

RDM Factors Limited

Report and Financial Statements

Year Ended

31 December 2003



BDO Stoy Hayward
Chartered Accountants

RDM FACTORS LIMITED

Annual report and financial statements for the year ended 31 December 2003

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Directors

DA Marsden (Chairman)
JM Bush (Managing Director)
MJ Austin
MC Alexander
JA Ackroyd
JD Newton-Tyers
AM Walker

Secretary and registered office

JA Ackroyd

Fairfax House, 461-465 North End Road, London SW6 1NZ

Company number

2414417

Auditors

BDO Stoy Hayward LLP, Northside House, 69 Tweedy Road, Bromley, Kent BR1 3WA

Group bankers

Lloyds TSB Bank plc, PO Box 2566, Reading, Berkshire RG1 2RS
Fortis Bank, 23 Camomile Street, London EC3A 7PP

Solicitors

Paul Davidson Taylor, Chancery Court, Queen Street, Horsham, West Sussex RH13 5AD

RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit for the year after taxation amounted to £89,715 (2002 profit - £146,831).

Dividends on the cumulative redeemable 'A', convertible 'A' and convertible 'B' preference shares of £235,619 (2002 - £241,082) were paid during the year, and dividends on the preference shares of £47,583 (2002 - £53,202) were accrued at the year end. The dividend entitlement on the cumulative redeemable 'B' preference shares has been waived. The directors do not propose a dividend on the ordinary shares (2002 - £nil).

Principal activities, review of business and future developments

The principal activities of the group are the provision of debt factoring and asset finance.

All areas of the group's business made progress in the year and the directors' view the future with confidence.

Directors and directors' interests

The directors at the balance sheet date and their interests in the share capital of the company were as follows:

	1p Ordinary shares		1p Preference shares	
	31 December 2003	1 January 2003	31 December 2003	1 January 2003
DA Marsden	-	-	-	-
JM Bush	24,000	24,000	-	-
MC Alexander	-	-	-	-
MJ Austin	-	-	1,326	1,326
JA Ackroyd	-	-	3,060	3,060
AM Walker	-	-	-	-
JD Newton-Tyers	-	-	-	-

On 12 December 2003, JP Curtis resigned as a director.

RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2003 (*Continued*)

Directors and directors' interests (*continued*)

At the balance sheet date, 71,000 of the ordinary shares were held by Rennie Davies and Marsden Holdings Limited. DA Marsden is a director of that company and his interest in its shares is disclosed in that company's directors' report.

	'B' ordinary 1p shares
The following share options were held by directors at 31 December 2003:	
MC Alexander	1,211
MJ Austin	2,671
JD Newton-Tyers	392

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and charitable donations

During the year, the company made charitable donations in the UK of £2,447 (2002 - £5,354). There were no political donations made in either year.

Liability insurance

Insurance has been taken out under Section 310(3) of the Companies Act 1985, for officers of the company against liabilities in relation to the company.

RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2003 (*Continued*)

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board



JA Ackroyd
Secretary

Date:

25/6/04

RDM FACTORS LIMITED

Report of the independent auditors

To the shareholders of RDM Factors Limited

We have audited the financial statements of RDM Factors Limited for the year ended 31 December 2003 on pages 6 to 27 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

RDM FACTORS LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Bromley*

Date: *25 June 2004.*

RDM FACTORS LIMITED**Consolidated profit and loss account for the year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	2	8,501,506	9,081,240
Cost of sales		(2,086,873)	(2,321,573)
Gross profit		6,414,633	6,759,667
Administrative expenses		(6,114,529)	(6,255,299)
Operating profit	3	300,104	504,368
Share of operating loss in associate		(41,225)	(133,482)
Amortisation of goodwill on acquisition of associated undertaking		(20,962)	(20,962)
Total operating profit		237,917	349,924
Interest payable	6	(12,202)	(20,943)
Profit on ordinary activities before taxation		225,715	328,981
Taxation on profit on ordinary activities	7	(136,000)	(182,150)
Profit on ordinary activities after taxation		89,715	146,831
Dividends			
Preference dividend on non-equity shares	8	(230,000)	(230,000)
Loss for the year	19	(140,285)	(83,169)

All amounts related to continuing activities.

All recognised gains and losses in the current and prior year, are included in the profit and loss account.

