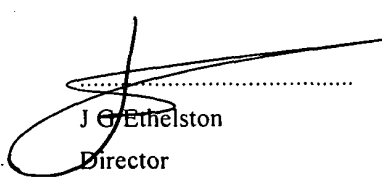
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(Registration number: 04206708)

Balance Sheet as at 30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	559,981	527,524
Current assets			
Debtors	12	29,850,801	24,952,654
Cash at bank and in hand		<u>457,871</u>	<u>210,659</u>
		30,308,672	25,163,313
Creditors: Amounts falling due within one year	14	<u>(24,800,320)</u>	<u>(20,499,883)</u>
Net current assets		<u>5,508,352</u>	<u>4,663,430</u>
Total assets less current liabilities		6,068,333	5,190,954
Creditors: Amounts falling due after more than one year	14	<u>(102,802)</u>	<u>(131,278)</u>
Net assets		<u>5,965,531</u>	<u>5,059,676</u>
Capital and reserves			
Called up share capital	16	60,000	60,000
Profit and loss account		<u>5,905,531</u>	<u>4,999,676</u>
Total equity		<u>5,965,531</u>	<u>5,059,676</u>

Approved and authorised by the Board on 1/11/16 and signed on its behalf by:


J G Ethelston
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

Factor 21 Plc

Statement of Cash Flows for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		1,187,855	1,056,210
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	97,399	84,489
Profit on disposal of tangible assets	4	(5,739)	(4,487)
Finance costs	6	588,288	569,991
Income tax expense	10	288,854	283,721
		<u>2,156,657</u>	<u>1,989,924</u>
Working capital adjustments			
Increase in trade debtors	12	(4,896,022)	(4,272,477)
Increase in trade creditors	14	472,698	1,596,670
Cash generated from operations		(2,266,667)	(685,883)
Income taxes paid	10	(300,412)	(281,824)
Net cash flow from operating activities		<u>(2,567,079)</u>	<u>(967,707)</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(151,367)	(9,069)
Proceeds from sale of tangible assets		<u>27,250</u>	<u>5,000</u>
Net cash flows from investing activities		<u>(124,117)</u>	<u>(4,069)</u>
Cash flows from financing activities			
Interest paid	6	(588,288)	(569,991)
Payments for purchase of own shares		-	(14,000)
Proceeds from bank borrowing draw downs		3,877,983	1,702,976
Payments to finance lease creditors		-	(17,436)
Dividends paid		<u>(282,000)</u>	<u>(240,000)</u>
Net cash flows from financing activities		<u>3,007,695</u>	<u>861,549</u>
Net increase/(decrease) in cash and cash equivalents		316,499	(110,227)
Cash and cash equivalents at 1 July		<u>141,372</u>	<u>251,599</u>
Cash and cash equivalents at 30 June		<u><u>457,871</u></u>	<u><u>141,372</u></u>

The notes on pages 11 to 20 form an integral part of these financial statements.

Factor 21 Plc

Notes to the Financial Statements for the Year Ended 30 June 2016

1 General information

The company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

9 Thames Park
Lester Way
Wallingford
Oxfordshire
OX10 9TA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Company's activities.

Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Factor 21 Plc

Notes to the Financial Statements for the Year Ended 30 June 2016

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10 to 50 years straight line
Furniture, fittings and equipment	5 years straight line
Motor vehicles	4 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Factor 21 Plc

Notes to the Financial Statements for the Year Ended 30 June 2016

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Rendering of services	<u>5,726,240</u>	<u>5,316,514</u>

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Notes to the Financial Statements for the Year Ended 30 June 2016

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2016 £	2015 £
Gain on disposal of property, plant and equipment	<u>5,739</u>	<u>4,487</u>

5 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	97,399	84,489
Profit on disposal of property, plant and equipment	<u>(5,739)</u>	<u>(4,487)</u>

6 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	561,771	532,591
Interest expense on other finance liabilities	26,517	37,400
Foreign exchange (gains) / losses	<u>(89,901)</u>	<u>26,652</u>
	<u>498,387</u>	<u>596,643</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	1,692,846	1,420,851
Social security costs	202,376	167,765
Pension costs, defined contribution scheme	103,102	89,876
Other employee expense	<u>33,389</u>	<u>41,333</u>
	<u>2,031,713</u>	<u>1,719,825</u>

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

	2016 No.	2015 No.
Administration and support	<u>35</u>	<u>31</u>

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Notes to the Financial Statements for the Year Ended 30 June 2016

