

2414417

RDM Factors Limited

Report and Financial Statements

Year Ended

31 December 2002



BDO Stoy Hayward
Chartered Accountants

RDM FACTORS LIMITED

Annual report and financial statements for the year ended 31 December 2002

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Directors

DA Marsden (Chairman)
JM Bush (Managing Director)
MJ Austin
JP Curtis
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, Northside House, 69 Tweedy Road, Bromley, Kent BR1 3WA

Bankers

Lloyds TSB Bank plc, PO Box 2566, Reading, Berkshire RG1 2RS

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 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

Results and dividends

The profit for the year after taxation amounted to £146,831 (2001: £566,892).

Dividends on the cumulative redeemable 'A', convertible 'A' and convertible 'B' preference shares of £241,082 (2001: £271,535) were paid during the year, and dividends on the preference shares of £53,202 (2001: £64,284) were accrued at the year-end. The dividend entitlement on the cumulative redeemable 'B' preference shares has been waived. No dividend is recommended on the ordinary shares (2001: £nil).

Principal activities

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

Review of the business

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 2002	1 January 2002	31 December 2002	1 January 2002
DA Marsden	-	-	-	-
JM Bush	24,000	24,000	-	-
JP Curtis	-	-	-	-
MC Alexander	-	-	-	-
MJ Austin	-	-	1,326	1,326
JA Ackroyd	-	-	3,060	3,060
AM Walker	-	-	-	-
JD Newton-Tyers	-	-	-	-

RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2002 (*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 2002:

	'B' ordinary 1p shares
JP Curtis	1,460
MC Alexander	1,211
MJ Austin	2,671

Statement of 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 £5,354 (2001: £6,561). 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.

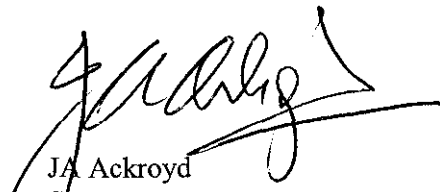
RDM FACTORS LIMITED

Report of the directors for the year ended 31 December 2002 *(Continued)*

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them as auditors for the ensuing year will be proposed at the annual general meeting.

By order of the Board


JA Ackroyd
Secretary
Date: 25/6/03

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 on pages 6 to 27 which have been prepared under the historical cost convention and 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 company 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.

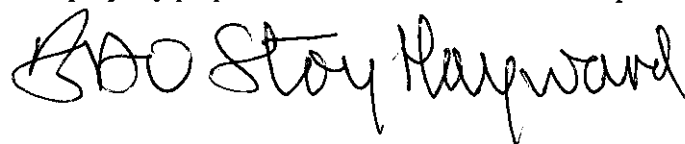
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2002 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

*Chartered Accountants
and Registered Auditors
Bromley*

Date: 25 June 2003

RDM FACTORS LIMITED**Consolidated profit and loss account for the year ended 31 December 2002**

	Note	2002 £	2001 £
Turnover	1	9,081,240	8,913,142
Cost of sales		(2,321,573)	(2,190,371)
Gross profit		6,759,667	6,722,771
Administrative expenses		(6,276,261)	(5,840,013)
Operating profit	2	483,406	882,758
Share of operating loss in associate		(133,482)	-
Total operating profit		349,924	882,758
Interest payable	5	(20,943)	(17,266)
Profit on ordinary activities before taxation		328,981	865,492
Taxation on profit on ordinary activities	6	(182,150)	(298,600)
Profit on ordinary activities after taxation		146,831	566,892
Dividends			
Preference dividend on non-equity shares	7	(230,000)	(274,133)
(Loss)/profit for the year	18	(83,169)	292,759

The results for the current and preceding year arise entirely from continuing operations with the exception of the share of operating loss in associates, which was purchased in the year to 31 December 2002.

Statement of total recognised gains and losses

There are no recognised gains and losses in the current or preceding year, other than the reported results stated above.

