

Company Registration No 02575550 (England and Wales)

JSM FINANCE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011



JSM FINANCE LIMITED

COMPANY INFORMATION

Directors	M H Craft H S Craft F R S A
Secretary	J S M Craft
Company number	02575550
Registered office	2 & 3 Regency Chambers Jubilee Way Bury Lancashire BL9 0JW
Auditors	Jackson Stephen LLP James House Stonecross Business Park Yew Tree Way Warrington Cheshire WA3 3JD
Business address	2 & 3 Regency Chambers Jubilee Way Bury Lancashire BL9 0JW
Bankers	Bank Of Baroda 50 Swan Street Manchester M4 5JU

JSM FINANCE LIMITED

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JSM FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2011

The directors present their report and financial statements for the year ended 31 January 2011

Principal activities and review of the business

The principal activity of the company continued to be that of providing asset based finance by acquiring the related assets

The company has taken advantage of the weakness of sterling against other foreign currencies to increase its export turnover and profitability in the year

The directors anticipate that whilst sterling remains weak the company will continue to expand its overseas operations

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Results and dividends

The results for the year are set out on page 5

The company has paid dividends on preference shares of £6,930 (2010 £7,755) in the year and £40,000 (2010 £Nil) on ordinary shares. The directors do not recommend the payment of a final dividend (2010 £Nil).

Directors

The following directors have held office since 1 February 2010

M H Craft

H S Craft F R S A

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 31 (2010 30) days' purchases

Auditors

The auditors, Jackson Stephen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

JSM FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



H S Craft F R S A

Director

8 July 2011

JSM FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JSM FINANCE LIMITED

We have audited the financial statements of JSM Finance Limited for the year ended 31 January 2011 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement included within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

JSM FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF JSM FINANCE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jackson Stephen LLP

Mr Peter Atkinson F C A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

12 July 2011

Chartered Accountants
Statutory Auditor

James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

JSM FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011 £	2010 £
Turnover	2	10,476,350	7,293,232
Cost of sales		(9,670,136)	(6,598,485)
Gross profit		806,214	694,747
Administrative expenses		(433,213)	(372,458)
Other operating income		-	25
Operating profit	3	373,001	322,314
Other interest receivable and similar income	4	-	2,259
Interest payable and similar charges	5	(197,836)	(179,227)
Profit on ordinary activities before taxation		175,165	145,346
Tax on profit on ordinary activities	6	(49,866)	(41,604)
Profit for the year	15	125,299	103,742

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

JSM FINANCE LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	8		71,469		-
Current assets					
Stocks	9	120,310		-	
Debtors	10	5,912,786		5,253,371	
Cash at bank and in hand		215		299	
		6,033,311		5,253,670	
Creditors: amounts falling due within one year	11	(4,753,419)		(3,989,108)	
Net current assets			1,279,892		1,264,562
Total assets less current liabilities			1,351,361		1,264,562
Creditors: amounts falling due after more than one year	12		(840,052)		(840,052)
Provisions for liabilities	13		(1,500)		-
			509,809		424,510
Capital and reserves					
Called up share capital	14		300,003		300,003
Profit and loss account	15		209,806		124,507
Shareholders' funds - equity interests	16		509,809		424,510

Approved by the Board and authorised for issue on 8 July 2011


H S Craft F R S A
Director

Company Registration No. 02575550

JSM FINANCE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2011

	£	2011 £	£	2010 £
Net cash inflow/(outflow) from operating activities		348,620		(159,993)
Returns on investments and servicing of finance				
Interest received	-		2,259	
Interest paid	(190,906)		(171,472)	
Non equity dividends paid	(6,930)		(7,755)	
Net cash outflow for returns on investments and servicing of finance		(197,836)		(176,968)
Taxation		(41,604)		(42,560)
Capital expenditure				
Payments to acquire tangible assets	(82,640)		(83,043)	
Receipts from sales of tangible assets	-		102,160	
Net cash (outflow)/inflow for capital expenditure		(82,640)		19,117
Equity dividends paid		(40,000)		-
Net cash outflow before management of liquid resources and financing		(13,460)		(360,404)
Decrease in cash in the year		(13,460)		(360,404)

