

RentSmart Limited

Annual Report and Financial Statements

For the Year ended 31 December 2006

Company Number: 3689086



RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
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RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
REPORT OF THE DIRECTORS

The Directors hereby submit their Report and the accounts for the year ended 31 December 2006

Principal Activities

The principal activities of the company are that of financial intermediary, arranging and subsequently managing finance for the renting of equipment to business

Review of Business and future developments

Both the level of business and the financial position at the end of the year were satisfactory. The company's policy is one of expansion and this is expected to be reflected in future results.

Results and Dividends

The profit and loss account is set out on page 5 and shows the loss for the year. The loss for the year of £164,035 has been transferred to reserves (2005 loss £373,605).

There were no dividends proposed at the year end (2005 £Nil).

Directors

The Directors of the company during the year to 31 December 2006 were

N R Montarello	
S Penglis	Chairman
L J Town	
D C Griffiths	(alternate to S Penglis)
P J Gooden	(appointed 2 June 2006)
A W Jukes	(alternate to L J Town - appointed 2 June 2006)

Directors and Directors' Interests in Shares

None of the directors who held office during the year had any interest in the shares of the company.

Auditors

Our auditor, KPMG Audit Plc, has expressed its willingness to continue in office and a resolution for their re-appointment will be proposed to the members of the Company.

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to present fairly the financial position and performance of the company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 accounts, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the board



Paul Gittins

Secretary

Bridge House
Queens Park Road
Handbridge
Chester
CH88 3AN

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTSMART LIMITED

We have audited the financial statements of RentSmart Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RENTSMART LIMITED**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practise, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

15 March 2007

**KPMG Audit Plc
Chartered Accountants
Registered Auditor**

**St James Square
Manchester
M2 6DS**

RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
PROFIT AND LOSS ACCOUNT

	Notes	2006 £	2005 £
Continuing Operations			
Turnover	2	4,754,962	3,971,283
Cost of Sales		(2,029,533)	(1,875,713)
Gross Profit		2,725,429	2,095,570
Administrative expenses	3	(2,988,519)	(2,663,371)
Other Operating Income		410,272	105,796
Operating Profit / (Loss)		147,182	(462,005)
Bank interest receivable		-	13,547
Interest payable and similar charges	5	(285,626)	(209,209)
Loss on ordinary activities before taxation	6	(138,444)	(657,667)
Taxation	7	(25,591)	284,062
Loss on ordinary activities after taxation		(164,035)	(373,605)
Reversal of additional finance costs		-	-
Loss transferred to reserves	18	(164,035)	(373,605)

The notes on pages 10 to 21 form an integral part of these financial statements

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

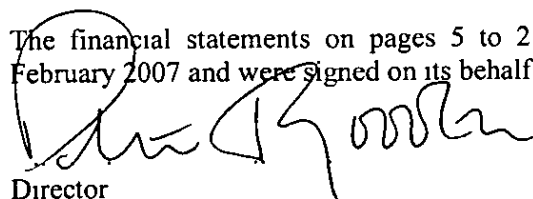
	Notes	2006 £	2005 £
Loss for the financial year		(164,035)	(373,605)
Accrued Non-Equity Preference Dividends Payable		-	(299,000)
		<hr/>	<hr/>
Total gains and losses recognised since last annual report		(164,035)	(672,605)
		<hr/>	<hr/>

RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
BALANCE SHEET

	Notes	2006 £	2005 £
Fixed Assets			
Intangible assets	8	3,228	8,992
Tangible assets	9	184,593	275,024
		<u>187,821</u>	<u>284,016</u>
Current Assets			
Stock		1,731	1,669
Debtors	10	2,035,943	1,230,119
Cash at bank & in hand		997	99,368
		<u>2,038,671</u>	<u>1,331,156</u>
Creditors - payable within one year	11	<u>(1,810,577)</u>	<u>(2,383,070)</u>
Net Current Assets/(liabilities)		<u>228,094</u>	<u>(1,051,914)</u>
Total Assets less Current Liabilities		415,915	(767,898)
Creditors – payable after one year	12	<u>(4,452,848)</u>	<u>(3,105,000)</u>
Net Liabilities		<u>(4,036,933)</u>	<u>(3,872,898)</u>
Capital and Reserves			
Called up Share capital	16	100,000	100,000
Profit and loss account	17	(4,136,933)	(3,972,898)
Equity Shareholder Funds		<u>(4,036,933)</u>	<u>(3,872,898)</u>