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

RDM FACTORS LIMITED

Consolidated balance sheet at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Intangible assets – goodwill	9	188,653	-
Tangible assets	10	556,044	751,795
Investments	11	178,024	328,024
Investment in associated undertaking	11	6,903	-
		<hr/>	<hr/>
		929,624	1,079,819
		<hr/>	<hr/>
Current assets			
Debtors:			
- due within one year	12	23,240,582	22,780,409
- due after one year	12	2,313,892	2,491,833
Cash at bank		627,727	640,779
		<hr/>	<hr/>
		26,182,201	25,913,021
		<hr/>	<hr/>
Creditors: amounts falling due within one year	13	(19,177,428)	(18,174,570)
		<hr/>	<hr/>
Net current assets		7,004,773	7,738,451
		<hr/>	<hr/>
Total assets less current liabilities		7,934,397	8,818,270
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	14	(1,617,331)	(2,238,035)
		<hr/>	<hr/>
Provision for liabilities and charges	15	(75,000)	(255,000)
		<hr/>	<hr/>
Net assets		6,242,066	6,325,235
		<hr/>	<hr/>

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

RDM FACTORS LIMITED**Consolidated balance sheet at 31 December 2002**

	Note	2002 £	2001 £
Capital and reserves			
Called-up share capital	16	2,051,460	2,051,460
Capital redemption reserve	17	999,490	999,490
Profit and loss account	18	3,191,116	3,274,285
		<hr/>	<hr/>
Shareholders' funds	19	6,242,066	6,325,235
		<hr/>	<hr/>
Shareholders' funds			
Equity		4,138,356	4,210,441
Non-equity		2,103,710	2,114,794
		<hr/>	<hr/>
	19	6,242,066	6,325,235
		<hr/>	<hr/>

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

RDM FACTORS LIMITED**Company balance sheet at 31 December 2002**

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	10	484,158	668,245
Investments	11	1,383,580	1,338,024
		<hr/>	<hr/>
		1,867,738	2,006,269
		<hr/>	<hr/>
Current assets			
Debtors:			
- due within one year	12	21,313,297	21,225,228
- due after one year	12	76,000	-
Cash at bank		398,064	520,805
		<hr/>	<hr/>
		21,787,361	21,746,033
Creditors: amounts falling due within one year	13	(17,496,233)	(17,384,754)
		<hr/>	<hr/>
Net current assets		4,291,128	4,361,279
		<hr/>	<hr/>
Total assets less current liabilities		6,158,866	6,367,548
Creditors: amounts falling due after more than one year	14	(70,860)	(62,390)
		<hr/>	<hr/>
Net assets		6,088,006	6,305,158
		<hr/>	<hr/>

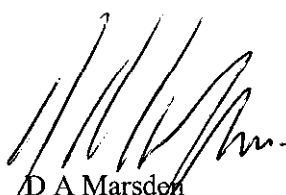
The notes on pages 12 to 27 form part of these financial statements.

RDM FACTORS LIMITED

Company balance sheet at 31 December 2002 (Continued)

	Note	2002 £	2001 £
Capital and reserves			
Called-up share capital	16	2,051,460	2,051,460
Capital redemption reserve	17	999,490	999,490
Profit and loss account	18	3,037,056	3,254,208
		<hr/>	<hr/>
Shareholders' funds	19	6,088,006	6,305,158
		<hr/>	<hr/>
Shareholders' funds			
Equity		3,984,296	4,190,364
Non-equity		2,103,710	2,114,794
		<hr/>	<hr/>
	19	6,088,006	6,305,158
		<hr/>	<hr/>

The financial statements were approved by the Board on 25th June 2003


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 2002**

	Note	2002 £	2001 £
Net cash inflow from operating activities	21	527,026	1,544,695
Returns on investments and servicing of finance	22	(262,025)	(288,801)
Taxation	22	(233,998)	(193,832)
Capital expenditure	22	(272,099)	(286,068)
		<u>(241,096)</u>	<u>775,994</u>
Financing	22	228,044	(192,955)
		<u>228,044</u>	<u>(192,955)</u>
(Decrease)/increase in cash in the year	23	(13,052)	583,039

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 2002

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout both the current and the preceding year.

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of RDM Factors Limited, RDM Asset Finance Limited and RDM Payroll Services Limited drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Associated undertakings are accounted for using the equity method from the date at which 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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short leasehold	Over the life of the lease
Furniture and fittings	5 – 10 years
Computer equipment	5 years
Motor vehicles	3 – 4 years
Office equipment	3 years

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments 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 2002 (*Continued*)

1 Accounting policies (*continued*)

Turnover

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

Assets held under hire purchase contracts, where substantially all the benefits and risks of ownership are assumed, are capitalised in the balance sheet and are depreciated over their expected useful lives. The capital element of future obligations under such leases are included as liabilities in the balance sheet. The interest element of the lease payments is charged to the profit and loss account in proportion to the outstanding capital element of the total lease obligation.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

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 period to which they relate.