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	663,657	505,805
Contributions paid to money purchase schemes	39,680	50,770
	<u>703,337</u>	<u>556,575</u>

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

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	250,555	226,627
Company contributions to money purchase pension schemes	<u>26,480</u>	<u>6,270</u>

9 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	<u>14,100</u>	<u>13,500</u>
Other fees to auditors		
Taxation compliance services	920	875
All other assurance services	<u>1,550</u>	<u>3,450</u>
	<u>2,470</u>	<u>4,325</u>

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Notes to the Financial Statements for the Year Ended 30 June 2016

10 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	291,031	300,200
UK corporation tax adjustment to prior periods	(52)	(90)
	<u>290,979</u>	<u>300,110</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(2,125)	(16,389)
Tax expense in the income statement	<u>288,854</u>	<u>283,721</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>1,476,709</u>	<u>1,339,931</u>
Corporation tax at standard rate	295,342	278,036
Effect of expense not deductible in determining taxable profit (tax loss)	1,719	9,835
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(52)	(90)
Tax increase (decrease) from effect of capital allowances and depreciation	7,536	11,216
Tax increase (decrease) from other short-term timing differences	(2,125)	(15,276)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(13,566)</u>	<u>-</u>
Total tax charge	<u>288,854</u>	<u>283,721</u>

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Notes to the Financial Statements for the Year Ended 30 June 2016

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2015	461,792	115,488	187,962	765,242
Additions	15,276	26,759	109,332	151,367
Disposals	-	(12,044)	(101,848)	(113,892)
At 30 June 2016	<u>477,068</u>	<u>130,203</u>	<u>195,446</u>	<u>802,717</u>
Depreciation				
At 1 July 2015	69,115	74,216	94,387	237,718
Charge for the year	21,160	25,436	50,803	97,399
Eliminated on disposal	-	(12,045)	(80,336)	(92,381)
At 30 June 2016	<u>90,275</u>	<u>87,607</u>	<u>64,854</u>	<u>242,736</u>
Carrying amount				
At 30 June 2016	<u>386,793</u>	<u>42,596</u>	<u>130,592</u>	<u>559,981</u>
At 30 June 2015	<u>392,677</u>	<u>41,272</u>	<u>93,575</u>	<u>527,524</u>

Included within the net book value of land and buildings above is £386,793 (2015 - £392,677) in respect of freehold land and buildings.

12 Debtors

	Note	2016 £	2015 £
Trade debtors		29,748,790	24,864,999
Other debtors		6,623	4,845
Prepayments		91,037	80,584
Deferred tax assets	10	<u>4,351</u>	<u>2,226</u>
Total current trade and other debtors		<u>29,850,801</u>	<u>24,952,654</u>

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Notes to the Financial Statements for the Year Ended 30 June 2016

13 Cash and cash equivalents

	2016 £	2015 £
Cash on hand	200	200
Cash at bank	<u>457,671</u>	<u>210,459</u>
	457,871	210,659
Bank overdrafts	<u>-</u>	<u>(69,287)</u>
Cash and cash equivalents in statement of cash flows	<u><u>457,871</u></u>	<u><u>141,372</u></u>

14 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	17	22,617,532	18,711,073
Trade creditors		1,369,892	1,044,327
Social security and other taxes		323,224	230,851
Accrued expenses		197,472	211,999
Income tax liability	10	<u>292,200</u>	<u>301,633</u>
		<u><u>24,800,320</u></u>	<u><u>20,499,883</u></u>
Due after one year			
Loans and borrowings	17	<u><u>102,802</u></u>	<u><u>131,278</u></u>

15 Pension and other 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 £103,102 (2015 - £89,876).

16 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	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. Winding up value for redeemable preference shares is £25,000.

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Notes to the Financial Statements for the Year Ended 30 June 2016

17 Loans and borrowings

	2016 £	2015 £
Non-current loans and borrowings		
Bank borrowings	102,802	131,278
	<u>2016</u> £	<u>2015</u> £
Current loans and borrowings		
Bank borrowings	22,265,196	17,662,922
Bank overdrafts	-	69,287
Redeemable preference shares	25,000	75,000
Other borrowings	327,336	903,864
	<u>22,617,532</u>	<u>18,711,073</u>

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.

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.

19 Related party transactions

Transactions with directors

Dividends paid to directors

	2016 £	2015 £
J G Ethelston		
Dividend	94,000	80,000
N A Ethelston		
Dividend	94,000	80,000

Factor 21 Plc

Notes to the Financial Statements for the Year Ended 30 June 2016

Other transactions with directors

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

Summary of transactions with entities with joint control or significant interest

During the year the company provided financial support to companies under common control. The company also paid expenses of £164,455 (2015 - £65,749) on behalf of companies under common control. At the balance sheet date the amount due from companies under common control was £6,623 (2015 - £4,749).

