

Company Registration No. 04049983 (England and Wales)

REGENCY FACTORS INVOICE FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016

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REGENCY FACTORS INVOICE FINANCE LIMITED

COMPANY INFORMATION

Directors	H S Craft B.E.M. M H Craft J T Farrell A.C.I.B.
Secretary	J S M Craft
Company number	04049983
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 London and the Middle East Cannon Place 78 Cannon Street London EC4N 6HL Yorkshire Bank Plc The Chancery Spring Gardens Manchester M2 1YB

REGENCY FACTORS INVOICE FINANCE LIMITED

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REGENCY FACTORS INVOICE FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present the strategic report for the year ended 31 January 2016.

Fair review of the business

In line with the strategy of providing wider facilities covering expanded operations the company does not attract new business and therefore a planned reduction in its activities is anticipated by the directors.

Principal risks and uncertainties

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 the company's operations mean that the company is not subject to price risk or liquidity risk.

On behalf of the board



M. H. Craft

Director

18 July 2016

REGENCY FACTORS INVOICE FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors present their annual report and financial statements for the year ended 31 January 2016.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

H S Craft B.E.M.
M H Craft
J T Farrell A.C.I.B.

Results and dividends

The results for the year are set out on page 6.

The company has paid dividends on ordinary shares of £20,000 (2015: £30,000). The directors do not recommend the payment of a final dividend (2015: £nil).

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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.

REGENCY FACTORS INVOICE FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually 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



M. H. Craft

Director

18 July 2016

REGENCY FACTORS INVOICE FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGENCY FACTORS INVOICE FINANCE LIMITED

We have audited the financial statements of Regency Factors Invoice Finance Limited for the year ended 31 January 2016 set out on pages 6 to 15. 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), including Financial Reporting Standard 102.

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 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

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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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 matters prescribed by the Companies Act 2006

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

REGENCY FACTORS INVOICE FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF REGENCY FACTORS INVOICE 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

Chartered Accountants
Statutory Auditor

22 July 2016

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

REGENCY FACTORS INVOICE FINANCE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2015 £
Turnover	3	9,094,624	14,206,416
Cost of sales		(8,814,365)	(13,801,617)
Gross profit		280,259	404,799
Administrative expenses		(194,439)	(314,848)
Operating profit	4	85,820	89,951
Interest payable and similar charges	7	(44,840)	(49,184)
Profit before taxation		40,980	40,767
Taxation	8	(8,196)	(8,153)
Profit for the financial year	15	32,784	32,614
Total comprehensive income for the year		32,784	32,614
Retained earnings at 1 February 2015		65,533	62,919
Dividends		(20,000)	(30,000)
Retained earnings at 31 January 2016		78,317	65,533

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


REGENCY FACTORS INVOICE FINANCE LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2016

	Notes	2016 £	£	2015 £	£
Current assets					
Debtors	10	2,221,009		3,014,092	
Cash at bank and in hand		3,814		14,303	
		<u>2,224,823</u>		<u>3,028,395</u>	
Creditors: amounts falling due within one year	12	<u>(1,806,506)</u>		<u>(2,622,862)</u>	
Net current assets			418,317		405,533
Creditors: amounts falling due after more than one year	13		(140,000)		(140,000)
Net assets			<u>278,317</u>		<u>265,533</u>
Capital and reserves					
Called up share capital	14		200,000		200,000
Profit and loss reserves	15		78,317		65,533
Total equity			<u>278,317</u>		<u>265,533</u>

The financial statements were approved by the board of directors and authorised for issue on 18 July 2016 and are signed on its behalf by:


M H Craft
Director

Company Registration No. 04049983

REGENCY FACTORS INVOICE FINANCE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	19		62,504		90,200
Other finance charges			(44,840)		(49,184)
Income taxes paid			(8,153)		(11,312)
Net cash inflow from operating activities			9,511		29,704
Net cash used in investing activities			-		-
Financing activities					
Dividends paid		(20,000)		(30,000)	
Net cash used in financing activities			(20,000)		(30,000)
Net decrease in cash and cash equivalents			(10,489)		(296)
Cash and cash equivalents at beginning of year			14,303		14,599
Cash and cash equivalents at end of year			3,814		14,303

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

Company information

Regency Factors Invoice Finance Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 2-3 Regency Chambers, Jubilee Way, Bury, Lancashire, BL9 0JW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 January 2016 are the first financial statements of Regency Factors Invoice Finance Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 February 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents income arising on the disposal of assets acquired in the process of providing asset based funding before the balance sheet date. It is stated after VAT.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Foreign exchange

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.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Factoring turnover and charges	9,092,302	14,046,094
Trade finance turnover and charges	1,685	159,824
Miscellaneous income	637	498
	<u>9,094,624</u>	<u>14,206,416</u>

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	<u>9,094,624</u>	<u>14,206,416</u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after crediting:		
Exchange gains	<u>11</u>	<u>1,581</u>

5 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	<u>4,400</u>	<u>4,400</u>
For other services		
Taxation compliance services	<u>450</u>	<u>600</u>

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

6 Employees

There were no employees during the year apart from the directors.

The directors received no remuneration in the year.

7 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Other finance charges	44,840	49,184

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	8,196	8,153

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	40,980	40,767
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 20.00%)	8,196	8,153
Tax expense for the year	8,196	8,153

9 Dividends

	2016 £	2015 £
Interim paid	20,000	30,000
	20,000	30,000

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2016

10 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	2,138,900	2,332,838
Amounts owed by fellow subsidiary undertakings	72,638	585,147
Other debtors	-	1,449
Prepayments and accrued income	9,471	94,658
	<u>2,221,009</u>	<u>3,014,092</u>

11 Loans and overdrafts

	2016 £	2015 £
Other loans	<u>140,000</u>	<u>140,000</u>
Payable after one year	<u>140,000</u>	<u>140,000</u>

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	956,594	1,513,577
Amounts owed to parent and fellow subsidiary undertakings	825,051	1,069,146
Corporation tax payable	8,196	8,153
Other taxation and social security	9,545	-
Other creditors	910	12,613
Accruals and deferred income	6,210	19,373
	<u>1,806,506</u>	<u>2,622,862</u>

13 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Amounts owed to parent undertaking	11	<u>140,000</u>	<u>140,000</u>

14 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

15 Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all the current and prior period retained profit and losses.

16 Financial commitments, guarantees and contingent liabilities

Regency Factors Invoice Finance Limited, Regency Factors plc, Quantum Factors Limited, Regency House Finance Limited and Cavendish Investments (Manchester) Limited are subject to a cross-guarantee in favour of the group's bankers. At 31 January 2016 the company had a contingent liability under this agreement amounting to £8,000,000 (2015: £8,000,000).

17 Related party transactions

The company has taken advantage of the exemption available in FRS 102 "The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

18 Controlling party

The ultimate parent company is Regency Factors plc, a company registered in England and Wales. 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 Cash generated from operations

	2016 £	2015 £
Profit for the year	32,784	32,614
Adjustments for:		
Income tax expense	8,196	8,153
Finance costs	44,840	49,184
Movements in working capital:		
Decrease/(increase) in debtors	793,083	(230,066)
(Decrease)/increase in creditors	(816,399)	230,315
Cash generated from operations	62,504	90,200