

Company Registration No. 04049983 (England and Wales)

REGENCY FACTORS INVOICE FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

TUESDAY



A07 *A7ADL53K* 17/07/2018 #323
COMPANIES HOUSE

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 Regency Chambers Jubilee Way Bury Lancashire BL9 0JW
Auditor	Jackson Stephen LLP James House Stonecross Business Park Yew Tree Way Warrington Cheshire WA3 3JD
Business address	2 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 Royal Bank of Scotland plc 40 The Rock Bury Lancashire BL9 0NX

REGENCY FACTORS INVOICE FINANCE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of income and retained earnings	5
Balance sheet	6
Statement of cash flows	7
Notes to the financial statements	8 - 14

REGENCY FACTORS INVOICE FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their annual report and financial statements for the year ended 31 January 2018.

Principal activities

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

Fair review of the business

As part of the Group strategic plan the operations of the Company have reduced in the year. Due to the plan it is expected that the level of turnover and profitability will continue reducing as future invoice finance business will be processed through other subsidiaries. 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 means that it is not subject to price or liquidity risk.

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 5. Ordinary dividends were paid amounting to £75,000 and the directors do not recommend payment of a final dividend.

Auditor

The auditor, Jackson Stephen LLP, is 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 (United Kingdom Accounting Standards and applicable law). 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 2018

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

A handwritten signature in black ink, consisting of a stylized 'M' followed by a large loop and a horizontal stroke.

M H Craft
Director
27 June 2018

REGENCY FACTORS INVOICE FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGENCY FACTORS INVOICE FINANCE LIMITED

Opinion

We have audited the financial statements of Regency Factors Invoice Finance Limited (the 'company') for the year ended 31 January 2018 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Jackson Atkinson

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

5 July 2018

Chartered Accountants
Statutory Auditor

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 2018

	Notes	2018 £	2017 £
Turnover	3	4,617,364	8,135,496
Cost of sales		(4,390,908)	(7,853,309)
Gross profit		226,456	282,187
Administrative expenses		(125,203)	(136,284)
Operating profit	4	101,253	145,903
Interest payable and similar expenses	7	(17,802)	(29,305)
Profit before taxation		83,451	116,598
Tax on profit	8	(16,019)	-
Profit for the financial year		67,432	116,598
Retained earnings brought forward		104,915	78,317
Dividends	9	(75,000)	(90,000)
Retained earnings carried forward		97,347	104,915

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

REGENCY FACTORS INVOICE FINANCE LIMITED

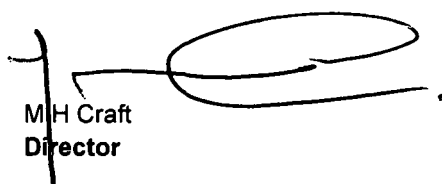
BALANCE SHEET

AS AT 31 JANUARY 2018

	Notes	2018 £	£	2017 £	£
Current assets					
Debtors	10	1,288,010		2,139,803	
Cash at bank and in hand		256,871		10,566	
		<u>1,544,881</u>		<u>2,150,369</u>	
Creditors: amounts falling due within one year	11	(1,107,534)		(1,705,454)	
Net current assets			437,347		444,915
Creditors: amounts falling due after more than one year	12		(140,000)		(140,000)
Net assets			<u>297,347</u>		<u>304,915</u>
Capital and reserves					
Called up share capital	14	200,000		200,000	
Profit and loss reserves	15	97,347		104,915	
Total equity			<u>297,347</u>		<u>304,915</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 June 2018 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 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	18	84,097		134,253	
Other finance charges		(17,802)		(29,305)	
Income taxes paid		-		(8,196)	
Net cash inflow from operating activities		66,295		96,752	
Net cash used in investing activities		-		-	
Financing activities					
Dividends paid		(75,000)		(90,000)	
Net cash used in financing activities		(75,000)		(90,000)	
Net (decrease)/increase in cash and cash equivalents		(8,705)		6,752	
Cash and cash equivalents at beginning of year		10,566		3,814	
Cash and cash equivalents at end of year		1,861		10,566	
Relating to:					
Cash at bank and in hand		256,871		10,566	
Bank funding included in creditors payable within one year		(255,010)		-	

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

Company information

Regency Factors Invoice Finance Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Regency Factors Plc. These consolidated financial statements are available from its registered office, 2 Regency Chambers, Jubilee Way, Bury, Lancashire, BL9 0JW.

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 at bank and in hand

Cash at bank and in hand are basic financial assets and 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.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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 balance sheet 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 debtors 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. Financial assets classified as receivable within one year are not amortised.

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors 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 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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.

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. No critical judgements or estimates have been made by the directors in preparing these financial statements.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Factoring turnover and charges	4,616,870	8,134,293
Trade finance turnover and charges	-	569
Miscellaneous income	494	634
	<u>4,617,364</u>	<u>8,135,496</u>

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	<u>4,617,364</u>	<u>8,135,496</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after crediting:		
Exchange gains	<u>70</u>	<u>120</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £70 (2017 - £120).

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>4,400</u>	<u>4,400</u>
For other services		
Taxation compliance services	<u>550</u>	<u>625</u>

6 Employees

The company has no employees. Employee services are provided by the parent company.

The directors received no remuneration in the year.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

7 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank funding	8,899	-
Other finance charges	8,903	29,305
	<u>17,802</u>	<u>29,305</u>

8 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>16,019</u>	<u>-</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	<u>83,451</u>	<u>116,598</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	15,856	23,320
Tax effect of expenses that are not deductible in determining taxable profit	28	-
Effect of change in corporation tax rate	135	-
Group relief	-	(23,320)
Taxation charge for the year	<u>16,019</u>	<u>-</u>

Reductions in the rate of UK Corporation Tax to 17% had been substantively enacted by the balance sheet date.

9 Dividends

	2018	2017
	£	£
Interim paid	<u>75,000</u>	<u>90,000</u>

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

10 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,014,452	2,058,674
Amounts owed by group undertakings	270,881	73,638
Prepayments and accrued income	2,677	7,491
	<u>1,288,010</u>	<u>2,139,803</u>

11 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank funding	13	255,010	-
Trade creditors		473,054	1,072,821
Amounts due to group undertakings		93,299	606,550
Corporation tax		16,019	-
Other taxation and social security		8,725	12,654
Other creditors		257,163	8,306
Accruals and deferred income		4,264	5,123
		<u>1,107,534</u>	<u>1,705,454</u>

12 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Amounts owed to parent undertaking	13	<u>140,000</u>	<u>140,000</u>

13 Loans and overdrafts

	2018 £	2017 £
Bank funding	255,010	-
Other loans	140,000	140,000
	<u>395,010</u>	<u>140,000</u>
Payable within one year	255,010	-
Payable after one year	<u>140,000</u>	<u>140,000</u>

Bank funding is secured by way of fixed and floating charges over the assets of the company.

REGENCY FACTORS INVOICE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

14 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

15 Profit and loss reserves

Profit and loss account - includes all the current and prior period retained profits and losses net of distributions to shareholders.

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 2018 the company had a contingent liability under this agreement amounting to £8,000,000 (2017: £8,000,000).

17 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.

18 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	67,432	116,598
Adjustments for:		
Taxation charged	16,019	-
Finance costs	17,802	29,305
Movements in working capital:		
Decrease in debtors	851,793	81,206
(Decrease) in creditors	(868,949)	(92,856)
Cash generated from operations	<u>84,097</u>	<u>134,253</u>