

REGISTRAR'S COPY
E. COMPANY NUMBER 2411067

RDM Factors Limited

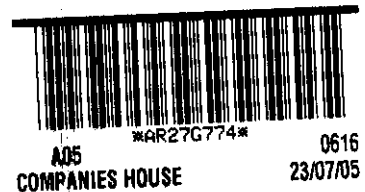
Report and Financial Statements

Year Ended

31 December 2004

BDO

BDO Stoy Hayward
Chartered Accountants



RDM FACTORS LIMITED

Annual report and financial statements for the year ended 31 December 2004

Contents

Page:

1	Report of the directors
4	Report of the independent auditors
6	Consolidated profit and loss account
7	Consolidated balance sheet
9	Company balance sheet
11	Consolidated cash flow statement
12	Notes forming part of the financial statements

Directors

DA Marsden (Chairman)
JM Bush (Managing Director)
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 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The loss for the year after taxation amounted to £53,316 (2003-profit of £89,715).

Dividends on the cumulative redeemable 'A', convertible 'A' and convertible 'B' preference shares of £241,078 (2003 - £235,619) were paid during the year, and dividends on the same preference shares of £36,505 (2003 - £47,583) 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 (2003 - £nil).

Principal activities, review of business and future developments

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

The directors are satisfied with the company's performance in the year and view the future with optimism.

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 2004	1 January 2004	31 December 2004	1 January 2004
DA Marsden	-	-	-	-
JM Bush	24,000	24,000	-	-
MC Alexander	-	-	-	-
JA Ackroyd	-	-	3,060	3,060
AM Walker	-	-	-	-
JD Newton-Tyers	-	-	-	-

MJ Austin resigned as a director on 31 July 2004.

RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2004 (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.

The following share options were held by directors at 31 December 2004:

MC Alexander

JD Newton-Tyers

**'B' ordinary
1p shares**

1,211

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 £4,116 (2003 - £2,447). 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 2004 (*Continued*)

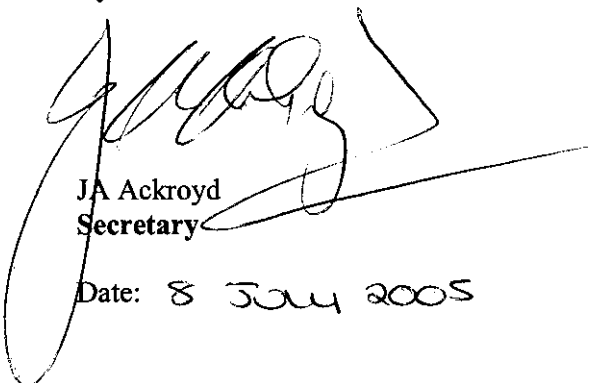
Purchase of own shares

The company purchased 1,300 of its own Convertible 'B' Preference shares of 1p each, representing 29.5% of this share category, for an aggregate consideration of £27,500.

Auditors

A resolution to reappoint BDO Stoy Hayward LLP as auditors for the ensuing year will be proposed at the annual general meeting.

By order of the Board



JA Ackroyd
Secretary

Date: 8 Jan 2005

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 2004 on pages 6 to 28 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 2004 and of the loss 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: 8 July 2005

RDM FACTORS LIMITED**Consolidated profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	2	7,731,788	8,501,506
Cost of sales		(2,066,002)	(2,086,873)
Gross profit		5,665,786	6,414,633
Administrative expenses		(5,686,925)	(6,114,529)
Operating (loss) / profit	3	(21,139)	300,104
Share of operating profit / (loss) in associate		962	(41,225)
Amortisation of goodwill on acquisition of associated undertaking		(20,962)	(20,962)
Total operating (loss) / profit		(41,139)	237,917
Interest payable	6	(13,355)	(12,202)
(Loss) / profit on ordinary activities before taxation		(54,494)	225,715
Taxation on profit on ordinary activities	7	1,178	(136,000)
(Loss) / profit on ordinary activities after taxation		(53,316)	89,715
Dividends			
Preference dividend on non-equity shares	8	(230,000)	(230,000)
Loss for the year	18	(283,316)	(140,285)

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 28 form part of these financial statements.