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

2 Operating profit

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Auditors' remuneration for audit services	18,000	18,000
Depreciation of tangible fixed assets		
- owned	209,277	180,243
- held under hire purchase contracts	86,123	187,519
Operating lease rentals		
- land and buildings	267,755	275,398
- other	18,028	26,862
Aggregate finance agreement rentals receivable	(1,202,700)	(704,171)
Discount charges (included in cost of sales)	860,505	1,035,392
Profit on disposal of fixed assets	(27,550)	(10,857)

3 Directors' remuneration

	2002 £	2001 £
Directors' emoluments	798,449	794,412
Contributions to money purchase pension schemes	49,344	63,146
	847,793	857,558
Highest paid director:		
Emoluments	267,826	247,700
Contributions to money purchase pension schemes	12,000	24,878
	279,826	272,578

The number of directors who were members of a money purchase pension scheme was 6 (2001: 6).

Fees of £57,016 (2001: £56,365) 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 2002 (*Continued*)

4 Staff costs (including directors)

	2002 £	2001 £
Wages and salaries	2,807,210	2,743,895
Social security costs	335,132	294,838
Other pension costs	108,931	116,799
	<u>3,251,273</u>	<u>3,155,532</u>

Average monthly number of employees during the year:

	Number	Number
Administration, sales and operations	<u>83</u>	<u>89</u>

5 Interest payable

	2002 £	2001 £
Hire purchase interest	<u>20,943</u>	<u>17,266</u>

6 Taxation on profit on ordinary activities

	2002 £	2001 £
<i>Current tax</i>		
UK Corporation tax on profits for the year	190,150	293,750
Adjustments in respect of previous years	172,000	(25,150)
Group relief	-	(150,000)
	<u>362,150</u>	<u>118,600</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	180,000
Adjustments in respect of previous years	(180,000)	-
	<u>182,150</u>	<u>298,600</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

6 Taxation on profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

	2002 £	2001 £
Profit on ordinary activities before taxation	328,981	865,492
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	98,694	259,648
Effects of:		
Expenses not deductible for tax purposes	46,179	44,063
Amortisation of goodwill	6,289	-
Share of operating loss of associated undertaking	40,045	-
Capital allowances in excess of depreciation	(1,057)	(159,961)
Adjustments in respect of previous years	(8,000)	(25,150)
Tax charge for year	182,150	118,600

7 Dividends

	2002 £	2001 £
Non-equity dividends on preference shares paid	241,082	271,535
(Decrease)/increase in preference dividend accrual	(11,082)	2,598
	230,000	274,133

Entitlement to dividends on the 'B' cumulative redeemable preference shares from date of issue to 31 December 2002 has been waived.

8 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 2002 dealt with in the financial statements of the parent company, RDM Factors Limited, was £217,152 (2001: profit - £295,111).

RDM FACTORS LIMITED**Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)****9 Intangible assets – goodwill**

	£
Group	
<i>Cost</i>	
At 1 January 2002	-
Additions	209,615
	<hr/>
At 31 December 2002	209,615
	<hr/>
<i>Amortisation</i>	
At 1 January 2002	-
Provided for the year	20,962
	<hr/>
At 31 December 2002	20,962
	<hr/>
<i>Net book value</i>	
At 31 December 2002	188,653
	<hr/> <hr/>
At 31 December 2001	-
	<hr/> <hr/>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

10 Tangible fixed assets

Group	Short Leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2002	161,695	1,706,663	1,868,358
Additions	-	287,127	287,127
Disposals	-	(483,343)	(483,343)
At 31 December 2002	161,695	1,510,447	1,672,142
<i>Depreciation</i>			
At 1 January 2002	65,193	1,051,370	1,116,563
Provided for the year	15,688	279,712	295,400
Disposals	-	(295,865)	(295,865)
At 31 December 2002	80,881	1,035,217	1,116,098
<i>Net book value</i>			
At 31 December 2002	80,814	475,230	556,044
At 31 December 2001	96,502	655,293	751,795
<i>Net book value under hire purchase contracts</i>			
At 31 December 2002	-	253,161	253,161
At 31 December 2001	-	378,200	378,200

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

10 Tangible fixed assets (*Continued*)

Company	Short Leasehold £	Vehicles, furniture, fittings and equipment £	Total £
<i>Cost</i>			
At 1 January 2002	161,695	1,554,810	1,716,505
Additions	-	238,411	238,411
Disposals	-	(419,896)	(419,896)
At 31 December 2002	161,695	1,373,325	1,535,020
<i>Depreciation</i>			
At 1 January 2002	65,193	983,067	1,048,260
Provided for the year	15,688	237,717	253,405
Disposals	-	(250,803)	(250,803)
At 31 December 2002	80,881	969,981	1,050,862
<i>Net book value</i>			
At 31 December 2002	80,814	403,344	484,158
At 31 December 2001	96,502	571,743	668,245
<i>Net book value under hire purchase contracts</i>			
At 31 December 2002	-	193,880	193,880
At 31 December 2001	-	310,731	310,731