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED**Consolidated balance sheet at 31 December 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	10	397,859	556,044
Investments	11	178,024	178,024
Investment in associated undertaking			
- share of (net liabilities)/net assets	11	(34,322)	6,903
- goodwill	12	167,691	188,653
		<hr/>	<hr/>
		709,252	929,624
		<hr/>	<hr/>
Current assets			
Debtors:			
- due within one year	13	18,879,050	23,240,582
- due after one year	13	2,276,225	2,313,892
Cash at bank		1,047,805	627,727
		<hr/>	<hr/>
		22,203,080	26,182,201
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	(15,899,441)	(19,177,428)
		<hr/>	<hr/>
Net current assets		6,303,639	7,004,773
		<hr/>	<hr/>
Total assets less current liabilities		7,012,891	7,934,397
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	(911,110)	(1,617,331)
		<hr/>	<hr/>
Provision for liabilities and charges	16	-	(75,000)
		<hr/>	<hr/>
Net assets		6,101,781	6,242,066
		<hr/>	<hr/>

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED

Consolidated balance sheet at 31 December 2003

	Note	2003 £	2002 £
Capital and reserves			
Called-up share capital	17	2,051,460	2,051,460
Capital redemption reserve	18	999,490	999,490
Profit and loss account	19	3,050,831	3,191,116
		<hr/>	<hr/>
Shareholders' funds	20	6,101,781	6,242,066
		<hr/>	<hr/>
Shareholders' funds			
Equity		4,003,688	4,138,356
Non-equity		2,098,093	2,103,710
		<hr/>	<hr/>
	20	6,101,781	6,242,066
		<hr/>	<hr/>

The financial statements were approved by the Board on 25th June 2004.


D A Marsden
Director

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED**Company balance sheet at 31 December 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	10	367,587	484,158
Investments	11	1,321,393	1,383,580
		<u>1,688,980</u>	<u>1,867,738</u>
Current assets			
Debtors:			
- due within one year	13	16,661,637	21,313,297
- due after one year	13	118,000	76,000
Cash at bank		1,026,601	398,064
		<u>17,806,238</u>	<u>21,787,361</u>
Creditors: amounts falling due within one year	14	(13,635,343)	(17,496,233)
		<u>4,170,895</u>	<u>4,291,128</u>
Net current assets			
		<u>5,859,875</u>	<u>6,158,866</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	(14,942)	(70,860)
		<u>5,844,933</u>	<u>6,088,006</u>
Net assets			

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED

Company balance sheet at 31 December 2003 (Continued)

	Note	2003 £	2002 £
Capital and reserves			
Called-up share capital	17	2,051,460	2,051,460
Capital redemption reserve	18	999,490	999,490
Profit and loss account	19	2,793,983	3,037,056
		<hr/>	<hr/>
Shareholders' funds	20	5,844,933	6,088,006
		<hr/>	<hr/>
Shareholders' funds			
Equity		3,746,840	3,984,296
Non-equity		2,098,093	2,103,710
		<hr/>	<hr/>
	20	5,844,933	6,088,006
		<hr/>	<hr/>

The financial statements were approved by the Board on *25 June* 2004.



D A Marsden
Director

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED**Consolidated cash flow statement for the year ended 31 December 2003**

	Note	2003 £	2002 £
Net cash inflow from operating activities	22	5,270,316	527,026
Returns on investments and servicing of finance	23	(247,821)	(262,025)
Taxation	23	(282,957)	(233,998)
Capital expenditure	23	11,744	(272,099)
		<hr/>	<hr/>
		4,751,282	(241,096)
Financing	23	(4,331,204)	228,044
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	24,25	420,078	(13,052)
		<hr/>	<hr/>

The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of RDM Factors Limited and all of its subsidiary undertakings as at 31 December 2003 using the acquisition method. The results of subsidiary undertakings are included from the date of acquisition.

Associated undertakings are accounted for using the equity method and the results are included from the date the investment became an associated undertaking.

Intangible fixed assets – goodwill

Goodwill arising on the consolidation of subsidiary and associated undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is ten years. Provision is made for any impairment.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold	-	Over the life of the lease
Furniture and fittings	-	10% - 20% per annum straight-line
Computer equipment	-	20% per annum straight-line
Motor vehicles	-	25% - 33.3% per annum straight-line
Office equipment	-	33.3% per annum straight-line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

1 Accounting policies (*continued*)

Foreign currencies

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Finance agreement income

Finance income is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the agreement. The total net investment in finance agreements included in the balance sheet represents total payments receivable net of finance income relating to future payments.

