

Centric Group Holdings Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number 6402868



Centric Group Holdings Limited

Report and financial statements for the year ended 31 December 2012

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Directors

R Archibald
S Bates
T Hawkins
J Onslow
A Rutherford
C Sales
L Wood

Secretary and registered office

R Archibald, 69 Park Lane, Croydon, Surrey CR0 1JD

Company number

6402868

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Centric Group Holdings Limited

Report of the directors for the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Principal activities

The group provides working capital and growth finance to SMEs by way of invoice finance and other asset-based loan facilities. There have been no changes to the activities of the group during the year and none are anticipated.

Results and dividends

The group made a profit before tax for the year of £4,305,771 (2011: £3,195,214)

No dividends are proposed

Business review and future outlook

Turnover in 2012 increased to £14.0 million (2011: £12.6 million) and EBITDA was up 16% to £7.7 million (2011: £6.6 million). Profit before tax increased by 35% to £4.3 million (2011: £3.2 million).

The directors believe that the Key Performance Indicators which drive the performance of the group are sales volume and funds employed.

Sales volume financed in 2012 was 48% ahead of 2011 at £1.72 billion and the run rate in the fourth quarter was in excess of £2 billion.

Average funds advanced increased by 18% to £132 million, peaking at £161 million in November. The average debt turn on invoice finance facilities improved to 47 days as opposed to 52 days in 2011, clearly illustrating the liquidity of this product. Many client businesses were operating with significant funding headroom with undrawn availability across the portfolio consistently in excess of £30 million.

The overall portfolio gross yield was a very satisfactory 10.6% and credit experience in 2012 was exceptional. The default rate was just 2.1% and provisions for impairments virtually zero.

Looking to the future, the group increased headcount from 43 to 48, all in client-facing roles, and incurred substantial fees on establishing increased senior debt facilities well in advance of need.

The Centric Group is supported by CS Capital Partners III, L.P., a private equity fund, and in December 2012 the Group increased its capital base by £10.5 million by way of a debt capitalisation agreement taking the balance on share capital to £45.7 million.

Although the economic climate remains challenging, the Centric Group has all the building blocks in place for further profitable growth in the year ahead. We have experienced people, a solid infrastructure and the necessary financial backing. We are alive to the opportunities in the SME sector and should continue to thrive as a pro-active provider of ABL facilities.

Centric Group Holdings Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Principal risks and uncertainties

The group is exposed to a variety of risks arising in the normal course of business. These risks comprise credit risk, operational risk, liquidity risk, market risk and reputational risk.

Credit Risk

Credit risk is the risk of financial loss arising from losses in the event of default under client receivables and loan contracts.

Credit risk is managed through the application of strict underwriting criteria and thorough ongoing monitoring of all client exposures. Clients are actively managed by way of a rating system which drives risk activities such as frequency of audit visits and asset verification. The Risk Committee meets monthly to review the entire portfolio performance, monitoring dynamics such as client, debtor and product concentrations, and sector spread as well as the general credit climate. The Risk Committee receives direct reports from all client account managers, the ratio to client numbers being one of the lowest in the industry. Minutes of the Risk Committee, along with a detailed portfolio report, are presented each month to the board of directors.

Operational Risk

Operational risk is the risk of unexpected losses attributable to systems failures, human error, or inadequate internal procedures and financial controls.

Operational risks are mitigated by maintaining appropriate policies and processes for IT, information security, business continuity and disaster recovery, human resources management, operational procedures, mandates and compliance.

The group has a Compliance Officer responsible for managing all policies and guidelines on anti-money laundering, data protection, client complaints, gifts and entertainments, and ethical walls. All directors and staff have attended regular briefings on these compliance issues.

Liquidity Risk

Liquidity risk is the risk that the group is unable to meet its obligations as they fall due.

The group has adequate capital resources and bank funding facilities, it enjoys a syndicated senior debt facility from Lloyds, RBS and Bank of America with sufficient headroom to allow for substantial further growth. The level of gearing at the year-end was only 1.51.

Market Risk

Market risk is the risk that movements in market prices will impact the group's income or the value of its holdings of financial assets and comprises interest rate risk and foreign exchange risk.

Interest rate risk is the risk of financial loss through unmatched or unhedged asset and liability positions that are sensitive to interest rate movements. The group's assets and senior funding facilities are both on a floating rate basis. This natural hedge means that there is no unmatched interest rate risk.

The group has a number of client facilities which are provided in foreign currencies, primarily US dollars and Euros. At the year-end the sterling equivalent of such accounts was £2.8 million. All potential foreign exchange risks are eliminated by match-funding these assets with borrowings in the relevant currencies.

Reputational Risk

Reputational risk may arise from a variety of sources not limited to the risks mentioned above. This risk is mitigated by raising the awareness of the potential for reputational damage across the group as a whole.

Centric is a full member of ABFA, the Asset Based Finance Association.

Centric Group Holdings Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Employees

The group is committed to ensuring that employees are involved in the activities and development of the business. There is an employee bonus scheme which directly relates to the performance of the group and the individual. Employees are kept informed of matters of concern to them through such means as email announcements, team meetings and regular management presentations.

Suppliers

It is group policy to pay all suppliers in accordance with their stated settlement terms.

Charitable and political donations

The group made charitable donations of £649 (2011 - £1,000) during the year. There were no political donations.