RDM FACTORS LIMITED**Consolidated balance sheet at 31 December 2004**

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	10	475,411	397,859
Investments	11	178,024	178,024
Investment in associated undertaking			
- share of net liabilities	11	(33,360)	(34,322)
- goodwill	12	146,729	167,691
		<hr/>	<hr/>
		766,804	709,252
		<hr/>	<hr/>
Current assets			
Debtors:			
- due within one year	13	18,099,013	18,879,050
- due after one year	13	2,832,996	2,276,225
Cash at bank		293,564	1,047,805
		<hr/>	<hr/>
		21,225,573	22,203,080
Creditors: amounts falling due within one year	14	(14,880,945)	(15,899,441)
		<hr/>	<hr/>
Net current assets		6,344,628	6,303,639
		<hr/>	<hr/>
Total assets less current liabilities		7,111,432	7,012,891
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	(1,320,467)	(911,110)
		<hr/>	<hr/>
Net assets		5,790,965	6,101,781
		<hr/>	<hr/>

The notes on pages 12 to 28 form part of these financial statements.

RDM FACTORS LIMITED**Consolidated balance sheet at 31 December 2004**

	Note	2004 £	2003 £
Capital and reserves			
Called-up share capital	16	2,051,447	2,051,460
Capital redemption reserve	17	999,503	999,490
Profit and loss account	18	2,740,015	3,050,831
		<hr/>	<hr/>
Shareholders' funds	19	5,790,965	6,101,781
		<hr/>	<hr/>
Shareholders' funds			
Equity		3,703,963	4,003,688
Non-equity		2,087,002	2,098,093
		<hr/>	<hr/>
	19	5,790,965	6,101,781
		<hr/>	<hr/>

The financial statements were approved by the Board on 8 July 2005



D A Marsden
Director

The notes on pages 12 to 28 form part of these financial statements.

RDM FACTORS LIMITED**Company balance sheet at 31 December 2004**

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	10	386,200	367,587
Investments	11	1,321,393	1,321,393
		<hr/>	<hr/>
		1,707,593	1,688,980
		<hr/>	<hr/>
Current assets			
Debtors:			
- due within one year	13	15,846,559	16,661,637
- due after one year	13	118,000	118,000
Cash at bank		288,626	1,026,601
		<hr/>	<hr/>
		16,253,185	17,806,238
Creditors: amounts falling due within one year	14	(12,374,406)	(13,635,343)
		<hr/>	<hr/>
Net current assets		3,878,779	4,170,895
		<hr/>	<hr/>
Total assets less current liabilities		5,586,372	5,859,875
Creditors: amounts falling due after more than one year	15	(34,742)	(14,942)
		<hr/>	<hr/>
Net assets		5,551,630	5,844,933
		<hr/>	<hr/>

The notes on pages 12 to 28 form part of these financial statements.

RDM FACTORS LIMITED**Company balance sheet at 31 December 2004 (Continued)**

	Note	2004 £	2003 £
Capital and reserves			
Called-up share capital	16	2,051,447	2,051,460
Capital redemption reserve	17	999,503	999,490
Profit and loss account	18	2,500,680	2,793,983
		<hr/>	<hr/>
Shareholders' funds	19	5,551,630	5,844,933
		<hr/>	<hr/>
Shareholders' funds			
Equity		3,464,628	3,746,840
Non-equity		2,087,002	2,098,093
		<hr/>	<hr/>
	19	5,551,630	5,844,933
		<hr/>	<hr/>

The financial statements were approved by the Board on 8 July 2005



D A Marsden
Director

The notes on pages 12 to 28 form part of these financial statements.

RDM FACTORS LIMITED**Consolidated cash flow statement for the year ended 31 December 2004**

	Note	2004 £	2003 £
Net cash inflow from operating activities	21	478,859	5,270,316
Returns on investments and servicing of finance	22	(281,933)	(247,821)
Taxation	22	(117,039)	(282,957)
Capital expenditure	22	(67,564)	11,744
		<hr/>	<hr/>
		12,323	4,751,282
Financing	22	(766,564)	(4,331,204)
		<hr/>	<hr/>
(Decrease)/increase in cash in the year	23,24	(754,241)	420,078
		<hr/>	<hr/>

The notes on pages 12 to 28 form part of these financial statements.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004

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 2004 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 2004 (*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 LIMITEDNotes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)**3 Operating (loss)/profit**

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Auditors' remuneration for audit services	21,000	19,000
Auditors' remuneration for tax services	3,750	3,500
Depreciation of tangible fixed assets		
- owned	94,939	143,055
- held under hire purchase contracts	123,310	85,713
Operating lease rentals		
- land and buildings	288,887	271,757
- other	11,402	12,894
Aggregate finance agreement rentals receivable	(1,040,859)	(1,022,484)
Discount charges (included in cost of sales)	628,796	689,109
Profit on disposal of fixed assets	(51,206)	(34,707)

4 Directors' remuneration

	2004 £	2003 £
Directors' emoluments	655,667	871,848
Contributions to money purchase pension schemes	40,565	46,755

696,232	918,603
---------	---------

Highest paid director:

Emoluments	234,312	262,786
Contributions to money purchase pension schemes	12,000	10,000

246,312	272,786
---------	---------

The number of directors who were members of a money purchase pension scheme was 4 (2003 - 5).