Pensions

Contributions are paid by the company to individual personal pension plans for employees and are charged to the profit and loss account in the year to which they relate.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

3 Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration for audit services	19,000	18,000
Auditors' remuneration for tax services	3,500	3,200
Depreciation of tangible fixed assets		
- owned	143,055	209,277
- held under hire purchase contracts	85,713	86,123
Operating lease rentals		
- land and buildings	271,757	267,755
- other	12,894	18,028
Aggregate finance agreement rentals receivable	(1,022,484)	(1,202,700)
Discount charges (included in cost of sales)	689,109	860,505
Profit on disposal of fixed assets	(34,707)	(27,550)

4 Directors' remuneration

	2003 £	2002 £
Directors' emoluments	871,848	798,449
Contributions to money purchase pension schemes	46,755	49,344
	<u>918,603</u>	<u>847,793</u>

Highest paid director:

Emoluments	262,786	267,826
Contributions to money purchase pension schemes	10,000	12,000
	<u>272,786</u>	<u>279,826</u>

The number of directors who were members of a money purchase pension scheme was 5 (2002 - 6).

Fees of £61,770 (2002 - £57,016) were paid to CMI Consulting in respect of the services of JA Ackroyd. These are not included above within directors' emoluments.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

5 Staff costs (including directors)

	2003 £	2002 £
Wages and salaries	2,736,049	2,807,210
Social security costs	323,579	335,132
Other pension costs	100,847	108,931
	<u>3,160,475</u>	<u>3,251,273</u>

Average monthly number of employees during the year:

	Number	Number
Administration, sales and operations	<u>75</u>	<u>83</u>

6 Interest payable

	2003 £	2002 £
Interest payable on hire purchase contracts	<u>12,202</u>	<u>20,943</u>

7 Taxation on profit on ordinary activities

	2003 £	2002 £
<i>Current tax</i>		
UK Corporation tax on profits for the year	196,000	190,150
Adjustments in respect of previous years	55,000	172,000
	<u>251,000</u>	<u>362,150</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>(115,000)</u>	<u>(180,000)</u>
Taxation on a profit on ordinary activities	<u>136,000</u>	<u>182,150</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

7 Taxation on profit on ordinary activities (*continued*)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	225,715	328,981
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	67,715	98,694
Effects of:		
Expenses not deductible for tax purposes	37,030	46,179
Amortisation of goodwill	6,289	6,289
Share of operating loss of associated undertaking	12,368	40,045
Capital allowances in excess of depreciation	-	(1,057)
Depreciation in excess of capital allowances	72,598	-
Adjustments in respect of previous years	(60,000)	(8,000)
Tax charge for the period	136,000	182,150

8 Dividends

	2003 £	2002 £
Non-equity dividends on preference shares paid	235,619	241,082
Decrease in preference dividend accrual	(5,619)	(11,082)
	230,000	230,000

Entitlement to dividends on the 'B' cumulative redeemable preference shares from date of issue to 31 December 2003 has been waived.

9 Profit for the financial year

No profit and loss account for RDM Factors Limited has been presented as permitted by Section 230 of the Companies Act 1985.

The loss for the year ended 31 December 2003 dealt with in the financial statements of the parent company, RDM Factors Limited, was £13,073 (2002 – profit of £12,848).

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

10 Tangible fixed assets

Group	Short leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2003	161,695	1,510,447	1,672,142
Additions	-	91,076	91,076
Disposals	-	(176,985)	(176,985)
At 31 December 2003	161,695	1,424,538	1,586,233
<i>Depreciation</i>			
At 1 January 2003	80,881	1,035,217	1,116,098
Provided for the year	15,689	213,079	228,768
Disposals	-	(156,492)	(156,492)
At 31 December 2003	96,570	1,091,804	1,188,374
<i>Net book value</i>			
At 31 December 2003	65,125	332,734	397,859
At 31 December 2002	80,814	475,230	556,044
<i>Net book value under hire purchase contracts</i>			
At 31 December 2003	-	177,899	177,899
At 31 December 2002	-	253,161	253,161