JSM FINANCE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2011

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011	2010
		£	£
	Operating profit	373,001	322,314
	Depreciation of tangible assets	11,171	3,017
	Loss on disposal of tangible assets	-	2,002
	Increase in stocks	(120,310)	-
	Increase in debtors	(659,415)	(307,792)
	Increase/(decrease) in creditors within one year	744,173	(179,534)
	Net cash inflow/(outflow) from operating activities	348,620	(159,993)

2	Analysis of net debt	1 February 2010	Cash flow	Other non-cash changes	31 January 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	299	(84)	-	215
	Bank overdrafts	(3,459,948)	(13,376)	-	(3,473,324)
		<u>(3,459,649)</u>	<u>(13,460)</u>	<u>-</u>	<u>(3,473,109)</u>
	Debt				
	Debts falling due after one year	(840,052)	-	-	(840,052)
	Net debt	<u>(4,299,701)</u>	<u>(13,460)</u>	<u>-</u>	<u>(4,313,161)</u>

3	Reconciliation of net cash flow to movement in net debt	2011	2010
		£	£
	Decrease in cash in the year	(13,460)	(360,404)
	Movement in net debt in the year	(13,460)	(360,404)
	Opening net debt	(4,299,701)	(3,939,297)
	Closing net debt	<u>(4,313,161)</u>	<u>(4,299,701)</u>

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents income arising on the disposal of assets acquired in the process of providing asset based funding prior to the balance sheet date. It is stated after trade discounts and net of VAT

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	33% per annum reducing balance basis
Motor vehicles	25% per annum reducing balance basis

1.5 Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for any slow-moving or obsolete stock

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.7 Foreign currency translation

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

2 Turnover

Geographical market

	Turnover	
	2011	2010
	£	£
United Kingdom	164,696	1,775,886
Rest of the World	10,311,654	5,517,346
	<u>10,476,350</u>	<u>7,293,232</u>

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

3	Operating profit	2011 £	2010 £
	Operating profit is stated after charging		
	Depreciation of tangible assets	11,171	3,017
	Loss on disposal of tangible assets	-	2,002
	Loss on foreign exchange transactions	1,758	-
	and after crediting		
	Profit on foreign exchange transactions	-	(25)

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts

3,000 3,000

Remuneration for non-audit services

5,454 7,830

8,454 10,830

4	Investment income	2011 £	2010 £
	Other interest	-	2,259

5	Interest payable	2011 £	2010 £
	On bank loans and overdrafts	133,466	114,461
	On other loans wholly repayable within five years	57,440	57,011
	Preference dividends paid	6,930	7,755
		197,836	179,227

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	48,366	41,604
	Total current tax	48,366	41,604
	Deferred tax		
	Deferred tax charge current year	1,500	-
		49,866	41,604
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	175,165	145,346
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2010 28.00%)	49,046	40,697
	Effects of		
	Non deductible expenses	153	16
	Depreciation add back	3,128	845
	Capital allowances	(4,628)	(455)
	Preference dividend paid	1,940	2,171
	Marginal rate relief	(1,273)	(1,670)
		(680)	907
	Current tax charge for the year	48,366	41,604
7	Dividends	2011 £	2010 £
	Ordinary interim paid	40,000	-

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

8 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 February 2010	1,500	-	1,500
Additions	-	82,640	82,640
	<u>1,500</u>	<u>82,640</u>	<u>84,140</u>
At 31 January 2011	1,500	82,640	84,140
Depreciation			
At 1 February 2010	1,500	-	1,500
Charge for the year	-	11,171	11,171
	<u>1,500</u>	<u>11,171</u>	<u>12,671</u>
At 31 January 2011	1,500	11,171	12,671
Net book value			
At 31 January 2011	-	71,469	71,469
	<u>-</u>	<u>71,469</u>	<u>71,469</u>
At 31 January 2010	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