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

11 Investments

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Subsidiary undertakings	-	1,010,000	-	1,010,000
Associated undertakings	6,903	195,556	-	-
Other investments	178,024	178,024	328,024	328,024
	<u>184,927</u>	<u>1,383,580</u>	<u>328,024</u>	<u>1,338,024</u>

Subsidiary undertakings

At 31 December 2002, 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 ceased to trade on 30 June 2002 and is now dormant.

Associated undertaking

At 31 December 2001, the company held an investment in First Capital Cashflow Limited of £150,000. During the year to 31 December 2002, the company increased this investment to £350,000, representing a holding of 20% of the issued 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 2002 has a carrying value of £195,556. The following table sets out the group's 20% share of the book values of the net assets in First Capital Cashflow Limited:

	Book value & fair value to the group £
Net assets	140,385
Goodwill arising on becoming an associated undertaking	209,615
	<u>350,000</u>

Other investments

The company holds an investment of £178,024 (2001: £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 2002 (Continued)

12 Debtors

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Amounts falling due within one year:				
Factor debtors	20,090,808	20,090,808	20,474,048	19,791,950
Amounts owed by group undertakings	-	581,637	-	750,431
Investment in finance agreements	2,084,213	-	1,328,302	-
Other debtors	708,987	371,575	486,745	289,209
Prepayments and accrued income	356,574	269,277	491,314	393,638
	<u>23,240,582</u>	<u>21,313,297</u>	<u>22,780,409</u>	<u>21,225,228</u>
Gross factored debts	39,253,872	39,076,719	39,324,287	38,240,272
Due to clients on collection	(19,163,064)	(18,985,911)	(18,850,239)	(18,448,322)
	<u>20,090,808</u>	<u>20,090,808</u>	<u>20,474,048</u>	<u>19,791,950</u>
Amounts falling due after more than one year:				
Investment in finance agreements	2,237,892	-	2,491,833	-
Amounts due from associated undertakings	76,000	76,000	-	-
	<u>2,313,892</u>	<u>76,000</u>	<u>2,491,833</u>	<u>-</u>

13 Creditors: amounts falling due within one year

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Bank and other loans	18,367,197	16,814,770	17,440,276	16,609,349
Corporation tax	233,665	146,515	48,513	46,913
Other taxes and social security costs	302,914	302,914	208,240	201,160
Obligations under hire purchase contracts	87,367	66,127	222,538	184,181
Accruals and deferred income	133,084	112,705	190,719	155,097
Dividend accrual	53,202	53,202	64,284	64,284
Amounts owed to group undertakings	-	-	-	123,770
	<u>19,177,428</u>	<u>17,496,233</u>	<u>18,174,570</u>	<u>17,384,754</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

14 Creditors: amounts falling due after more than one year

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Bank and other loans	1,543,288	-	2,171,902	-
Obligations under hire purchase contracts	74,043	70,860	66,133	62,390
	<u>1,617,331</u>	<u>70,860</u>	<u>2,238,035</u>	<u>62,390</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:

<i>Bank and other loans</i>				
Within one year	18,367,197	16,814,770	17,440,276	16,609,349
Between one and two years	1,240,109	-	1,854,013	-
Between two and five years	303,179	-	317,889	-
	<u>19,910,485</u>	<u>16,814,770</u>	<u>19,612,178</u>	<u>16,609,349</u>

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
<i>Hire purchase contracts</i>				
Within one year	87,367	66,127	222,538	184,181
Between one and two years	67,130	63,947	54,718	50,975
Between two and five years	6,913	6,913	11,415	11,415
	<u>161,410</u>	<u>136,987</u>	<u>288,671</u>	<u>246,571</u>

<i>Total borrowing including hire purchase contracts</i>				
Within one year	18,454,564	16,880,897	17,662,814	16,793,530
Between one and two years	1,307,239	63,947	1,908,731	50,975
Between two and five years	310,092	6,913	329,304	11,415
	<u>20,071,895</u>	<u>16,951,757</u>	<u>19,900,849</u>	<u>16,855,920</u>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

15 Provisions for liabilities and charges

The full and potential liability for deferred tax is:

	Group 2002 £	Group 2001 £
Balance at the beginning of year (Released)/charged to profit and loss account	255,000 (180,000)	75,000 180,000
Balance at the end of year	75,000	255,000
Accelerated capital allowances	75,000	255,000

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

The group has adopted FRS 19 "Deferred Tax" for the first time in the year to 31 December 2002. The Financial Report Standard requires that a full provision method is used for deferred tax. Previously the group used the partial provision method. The adoption of FRS 19 constitutes a change in group accounting policy and the revised policy is detailed in note 1 to these financial statements.