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

10 Tangible fixed assets (*Continued*)

Company	Short leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2003	161,695	1,373,325	1,535,020
Additions	-	91,076	91,076
Transfer intercompany	-	10,001	10,001
Disposals	-	(176,985)	(176,985)
At 31 December 2003	161,695	1,297,417	1,459,112
<i>Depreciation</i>			
At 1 January 2003	80,881	969,981	1,050,862
Transfer intercompany	-	8,416	8,416
Provided for the year	15,689	173,050	188,739
Disposals	-	(156,492)	(156,492)
At 31 December 2003	96,570	994,955	1,091,525
<i>Net book value</i>			
At 31 December 2003	65,125	302,462	367,587
At 31 December 2002	80,814	403,344	484,158
<i>Net book value under hire purchase contracts</i>			
At 31 December 2003	-	134,713	134,713
At 31 December 2002	-	193,880	193,880

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

11 Investments

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Subsidiary undertakings	-	1,010,000	-	1,010,000
Associated undertakings	(34,322)	133,369	6,903	195,556
Other investments	178,024	178,024	178,024	178,024
	<u>143,702</u>	<u>1,321,393</u>	<u>184,927</u>	<u>1,383,580</u>

Subsidiary undertakings

At 31 December 2003, the company held 100% of the issued share capital of RDM Asset Finance Limited and RDM Payroll Services Limited. RDM Asset Finance Limited trades in providing asset finance. RDM Payroll Services Limited is dormant.

Associated undertaking

At 31 December 2003, the company held an investment in First Capital Cashflow Limited of £350,000, representing a holding of 20% of the issued ordinary share capital of First Capital Cashflow Limited as an associated undertaking. This investment has been impaired in the financial statements of the company such that the investment at 31 December 2003 has a carrying value of £133,369 (2002 - £195,556).

Within the consolidated financial statements of the group, the group's share of the net liabilities (2002: net assets) in First Capital Cashflow Limited has been recognised in line with the group's accounting policy for associated undertakings.

Other investments

The company holds an investment of £178,024 (2002 - £178,024) 'B' redeemable preference shares in Fairfax Gerrard Holdings Limited.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

12 Intangible assets – goodwill

	£
Group	
<i>Cost</i>	
At 1 January 2003 and 31 December 2003	209,615
<i>Amortisation</i>	
At 1 January 2003	20,962
Provided for the year	20,962
At 31 December 2003	41,924
<i>Net book value</i>	
At 31 December 2003	167,691
At 31 December 2002	188,653

13 Debtors

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Amounts falling due within one year:				
Factor debtors	15,400,087	15,400,087	20,090,808	20,090,808
Amounts owed by group undertakings	-	418,527	-	581,637
Investment in finance agreements	2,049,500	-	2,084,213	-
Other debtors	843,577	338,123	708,987	371,575
Prepayments and accrued income	585,886	504,900	356,574	269,277
	18,879,050	16,661,637	23,240,582	21,313,297
Gross factored debts	30,064,523	30,064,523	39,253,872	39,076,719
Due to clients on collection	(14,664,436)	(14,664,436)	(19,163,064)	(18,985,911)
Factor debtors	15,400,087	15,400,087	20,090,808	20,090,808

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

13 Debtors (continued)

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Amounts falling due after more than one year:				
Investment in finance agreements	2,148,225	-	2,237,892	-
Amounts due from associated undertakings	118,000	118,000	76,000	76,000
Deferred tax asset	10,000	-	-	-
	<u>2,276,225</u>	<u>118,000</u>	<u>2,313,892</u>	<u>76,000</u>

The cost of assets acquired for the purpose of letting under finance agreements at 31 December 2003 was £6,652,854 (2002: £5,205,672).

14 Creditors: amounts falling due within one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank and other loans	14,783,826	12,670,795	18,367,197	16,814,770
Corporation tax	171,708	91,708	233,665	146,515
Trade creditors	97,291	69,385	26,547	14,145
Other taxes and social security costs	330,794	290,818	302,914	302,914
Obligations under hire purchase contracts	93,375	90,190	87,367	66,127
Accruals and deferred income	374,864	374,864	106,536	98,560
Dividend accrual	47,583	47,583	53,202	53,202
	<u>15,899,441</u>	<u>13,635,343</u>	<u>19,177,428</u>	<u>17,496,233</u>

15 Creditors: amounts falling due after more than one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank and other loans	896,168	-	1,543,288	-
Obligations under hire purchase contracts	14,942	14,942	74,043	70,860
	<u>911,110</u>	<u>14,942</u>	<u>1,617,331</u>	<u>70,860</u>