The notes on pages 10 to 21 form an integral part of these financial statements

The financial statements on pages 5 to 21 were approved by the board of directors on 28th February 2007 and were signed on its behalf by


Director

RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
CASH FLOW STATEMENT

	Notes	2006 £	2005 £
Net Cash outflow from Operating Activities	18	(737,991)	(57,527)
<hr/>			
Returns on Investments and Servicing of Finance			
Interest Received		-	13,547
Interest Paid		(71,566)	(38,768)
Interest element of hire purchase repayments		(3,903)	(10,069)
Interest element of loan repayments		(2,820)	(4,372)
<hr/>			
Net Cash outflow from Returns on Investments and Servicing of Finance		(78,289)	(39,662)
<hr/>			
Capital Expenditure			
Payments to acquire intangible fixed assets		(1,865)	(2,685)
Payments to acquire tangible fixed assets		(80,648)	(92,598)
<hr/>			
Net cash outflow for Capital Expenditure		(82,513)	(95,283)
<hr/>			
Net cash outflow before use of liquid resources and financing		(898,793)	(192,472)
<hr/>			
Financing			
Issue of Bank Loan		1,460,000	-
New Hire Purchase Contracts		23,732	-
Repayment of Preference Dividend		-	-
Repayment of capital element of hire purchase contracts		(42,215)	(114,779)
Repayment of bank loan		(30,000)	(50,000)
<hr/>			
Net cash outflow from Financing		1,411,517	(164,779)
<hr/>			
Increase/(Decrease) in Cash	18	512,724	(357,251)
<hr/>			

RENTSMART LIMITED
YEAR ENDED 31 DECEMBER 2006
CASH FLOW STATEMENT (continued)

	2006 £	2005 £
Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase in cash	512,724	(357,251)
Cash Inflow from Loans	(1,460,000)	
Cash Inflow from HP Contracts	(23,732)	
Repayment of bank loan	30,000	50,000
Repayment of capital element of hire purchase contracts	42,215	114,779
Movement in Net Debt	<u>(898,793)</u>	<u>(192,472)</u>
Net Cash at 1 January	<u>(870,893)</u>	<u>(678,421)</u>
Net Debt at 31 December	18 <u>(1,769,686)</u>	<u>(870,893)</u>

The notes on the cash flow statement are given on pages 19 and 20

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards and S226 of, and schedule 4 to, the Companies Act 1985

The joint venture parties have indicated their intention to continue to provide sufficient finance to the company to enable it to continue trading for at least one year from the date of approval of these accounts

Income recognition

Commission receivable from funders is recognised at the time finance is settled

Intangible fixed assets

Intangible assets acquired are capitalised at cost and are amortised on a straight line basis over their economic useful lives, up to a maximum of 20 years

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

Tangible fixed assets

Fixed assets are stated at cost less depreciation

Depreciation is calculated so as to write down tangible fixed assets over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

Computers and office equipment	3 years on a straight line basis
Fixtures and Fittings	5 years on a straight line basis

Stocks

Stocks are stated at the lower of cost and net realisable value

Deferred taxation

Deferred taxation is provided on the full provision method on those timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent timing differences

Deferred tax assets are recognised only to the extent that they are considered recoverable

Pension costs

The company operates a stakeholder pension scheme. Contributions payable to this defined contribution scheme are charged to the Profit and Loss account as they fall due

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under hire purchase commitments are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Financial Instruments

The Company has adopted FRS25, Financial Instruments: Disclosure and Presentation.

2. Turnover

Turnover, all of which arose from activities within the United Kingdom, represents finance charges earned from the arrangement and subsequent management of rental agreements and income from associated services.