Fees of £61,793 (2003 - £61,770) were paid to CMI Consulting, a company in which John Ackroyd is principal. These fees are not included in the directors' emoluments above.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

5 Staff costs (including directors)

	2004	2003
	£	£
Wages and salaries	2,405,509	2,736,049
Social security costs	284,028	323,579
Other pension costs	102,378	100,847
	<u>2,791,915</u>	<u>3,160,475</u>

Average monthly number of employees during the year:

	Number	Number
Administration, sales and operations	<u>69</u>	<u>77</u>

6 Interest payable

	2004	2003
	£	£
Interest payable on hire purchase contracts	<u>13,355</u>	<u>12,202</u>

7 Taxation on profit on ordinary activities

	2004	2003
	£	£
<i>Current tax</i>		
UK Corporation tax on profits for the year	99,525	196,000
Adjustments in respect of previous years	(703)	55,000
	<u>98,822</u>	<u>251,000</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences		
- adjustments in respect of prior years	(30,000)	-
- movement in year	(70,000)	(115,000)
	<u>(1,178)</u>	<u>136,000</u>
Taxation on a profit on ordinary activities	<u>(1,178)</u>	<u>136,000</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*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:

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	(54,494)	225,715
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(16,348)	67,715
Effects of:		
Expenses not deductible for tax purposes	27,163	37,030
Amortisation of goodwill	6,289	6,289
Share of operating (profit)/loss of associated undertaking	(289)	12,368
Depreciation in excess of capital allowances	82,710	72,598
Adjustments in respect of previous years	(703)	55,000
Tax charge for the period	98,822	251,000

8 Dividends

	2004 £	2003 £
Non-equity dividends on preference shares paid	241,078	235,619
Decrease in preference dividend accrual	(11,078)	(5,619)
	230,000	230,000

Entitlement to dividends on the 'B' cumulative redeemable preference shares from date of issue to 31 December 2004 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 2004 dealt with in the financial statements of the parent company, RDM Factors Limited, was £23,803 (2003 – loss of £13,073).

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

10 Tangible fixed assets

Group	Short leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2004	161,695	1,424,538	1,586,233
Additions	16,580	299,901	316,481
Disposals	-	(147,685)	(147,685)
At 31 December 2004	178,275	1,576,754	1,755,029
<i>Depreciation</i>			
At 1 January 2004	96,570	1,091,804	1,188,374
Provided for the year	13,132	205,117	218,249
Disposals	-	(127,005)	(127,005)
At 31 December 2004	109,702	1,169,916	1,279,618
<i>Net book value</i>			
At 31 December 2004	68,573	406,838	475,411
At 31 December 2003	65,125	332,734	397,859
<i>Net book value under hire purchase contracts</i>			
At 31 December 2004	-	231,620	231,620
At 31 December 2003	-	177,899	177,899

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

10 Tangible fixed assets (*Continued*)

Company	Short leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2004	161,695	1,297,417	1,459,112
Additions	16,580	202,744	219,324
Transfer to other group companies	-	(14,310)	(14,310)
Disposals	-	(38,000)	(38,000)
At 31 December 2004	178,275	1,447,851	1,626,126
<i>Depreciation</i>			
At 1 January 2004	96,570	994,955	1,091,525
Transfer to other group companies	-	(4,770)	(4,770)
Provided for the year	13,132	171,983	185,115
Disposals	-	(31,944)	(31,944)
At 31 December 2004	109,702	1,130,224	1,239,926
<i>Net book value</i>			
At 31 December 2004	68,573	317,627	386,200
At 31 December 2003	65,125	302,462	367,587
<i>Net book value under hire purchase contracts</i>			
At 31 December 2004	-	146,469	146,469
At 31 December 2003	-	134,713	134,713

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

11 Investments

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Subsidiary undertakings	-	1,010,000	-	1,010,000
Associated undertakings	(33,360)	133,369	(34,322)	133,369
Other investments	178,024	178,024	178,024	178,024
	<u>144,664</u>	<u>1,321,393</u>	<u>143,702</u>	<u>1,321,393</u>

Subsidiary undertakings

At 31 December 2004, 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 2004, 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 2004 has a carrying value of £133,369 (2003 - £133,369).