The bank loan is secured by a debenture over all the company's and group's assets. Other loans are secured on the assets financed. The obligations under the hire purchase agreements are secured against the assets financed.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

15 Creditors: amounts falling due after more than one year

Borrowings are repayable as follows:

Bank and other loans

Within one year	14,783,826	12,670,795	18,367,197	16,814,770
Between one and two years	649,702	-	1,240,109	-
Between two and five years	246,466	-	303,179	-
	<hr/>	<hr/>	<hr/>	<hr/>
	15,679,994	12,670,795	19,910,485	16,814,770
	<hr/>	<hr/>	<hr/>	<hr/>

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
<i>Hire purchase contracts</i>				
Within one year	93,375	90,190	87,367	66,127
Between one and two years	14,942	14,942	67,130	63,947
Between two and five years	-	-	6,913	6,913
	<hr/>	<hr/>	<hr/>	<hr/>
	108,317	105,132	161,410	136,987
	<hr/>	<hr/>	<hr/>	<hr/>

Total borrowing including hire purchase contracts

Within one year	14,877,201	12,760,985	18,454,564	16,880,897
Between one and two years	664,644	14,942	1,307,239	63,947
Between two and five years	246,466	-	310,092	6,913
	<hr/>	<hr/>	<hr/>	<hr/>
	15,788,311	12,775,927	20,071,895	16,951,757
	<hr/>	<hr/>	<hr/>	<hr/>

16 Provisions for liabilities and charges

The full and potential liability for deferred tax is:

	Group 2003 £	Group 2002 £
Balance at the beginning of year	75,000	255,000
Released to profit and loss account	(75,000)	(180,000)
	<hr/>	<hr/>
Balance at the end of year	-	75,000
	<hr/>	<hr/>
Accelerated capital allowances	-	75,000
	<hr/>	<hr/>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

16 Provision for liabilities and charges (*continued*)

A deferred tax asset arose in the year under review due to depreciation charged being in excess of capital allowances claimed and is disclosed in note 13 to these financial statements.

There is no deferred taxation, either provided or unprovided in the financial statements of the company.

17 Share capital

	Authorised	
	2003	2002
	£	£
<i>Equity shares</i>		
12,900,000 Ordinary shares of 1p each	129,000	129,000
16,000 'B' Ordinary shares of £1 each	16,000	16,000
<i>Non-equity shares</i>		
5,000,000 Convertible 'A' Preference shares of 1p each	50,000	50,000
500,000 Convertible 'B' Preference shares of 1p each	5,000	5,000
2,000,000 Cumulative Redeemable 'A' Preference shares of £1 each	2,000,000	2,000,000
50,000 Cumulative Redeemable 'B' Preference shares of £1 each	50,000	50,000
	<u>2,250,000</u>	<u>2,250,000</u>
	Issued, allotted, called-up and fully paid	
	2003	2002
	£	£
<i>Equity shares</i>		
95,000 Ordinary shares of 1p each	950	950
<i>Non-equity shares</i>		
46,614 Convertible 'A' Preference shares of 1p each	466	466
4,386 Convertible 'B' Preference shares of 1p each	44	44
2,000,000 Cumulative Redeemable 'A' Preference shares of £1 each	2,000,000	2,000,000
50,000 Cumulative Redeemable 'B' Preference shares of £1 each	50,000	50,000
	<u>2,051,460</u>	<u>2,051,460</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

17 Share capital (*continued*)

Redemption of Preference shares

The Cumulative Redeemable 'A' Preference shares are redeemable in 5 equal annual instalments of £400,000 commencing on 30 June 2006 and finishing on 30 June 2010.

Dividend rights

The Cumulative Redeemable 'A' Preference shares are entitled to receive a dividend equal to the accrued interest calculated at 3% above bank base rate, payable half-yearly in arrears on 31 March and 30 September.

The Cumulative Redeemable 'B' Preference shares are entitled to receive a 10% annual dividend.

The Convertible 'A' and 'B' Preference shares are entitled to receive a dividend equal to 4% on £49.02 for each 1p of nominal value.

Share options

The company granted share options on 10 December 1999 under an unapproved share option scheme. The options are over the 'B' Ordinary shares of the company and have an exercise price of 1p per share, exercisable between 31 January 2003 and 10 October 2009. At 31 December 2003, 7,210 of these share options were outstanding. During the year to 31 December 2003, 1,211 options lapsed unexercised and 2,555 options were granted. No options were exercised during either year.