The turnover and pre-tax result are attributable to one continuing activity, the arrangement and subsequent management of rental agreements and associated services.

3. Staff Costs

Administrative expenses include the following:

	2006 £	2005 £
Staff costs		
Wages & salaries	1,459,736	1,088,925
Social Security costs	159,770	119,749
Other Pension costs	21,490	10,966
	<hr/>	<hr/>
	1,640,996	1,219,640

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Staff Costs (continued)

The average monthly number of persons (including directors) employed during the year was

	2006 Number	2005 Number
By activity		
Management	9	9
Sales and operations	38	28
Administration	11	7
	<u>58</u>	<u>44</u>

4. Directors' Emoluments

None of the Directors received any emoluments for their services as Directors of the Company

5. Interest payable and similar charges

	2006 £	2005 £
Non-Equity Dividends on B Preference Shares payable	207,337	156,000
Bank loans and overdrafts	74,386	43,140
Finance charges payable under hire purchase contracts	3,903	10,069
Other interest payable	-	-
	<u>285,626</u>	<u>209,209</u>

6. Loss on ordinary activities before taxation

	2006 £	2005 £
Loss on ordinary activities before taxation is stated after charging		
Depreciation charge for the period		
Tangible assets – owned assets	67,615	173,772
Tangible assets – assets under hire purchase	103,464	103,464
Intangible assets	7,629	17,925
Operating lease rentals -Land and buildings	111,550	153,114
Auditors remuneration - Audit Services	11,700	10,851

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tax on profit on ordinary activities

(a) Analysis of tax credit in the year

	2006 £	2005 £
Deferred taxation		
Origination of timing differences (note 15)	<u>25,591</u>	<u>(284,062)</u>

(b) Factors affecting tax credit for the year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	<u>(138,444)</u>	<u>(657,667)</u>
Loss on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30%	(41,534)	(197,300)
<i>Effects of</i>		
Non Equity Preference Dividends not deductible	62,201	46,800
Other Expenses not deductible for tax purposes	4,923	2,015
Excess of Capital allowances over depreciation	28,939	60,541
Tax losses surrendered as consortium relief	-	43,837
Tax losses utilised	(55,481)	
Tax losses carried forward	-	43,837
Short Term Timing Differences	952	270
	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The Company expects its effective tax rate in future years to be lower than the standard rate of corporation tax in the UK due to capital allowances exceeding depreciation and the availability of tax losses

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Intangible assets

	£
Licences	
At 1 January 2006	55,946
Additions	<u>1,865</u>
Balance at 31 December 2006	<u>57,811</u>
Amortisation	
At 1 January 2006	46,954
Charge for the year	<u>7,629</u>
At 31 December 2006	<u>54,583</u>
Net Book Value	
At 31 December 2006	<u>3,228</u>
At 31 December 2005	<u>8,992</u>

9. Tangible fixed assets

	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost			
At 1 January 2006	717,542	242,571	960,113
Additions	<u>68,330</u>	<u>12,318</u>	<u>80,648</u>
At 31 December 2006	<u>785,872</u>	<u>254,889</u>	<u>1,040,762</u>
Depreciation			
At 1 January 2006	575,528	109,561	685,089
Charge for the year	<u>117,501</u>	<u>53,578</u>	<u>171,079</u>
At 31 December 2006	<u>693,029</u>	<u>163,139</u>	<u>856,168</u>
Net Book Value			
At 31 December 2006	<u>92,843</u>	<u>91,750</u>	<u>184,593</u>
At 31 December 2005	<u>142,014</u>	<u>133,010</u>	<u>275,024</u>

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Tangible fixed assets (continued)

Assets acquired under hire purchase contract, capitalised and included within the amounts for plant and machinery and fixtures and fittings are

	Plant and Machinery £	Fixtures and Fittings £	Total £
Cost			
At 1 January and at 31 December 2006	276,617	79,819	356,436
Depreciation			
At 1 January 2006	241,132	43,849	284,981
Charge for the year	24,114	15,964	40,078
At 31 December 2006	265,246	59,813	325,059
Net Book Value			
At 31 December 2006	11,371	20,006	31,377
At 31 December 2005	21,370	35,970	57,339