Within the consolidated financial statements of the group, the group's share of the net liabilities 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 (2003 - £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 2004 (Continued)

12 Intangible assets – goodwill

	£
Group	
<i>Cost</i>	
At 1 January 2004 and 31 December 2004	209,615
<i>Amortisation</i>	
At 1 January 2004	41,924
Provided for the year	20,962
At 31 December 2004	62,886
<i>Net book value</i>	
At 31 December 2004	146,729
At 31 December 2003	167,691

13 Debtors

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Amounts falling due within one year:				
Factor debtors	14,620,882	14,620,882	15,400,087	15,400,087
Amounts owed by group undertakings	-	356,868	-	418,527
Investment in finance agreements	2,117,614	-	2,049,500	-
Other debtors	836,033	434,023	843,577	338,123
Prepayments and accrued income	524,484	434,786	585,886	504,900
	18,099,013	15,846,559	18,879,050	16,661,637
Gross factored debts	30,008,454	30,008,454	30,064,523	30,064,523
Due to clients on collection	(15,387,572)	(15,387,572)	(14,664,436)	(14,664,436)
Factor debtors	14,620,882	14,620,882	15,400,087	15,400,087

RDM FACTORS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)**13 Debtors (continued)**

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Amounts falling due after more than one year:				
Investment in finance agreements	2,604,996	-	2,148,225	-
Amounts due from associated undertakings	118,000	118,000	118,000	118,000
Deferred tax asset	110,000	-	10,000	-
	<u>2,832,996</u>	<u>118,000</u>	<u>2,276,225</u>	<u>118,000</u>

The cost of assets acquired for the purpose of letting under finance agreements at 31 December 2004 was £5,168,040 (2003: £5,094,892).

The deferred tax asset arising in the year of £100,000 is in respect of depreciation in excess of capital allowances. There was no unprovided deferred taxation in either year.

14 Creditors: amounts falling due within one year

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Bank and other loans	13,776,660	11,464,192	14,783,826	12,670,795
Corporation tax	73,491	1,108	171,708	91,708
Trade creditors	97,059	97,059	97,291	69,385
Other taxes and social security costs	260,102	222,201	330,794	290,818
Obligations under hire purchase contracts	101,651	63,479	93,375	90,190
Accruals and deferred income	535,477	489,862	374,864	374,864
Dividend accrual	36,505	36,505	47,583	47,583
	<u>14,880,945</u>	<u>12,374,406</u>	<u>15,899,441</u>	<u>13,635,343</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

15 Creditors: amounts falling due after more than one year

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
Bank and other loans	1,270,189	-	896,168	-
Obligations under hire purchase contracts	50,278	34,742	14,942	14,942
	<u>1,320,467</u>	<u>34,742</u>	<u>911,110</u>	<u>14,942</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.

Borrowings are repayable as follows:

Bank and other loans

Within one year	13,776,660	11,464,192	14,783,826	12,670,795
Between one and two years	853,632	-	649,702	-
Between two and five years	416,557	-	246,466	-
	<u>15,046,849</u>	<u>11,464,192</u>	<u>15,679,994</u>	<u>12,670,795</u>

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
<i>Hire purchase contracts</i>				
Within one year	101,651	63,479	93,375	90,190
Between one and two years	44,334	28,798	14,942	14,942
Between two and five years	5,944	5,944	-	-
	<u>151,929</u>	<u>98,221</u>	<u>108,317</u>	<u>105,132</u>

Total borrowing including hire purchase contracts

Within one year	13,878,311	11,527,671	14,877,201	12,760,985
Between one and two years	897,966	28,798	664,644	14,942
Between two and five years	422,501	5,944	246,466	-
	<u>15,198,778</u>	<u>11,562,413</u>	<u>15,788,311</u>	<u>12,775,927</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

16 Share capital

	Authorised	
	2004	2003
	£	£
<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	
	2004	2003
	£	£
<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
3,100 Convertible 'B' Preference shares of 1p each	31	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>2,051,447</u>	<u>2,051,460</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

16 Share capital (*continued*)

Purchase of own shares

The company purchased 1,300 of its own Convertible 'B' Preference shares of 1p each, representing 29.5% of this share category, for an aggregate consideration of £27,500.

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 2004 and 10 October 2009. At 31 December 2004, 7,210 of these share options were outstanding. During the year to 31 December 2004, 1,211 options lapsed unexercised and 2,555 options were granted. No options were exercised during either year.