18 Capital redemption reserve

	Group and company £
At 1 January 2003 and 31 December 2003	999,490

19 Profit and loss account

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
At 1 January 2003	3,191,116	3,037,056	3,274,285	3,254,208
Loss for the year	(140,285)	(243,073)	(83,169)	(217,152)
At 31 December 2003	3,050,831	2,793,983	3,191,116	3,037,056

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

20 Reconciliation of movements in shareholders' funds

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
At 1 January 2003	6,242,066	6,088,006	6,325,235	6,305,158
Profit/(loss) for the financial year	89,715	(13,073)	146,831	12,848
Dividends	(230,000)	(230,000)	(230,000)	(230,000)
At 31 December 2003	6,101,781	5,844,933	6,242,066	6,088,006

21 Other financial commitments

At the year-end, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2003 £	Other 2003 £	Land and buildings 2002 £	Other 2002 £
Operating leases which expire:				
Within one year	44,850	391	4,500	2,687
Within two to five years	22,100	11,472	39,750	-
Over five years	204,807	-	210,005	43,680
	271,757	11,863	254,255	46,367

22 Reconciliation of operating profit to net cash inflow from operating activities

	2003 £	2002 £
Operating profit	237,917	349,924
Depreciation charges	228,768	295,400
Decrease/(increase) in debtors	4,409,199	(281,293)
Increase in creditors	366,952	36,101
Profit on sale of tangible fixed assets	(34,707)	(27,550)
Share of operating loss in associates	41,225	133,482
Amortisation of goodwill	20,962	20,962
Net cash inflow from operating activities	5,270,316	527,026

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

23 Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2002 £
<i>Returns on investments and servicing of finance</i>		
Interest element of hire purchase contracts	(12,202)	(20,943)
Preference dividends paid	(235,619)	(241,082)
	<u>(247,821)</u>	<u>(262,025)</u>
<i>Taxation</i>		
UK Corporation tax paid	(282,957)	(233,998)
	<u>(282,957)</u>	<u>(233,998)</u>
<i>Capital expenditure</i>		
Payments to acquire tangible fixed assets	(43,456)	(287,127)
Payments to acquire associated undertakings	-	(200,000)
Receipts from sales of tangible fixed assets	55,200	215,028
	<u>11,744</u>	<u>(272,099)</u>
<i>Financing</i>		
Capital element of hire purchase contracts	(100,713)	(127,261)
Loans (repaid)/raised	(4,230,491)	355,305
	<u>(4,331,204)</u>	<u>228,044</u>

24 Analysis of net debt

	As at 1 January 2003 £	Cash flow £	As at 31 December 2003 £
Cash at bank and in hand	627,727	420,078	1,047,805
Debt due within one year	(18,367,197)	3,583,371	(14,783,826)
Debt due after one year	(1,543,288)	647,120	(896,168)
Hire purchase contracts	(161,411)	53,094	(108,317)
	<u>(19,444,169)</u>	<u>4,703,663</u>	<u>(14,740,506)</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

25 Reconciliation of net cash flow to movement in debt

	£
Increase in cash in the period	420,078
Cash outflow from decrease in debt and hire purchase contracts	4,283,585
	<hr/>
Change in net debt resulting from cash flows	4,703,663
Net debt at 1 January 2003	(19,444,169)
	<hr/>
Net debt at 31 December 2003	(14,740,506)

26 Related party disclosures

The group has taken advantage of the exemption, in Financial Reporting Standard No. 8 (FRS 8) "Related party disclosures", whereby disclosure is not required in consolidated financial statements, of any transactions or balances between group entities that have been eliminated on consolidation.

The company has taken advantage of the exemption, also in FRS 8, whereby disclosure is not required in a parent's own financial statements when these statements are presented together with its consolidated financial statements.

NMB-Heller Limited hold 46,614 Convertible 'A' Preference shares of 1p each and 2,000,000 Cumulative Redeemable 'A' Preference shares of £1 each in the company. NMB-Heller has provided a back to back receivables financing facility to the company in which a number of other financing companies participate. At 31 December 2003, the liability of the company under this financing facility was £16,814,770.

At 31 December 2003, First Capital Cashflow Limited, an associate undertaking, owed £118,000 (2002 - £76,000) to RDM Factors Limited.

27 Contingent liability

At the year-end, the company had guaranteed the borrowings of RDM Asset Finance Limited up to a maximum of £700,975 (2002 £662,000).