Summary of transactions with other related parties

Close members of directors' family

Dividends on the ordinary share capital of the company was paid in the year in the sum of £94,000 (2015 - £40,000) to close members of the directors' family.

Loans from related parties

	Other related parties £
2016	
At start of period	206,435
Advanced	2,080
Repaid	(199,587)
Interest transactions	4,270
At end of period	13,198
	Other related parties £
2015	
At start of period	192,562
Advanced	10,000
Repaid	(5,070)
Interest transactions	8,943
At end of period	206,435

20 Transition to FRS 102

This is the first year that the company has presented its financial statements under FRS 102. Following transition to FRS 102, no comparative figures were identified to be restated. As a result, it was not deemed necessary to present tables reconciling the transition within these financial statements. The date of transition to FRS 102 was 01 July 2014.

Factor 21 Plc

Detailed Profit and Loss Account for the Year Ended 30 June 2016

	2016 £	2015 £
Turnover (analysed below)	5,726,240	5,316,514
Employee benefits expense (analysed below)	(2,031,713)	(1,719,825)
Depreciation and amortisation expense (analysed below)	(97,399)	(84,489)
Other expenses (analysed below)	(1,627,771)	(1,580,113)
Other gains (analysed below)	<u>5,739</u>	<u>4,487</u>
Operating profit	1,975,096	1,936,574
Interest payable and similar charges (analysed below)	<u>(498,387)</u>	<u>(596,643)</u>
Profit before tax	<u><u>1,476,709</u></u>	<u><u>1,339,931</u></u>

This page does not form part of the statutory financial statements.

Factor 21 Plc

Detailed Profit and Loss Account for the Year Ended 30 June 2016

	2016 £	2015 £
Turnover		
Current	3,251,490	3,067,357
Refactoring and Factors Discount	1,608,673	1,503,270
Other income	866,077	745,887
	<u>5,726,240</u>	<u>5,316,514</u>
Employee benefits expense		
Wages and salaries	1,088,126	968,234
Staff and Directors NIC (Employers)	202,376	167,765
Directors salaries	604,720	452,617
Staff pensions (Defined contribution)	63,422	39,106
Directors pensions (Defined contribution)	39,680	50,770
Staff welfare	33,389	41,333
	<u>2,031,713</u>	<u>1,719,825</u>
Depreciation and amortisation expense		
Depreciation of freehold property	21,160	15,150
Depreciation of motor vehicles	50,803	38,023
Depreciation of motor vehicles	-	9,480
Depreciation of office equipment	25,436	21,836
	<u>97,399</u>	<u>84,489</u>
Other expenses		
Rent and rates	17,232	16,984
Light, heat and power	6,907	7,573
Insurance	7,818	7,326
Telephone	20,282	18,995
Office expenses	21,922	19,533
Computer software and maintenance costs	78,091	72,724
Printing, postage and stationery	33,219	48,714
Trade subscriptions and donations	4,920	5,940
Motor and travel	50,617	45,476
Advertising and promotion	6,282	14,424
Staff entertaining	9,289	11,829
Entertaining	23,013	22,067
Auditor's remuneration - the audit of the company's annual accounts	14,100	13,500
Auditor's remuneration - tax services	920	875
Auditor's remuneration - other services	1,550	3,450
Legal and professional fees	240,446	192,238
Commissions payable	419,156	417,968
Bad debts written off	375,743	368,663
Credit protection	74,526	94,108

This page does not form part of the statutory financial statements.

Factor 21 Plc

Detailed Profit and Loss Account for the Year Ended 30 June 2016

	2016 £	2015 £
Bank charges	<u>221,738</u>	<u>197,726</u>
	1,627,771	1,580,113
Other gains/(losses)		
Profit on disposal of tangible fixed assets	<u>(5,739)</u>	<u>(4,487)</u>
Operating profit	<u>1,975,096</u>	<u>1,936,574</u>
Interest payable and similar charges		
Bank loan interest payable	561,771	532,591
Loan interest	20,763	30,493
Mortgage interest payable	5,754	6,907
Foreign currency (gains)/losses	<u>(89,901)</u>	<u>26,652</u>
	<u>498,387</u>	<u>596,643</u>
Profit before tax	<u><u>1,476,709</u></u>	<u><u>1,339,931</u></u>