17 Capital redemption reserve

	Group and company £
At 1 January 2004	999,490
Purchase of convertible 'B' preference shares	13
	<hr/>
At 31 December 2004	999,503
	<hr/>

RDM FACTORS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)**18 Profit and loss account**

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
At 1 January 2004	3,050,831	2,793,983	3,191,116	3,037,056
Loss for the year	(283,316)	(265,803)	(140,285)	(243,073)
Purchase of convertible 'B' preference shares	(27,500)	(27,500)	-	-
At 31 December 2004	2,740,015	2,500,680	3,050,831	2,793,983

19 Reconciliation of movements in shareholders' funds

	Group 2004 £	Company 2004 £	Group 2003 £	Company 2003 £
At 1 January 2004	6,101,781	5,844,933	6,242,066	6,088,006
(Loss)/profit for the financial year	(53,316)	(35,803)	89,715	(13,073)
Redemption of convertible 'B' preference shares	(27,500)	(27,500)	-	-
Dividends	(230,000)	(230,000)	(230,000)	(230,000)
At 31 December 2004	5,790,965	5,551,630	6,101,781	5,844,933

20 Other financial commitments

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

	Land and buildings 2004 £	Other 2004 £	Land and buildings 2003 £	Other 2003 £
Operating leases which expire:				
Within one year	52,080	11,472	44,850	391
Within two to five years	32,000	22,888	22,100	11,472
Over five years	204,807	-	204,807	-
	288,887	34,360	271,757	11,863

RDM FACTORS LIMITEDNotes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)**21 Reconciliation of operating profit to net cash inflow from operating activities**

	2004 £	2003 £
Operating (loss)/profit	(41,139)	237,917
Depreciation charges	218,249	228,768
Decrease in debtors	323,266	4,409,199
Increase in creditors	9,689	366,952
Profit on sale of tangible fixed assets	(51,206)	(34,707)
Share of operating (profit) / loss in associates	(962)	41,225
Amortisation of goodwill	20,962	20,962
	<hr/>	<hr/>
Net cash inflow from operating activities	478,859	5,270,316
	<hr/>	<hr/>

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

	2004 £	2003 £
<i>Returns on investments and servicing of finance</i>		
Interest element of hire purchase contracts	(13,355)	(12,202)
Preference dividends paid	(241,078)	(235,619)
Redeemed preference shares	(27,500)	-
	<hr/>	<hr/>
	(281,933)	(247,821)
	<hr/>	<hr/>
<i>Taxation</i>		
UK Corporation tax paid	(117,039)	(282,957)
	<hr/>	<hr/>
<i>Capital expenditure</i>		
Payments to acquire tangible fixed assets	(139,450)	(43,456)
Receipts from sales of tangible fixed assets	71,886	55,200
	<hr/>	<hr/>
	(67,564)	11,744
	<hr/>	<hr/>
<i>Financing</i>		
Capital element of hire purchase contracts	(133,419)	(100,713)
Loans repaid	(633,145)	(4,230,491)
	<hr/>	<hr/>
	(766,564)	(4,331,204)
	<hr/>	<hr/>

RDM FACTORS LIMITED*Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)***23 Analysis of net debt**

	As at 1 January 2004 £	Cash flow £	Non cash changes £	As at 31 December 2004 £
Cash at bank and in hand	1,047,805	(754,241)	-	293,564
Debt due within one year	(14,783,826)	1,007,166	-	(13,776,660)
Debt due after one year	(896,168)	(374,021)	-	(1,270,189)
Hire purchase contracts	(108,317)	133,419	(177,031)	(151,929)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(14,740,506)	12,323	(177,031)	(14,905,214)
	<hr/>	<hr/>	<hr/>	<hr/>

24 Reconciliation of net cash flow to movement in debt

	£
Decrease in cash in the period	(754,241)
Cash outflow from increase in debt and hire purchase contracts	-
	<hr/>
Change in net debt resulting from cash flows	12,323
New finance leases	(177,031)
Net debt at 1 January 2004	(14,740,506)
	<hr/>
Net debt at 31 December 2004	(14,905,214)
	<hr/>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

25 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.

G E Capital 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. G E Capital has provided a back to back receivables financing facility to the company in which a number of other financing companies participate. At 31 December 2004, the liability of the company under this financing facility was £11,443,471.

At 31 December 2004, First Capital Cashflow Limited, an associate undertaking, owed £118,000 (2003 - £118,000) to RDM Factors Limited.

During the year, JM Bush, a director, lent £90,000 to RDM Factors Limited on which interest was accruing at 1% above base. £66,779 of this loan remained due to JM Bush at 31 December 2004.

26 Contingent liability

At the year-end, the company had guaranteed the borrowings of RDM Asset Finance Limited up to a maximum of £626,856 (2003 - £700,975).