The adoption of FRS 19 has not impacted on the financial statements of the group for the years ended 31 December 2002 or 31 December 2001.

16 Share capital

	2002 £	Authorised 2001 £
<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
	2,250,000	2,250,000

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

16 Share capital (*continued*)

	Issued, allotted, called-up and fully paid	
	2002	2001
	£	£
<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
	<hr/>	<hr/>
	2,051,460	2,051,460
	<hr/>	<hr/>

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 2002, 7,210 of these share options were outstanding. During the year to 31 December 2002, 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 2002 and 31 December 2002	999,490

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 *(Continued)*

18 Profit and loss account

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
At beginning of year	3,274,285	3,254,208	2,981,526	2,959,097
(Loss)/retained profit for the year	(83,169)	(217,152)	292,759	295,111
At end of year	3,191,116	3,037,056	3,274,285	3,254,208

19 Reconciliation of movements in shareholders' funds

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
At 1 January 2002	6,325,235	6,305,158	6,032,476	6,010,047
Profit for the financial year	146,831	12,848	566,892	569,244
Dividends	(230,000)	(230,000)	(274,133)	(274,133)
At 31 December 2002	6,242,066	6,088,006	6,325,235	6,305,158

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 2002 £	Other 2002 £	Land and buildings 2001 £	Other 2001 £
Operating leases which expire:				
Within one year	4,500	2,687	34,920	7,381
Within two to five years	39,750	-	20,000	12,012
Over five years	210,005	43,680	211,755	-
	254,255	46,367	266,675	19,393

RDM FACTORS LIMITED**Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)****21 Reconciliation of operating profit to net cash**

	2002 £	2001 £
<i>Inflow from operating activities</i>		
Operating profit	349,924	882,758
Depreciation charges	295,400	367,762
(Increase)/decrease in debtors	(281,293)	303,512
Increase in creditors	36,101	1,520
Profit on sale of tangible fixed assets	(27,550)	(10,857)
Share of operating loss in associates	133,482	-
Amortisation of goodwill	20,962	-
	<hr/>	<hr/>
Net cash inflow from operating activities	527,026	1,544,695
	<hr/>	<hr/>

22 Gross cash flows*Returns on investments and servicing of finance*

Interest element of hire purchase contracts	(20,943)	(17,266)
Preference dividends paid	(241,082)	(271,535)
	<hr/>	<hr/>
	(262,025)	(288,801)
	<hr/>	<hr/>

Taxation

UK Corporation tax paid	(233,998)	(193,832)
	<hr/>	<hr/>

Capital expenditure

Payments to acquire tangible fixed assets	(287,127)	(187,267)
Payments to acquire associated undertakings	(200,000)	(150,000)
Receipts from sales of tangible fixed assets	215,028	51,199
	<hr/>	<hr/>
	(272,099)	(286,068)
	<hr/>	<hr/>

Financing

Capital element of hire purchase contracts	(127,261)	(174,286)
Loans raised/(repaid)	355,305	(18,669)
	<hr/>	<hr/>
	228,044	(192,955)
	<hr/>	<hr/>

RDM FACTORS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

23 Analysis of changes in net debt

	As at 1 January 2002 £	Cash flow £	As at 31 December 2002 £
Cash at bank and in hand	640,779	(13,052)	627,727
Debt due within one year	(17,440,276)	(926,921)	(18,367,197)
Debt due after one year	(2,171,902)	628,614	(1,543,288)
Hire purchase contracts	(288,671)	127,260	(161,411)
Total	(19,260,070)	(184,099)	(19,444,169)

Reconciliation of net cash flow to movement in debt

	£
Decrease in cash in the period	(13,052)
Cash outflow from decrease in debt and hire purchase contracts	(171,047)
Change in net debt resulting from cash flows	(184,099)
Net debt at 1 January 2002	(19,260,070)
Net debt at 31 December 2002	(19,444,169)

24 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 2002, the liability of the company under this financing facility was £16,814,770.

25 Contingent liability

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