10. Debtors

	2006 £	2005 £
Trade debtors	114,628	96,345
Intercompany debtors	57,620	117,748
Prepayments and other debtors	1,449,834	569,772
Deferred taxation (note 15)	413,861	439,450
Amounts owed to joint venture parties (trading balances)	-	6,804
	2,035,943	1,230,119

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Creditors: amounts falling due within one year

	2006 £	2005 £
Current instalments due on bank loans (note 13)	320,000	16,667
Bank Overdraft	304,241	915,334
Trade creditors	489,154	740,818
Intercompany Creditors	192,223	90,522
Amounts owed to joint venture parties (trading balances)	-	-
Obligations under hire purchase contracts (Note 14)	5,933	38,260
Other taxation & social security	54,713	48,581
VAT	105,943	88,389
Other creditors	54,669	34,994
Accruals and deferred income	283,701	409,505
	<u>1,810,577</u>	<u>2,383,070</u>

12. Creditors: amounts falling due after more than one year

	2006 £	2005 £
Bank loans (note 13)	1,126,667	-
Obligations under hire purchase contracts (note 14)	13,844	-
Preference Shares (note 16)	2,650,000	2,650,000
Accrued non-equity dividends (note 17)	662,337	455,000
	<u>4,452,848</u>	<u>3,105,000</u>

Obligation under hire purchase contracts are secured on the assets concerned

13. Bank loans

	2006 £	2005 £
Amounts falling due		
Within one year	320,000	16,667
In more than one year but not more than two years	1,126,667	-
	<u>1,446,667</u>	<u>16,667</u>
Less		
Included in creditors amounts falling due within one year	320,000	16,667
	<u>1,126,667</u>	<u>-</u>

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Obligations under leases and hire purchase contracts

	2006 £	2005 £
Amounts payable		
Within one year	6,753	41,616
In two to five years	<u>15,757</u>	<u>-</u>
	22,510	41,616
Less finance charges allocated to future periods	<u>(2,733)</u>	<u>(3,356)</u>
	<u><u>19,777</u></u>	<u><u>38,260</u></u>

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
Land and buildings		
Expiring within five years	<u>101,720</u>	<u>101,720</u>

15. Deferred taxation

The full potential liability for deferred taxation, which is provided in full in the financial statements, is as below

	2006 £	2005 £
Deferred tax asset at the beginning of the year	(439,450)	(155,388)
Deferred taxation charge for the year	<u>25,591</u>	<u>(284,062)</u>
Deferred tax asset at the end of the year	<u><u>(413,859)</u></u>	<u><u>(439,450)</u></u>
Excess of capital allowances over depreciation	12,418	41,356
Short Term Timing Differences	(1,540)	(589)
Tax losses carried forward	<u>(424,737)</u>	<u>(480,217)</u>
Deferred tax asset	<u><u>(413,859)</u></u>	<u><u>(439,450)</u></u>

The deferred tax asset has been disclosed within Debtors, note 10

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Share Capital

	2006 £	2005 £
Authorised		
50,000 A Ordinary Shares of £1 each	50,000	50,000
50,000 B Ordinary Shares of £1 each	50,000	50,000
1,300,000 8% A Preference Shares of £1 each	1,300,000	1,300,000
2,600,000 8% B Preference Shares of £1 each	2,600,000	2,600,000
	<hr/>	<hr/>
	4,000,000	4,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
50,000 A Ordinary Shares of £1 each	50,000	50,000
50,000 B Ordinary Shares of £1 each	50,000	50,000
700,000 A Preference Shares of £1 each	700,000	700,000
1,950,000 B Preference Shares of £1 each	1,950,000	1,950,000
	<hr/>	<hr/>
	2,750,000	2,750,000
	<hr/>	<hr/>
Preference Shares included within Creditors Amounts Falling due after more than one year (note 13)	(2,650,000)	(2,650,000)
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>

The A Ordinary Shares and B Ordinary Shares are separate classes of shares but rank equally in all respects

The A Preference Shares and B Preference Shares are separate classes of shares but rank equally in all respects

The 8% cumulative redeemable preference shares are convertible at the option of the company at any time. They are redeemable at the option of the shareholder at any time after 29 January 2013 at £1 per share.