9 Stocks

	2011 £	2010 £
Finished goods and goods for resale	120,310	-
	<u>120,310</u>	<u>-</u>

10 Debtors

	2011 £	2010 £
Trade debtors	5,584,309	5,106,690
Other debtors	285,181	134,299
Prepayments and accrued income	43,296	12,382
	<u>5,912,786</u>	<u>5,253,371</u>

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

11 Creditors amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	3,473,324	3,459,948
Trade creditors	208,898	116,397
Amounts owed to parent and fellow subsidiary undertakings	697,878	340,560
Corporation tax	48,366	41,604
Other taxes and social security costs	994	994
Other creditors	260,000	-
Accruals and deferred income	63,959	29,605
	<u>4,753,419</u>	<u>3,989,108</u>
Debt due in one year or less	<u>3,473,324</u>	<u>3,459,948</u>

The bank overdraft is secured by a fixed and floating charge over the company's assets and personal guarantees provided by the directors

12 Creditors amounts falling due after more than one year	2011 £	2010 £
Other loans	730,052	730,052
Preference shares classed as a financial liability	110,000	110,000
	<u>840,052</u>	<u>840,052</u>
Analysis of loans		
Wholly repayable within five years	730,052	730,052
	<u>730,052</u>	<u>730,052</u>
Loan maturity analysis		
In more than one year but not more than two years	<u>730,052</u>	<u>730,052</u>
Preference shares classified as financial liabilities		
In more than two years but not more than five years	<u>110,000</u>	<u>110,000</u>

The redeemable cumulative preference shares are redeemable at the discretion of the company and the earliest permissible date of redemption is 2013

The preference shares carry no voting rights

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2011

13 Provisions for liabilities

	Deferred tax liability £
Profit and loss account	1,500
Balance at 31 January 2011	<u>1,500</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>1,500</u>	<u>-</u>

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
300,000 'A' ordinary shares of £1 each	300,000	300,000
3 'B' ordinary shares of £1 each	3	3
	<u>300,003</u>	<u>300,003</u>

The 'B' ordinary shares do not carry any voting rights

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2010	124,507
Profit for the year	125,299
Dividends paid	<u>(40,000)</u>
Balance at 31 January 2011	<u>209,806</u>

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

16 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	125,299	103,742
Dividends	(40,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	85,299	103,742
Opening shareholders' funds	424,510	320,768
	<hr/>	<hr/>
Closing shareholders' funds	509,809	424,510
	<hr/>	<hr/>

17 Employees

Number of employees

There were no employees during the year apart from the directors

The directors received no remuneration during the year

18 Control

The ultimate parent company is Regency Factors plc, a company registered in England and Wales, by virtue of its shareholding in the company. Consolidated accounts are prepared for Regency Factors plc. Copies are publicly available at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The parent company is controlled by M H and H S Craft by virtue of their "A" ordinary shareholdings and as trustees of the H & M Retirement Benefit Scheme.

19 Post balance sheet events

Since the year end a bonus issue of 200,000 Ordinary shares of £1 each (being an issue of 2 Ordinary shares of £1 each for every 3 Ordinary shares of £1 each held), was paid out of the company's distributable reserves.

JSM FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2011

20 Related party relationships and transactions

Other transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

M H Craft and H S Craft, directors of the company, have given personal guarantees in relation to the bank overdraft included within note 9

Creditors due after more than one year include a loan of £12,052 (2010 £12,052) from M H Craft, a director of the company This is used by the company as a continuing source of finance Creditors due after more than one year also includes a loan of £213,000 (2010 £213,000) from E Ratcliffe, the sister of S Clague who is a director of the ultimate parent company During the year the company paid interest of £17,040 (2010 £16,547) in connection with this loan