The A preference shares carry a dividend of 8% per annum. Holders of the A preference shares were entitled to receive a dividend on the A preference shares held until 29 January 2006, from which date the dividend payable is now deemed to be cumulative.

The B preference shares carry a dividend of 8% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are cumulative.

On a winding up of the company, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Reconciliation of movements in shareholders' funds

	Share Capital	Profit and loss account	Total
	£	£	£
Opening Shareholders funds at 1 January 2006	100,000	(3,972,898)	(3,872,898)
Loss for the financial year	-	(164,035)	(164,035)
At 31 December 2006	100,000	(4,136,933)	(4,036,933)

Profit and Loss Account analysed as follows:

	£
Realised Losses	(3,474,596)
Accrued non-equity dividends	(662,337)
	(4,136,933)

18. Notes to the statement of Cash Flows

(a) Reconciliation of operating profit to net cash outflow from operating activities

	2006 £	2005 £
Operating Profit/(loss)	147,182	(462,005)
Depreciation	171,078	277,237
Amortisation of licenses	7,630	17,925
(Increase) in Debtors	(831,413)	(650,598)
(Increase) in Stock	(62)	(1,669)
Increase in Creditors	(232,406)	761,583
Net Cash outflow from operating activities	(737,991)	(57,527)

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Notes to the statement of Cash Flows (continued)

(b) Analysis of net debt

	At 1 January 2006 £	Cash flow £	At 31 December 2006 £
Cash at bank and in hand	(815,966)	512,724	(303,242)
Loans	(16,667)	(1,430,000)	(1,446,667)
Hire purchase contracts	(38,260)	18,483	(19,777)
	<u>(870,893)</u>	<u>(898,793)</u>	<u>(1,769,686)</u>

19. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at the end of the year, are as follows

	Services Purchased from related parties		Interest Payable to related parties		Sales to related parties	
	2006	2005	2006	2005	2006	2005
	£	£	£	£	£	£
RentSmart Pty Limited	340,062	374,000	-	-	-	-
ThinkSmart Finance Spain, SL	-	-	-	-	(183,467)	(88,267)
ThinkSmart Finance France SARL	-	-	-	-	(25,949)	-
Uberior Investments plc	-	(3,062)	-	-	-	-
Capital Bank Leasing 9 Limited	-	-	-	-	(4,210,565)	(3,851,206)
Capital Bank plc	-	-	349,621	334,523	-	-
Bank of Scotland	-	-	16,719	24,434	-	-

RENTSMART LIMITED

YEAR ENDED 31 DECEMBER 2006

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Related party transactions (continued)

	Amounts Owed from related parties		Amounts Owed To related parties	
	2006	2005	2006	2005
	£	£	£	£
RentSmart Pty Limited	36,116	110,944	192,223	90,522
RentSmart Pty Limited (Share Pref)			51,337	-
Uberior Investments plc	-	-	611,000	455,000
Capital Bank Leasing 9 Limited	50,608	53,888	-	-
Capital Bank plc	3,270	2,158	-	-
Bank of Scotland	-	-	-	-
ThinkSmart Europe Limited	10,403	5,337	-	-
ThinkSmart Finance Spain, SL	39,712	1,467	-	-
ThinkSmart Finance France SARL			28,611	-

20. Ultimate Parent undertakings

RentSmart Limited is a joint venture with 50% of its issued share capital being held by ThinkSmart Europe Limited, and 50% by Uberior Investments PLC, whose ultimate parent undertaking is HBOS Plc

It has been agreed that Thinksmart Europe Limited will acquire the shares in the Company that are currently held by Uberior Investments PLC The Completion of the sale and purchase of the shares will be on or before 20 June 2007