Insurance

The company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of their employment.

Directors

The directors of the company during the year were

R Archibald
S Bates (appointed 30th July 2012)
T Hawkins
J Onslow
A Rutherford
C Sales
L Wood

Centric Group Holdings Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

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 the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group and 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's and Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at a forthcoming board meeting in accordance with section 487 of the Companies Act 2006.

By order of the Board



R Archibald
Secretary

8th February 2013

Centric Group Holdings Limited

Independent auditor's report

TO THE MEMBERS OF CENTRIC GROUP HOLDINGS LIMITED

We have audited the financial statements of Centric Group Holdings Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes. 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 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 statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's 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 directors' report for the financial year ended 31 December 2012 for which the financial statements are prepared is consistent with the financial statements.

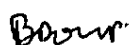
Centric Group Holdings Limited

Independent auditor's report (*continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Daniel Taylor (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

8th February 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Centric Group Holdings Limited

Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	14,020,428	12,685,161
Administrative expenses		(6,545,456)	(6,267,042)
Operating profit	5	7,474,972	6,418,119
Other interest receivable and similar income		141	63
Interest payable and similar charges	6	(3,169,342)	(3,222,968)
Profit on ordinary activities before taxation		4,305,771	3,195,214
Taxation on profit from ordinary activities	7	(1,071,748)	(867,615)
Profit on ordinary activities after taxation		3,234,023	2,327,599

All amounts relate to continuing activities

There are no recognised gains and losses other than the profit for the year ended

The accompanying notes form an integral part of these financial statements

Centric Group Holdings Limited

Consolidated balance sheet at 31 December 2012

<i>Company number 6402868</i>	<i>Note</i>	<i>2012</i> £	<i>2012</i> £	<i>2011</i> £	<i>2011</i> £
Fixed assets					
Intangible assets	8		1,376,952		1,468,749
Tangible assets	9		324,829		417,227
			<u>1,701,781</u>		<u>1,885,976</u>
Current assets					
Debtors					
- due within one year	11	124,145,841		96,212,620	
- due after one year	11	11,275,722		17,367,108	
Cash at bank and in hand		468,733		73,108	
		<u>135,890,296</u>		<u>113,652,836</u>	
Creditors: amounts falling due within one year	12	<u>(84,917,474)</u>		<u>(66,098,232)</u>	
Net current assets			<u>50,972,822</u>		<u>47,554,604</u>
Total assets less current liabilities			<u>52,674,603</u>		<u>49,440,580</u>
Creditors: amounts falling due after more than one year	13		-		(10,501,755)
			<u>52,674,603</u>		<u>38,938,825</u>
Capital and reserves					
Called up share capital	15		1,312		1,312
Share premium	16		15,001		15,001
Capital reserve	16		45,733,184		35,231,429
Profit and loss account	16		6,925,106		3,691,083
Shareholders' funds	17		<u>52,674,603</u>		<u>38,938,825</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th February 2013


J Onslow
Director

The accompanying notes form an integral part of these financial statements

Centric Group Holdings Limited

Company balance sheet at 31 December 2012

<i>Company number 6402868</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Investments	10	103			103
Current assets					
Debtors	11	16,210		16,210	
Cash at bank and in hand		-		-	
			16,210		16,210
Net assets			16,313		16,313
Capital and reserves					
Called up share capital	15		1,312		1,312
Share premium account	16		15,001		15,001
Profit and loss account			-		-
Shareholders' funds	17		16,313		16,313

The financial statements were approved by the Board of Directors and authorised for issue on 8th February 2013


J Onslow
Director

The accompanying notes form an integral part of these financial statements

Centric Group Holdings Limited

Consolidated cash flow statement for the year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash outflow from operating activities	18		(9,877,798)		(7,638,240)
Returns on investments and servicing of finance					
Interest received		141		63	
Interest paid		(3,169,342)		(2,341,039)	
Net cash outflow from returns on investments and servicing of finance			(3,169,201)		(2,340,976)
Taxation			(13,046,999)		(9,979,216)
UK corporation tax paid			(869,507)		(713,943)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	9	(69,854)		(154,367)	
Net cash outflow from capital expenditure and financial investment			(69,854)		(154,367)
Net cash outflow before financing			(13,986,360)		(10,847,526)
Financing					
Issue of share capital		-		15,328	
Increase in bank loans		13,903,070		9,669,369	
Net cash inflow from financing			13,903,070		9,684,697
Decrease in cash	20		(83,290)		(1,162,829)

The accompanying notes form an integral part of these financial statements

Centric Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1 Accounting policies

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

Basis of consolidation

The consolidated financial statements incorporate the results of Centric Group Holdings Limited and its subsidiary undertakings at 31 December 2012

Company profit and loss

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these accounts. The Company's profit after tax was £nil (2011 - £nil)

The following principal accounting policies have been applied

Turnover

Turnover comprises discount on invoice finance facilities, interest on loan facilities and ancillary service fee income. Discount and interest are recognised on an accruals basis, fees are recognised either when charged or spread over the term of an asset based loan facility

Goodwill

Goodwill arising on consolidation in respect of acquisitions made is capitalised and amortised through the profit and loss account over the lower of their useful economic lives and a period of 20 years

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and impairment in value

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates

Leasehold improvements	-	over the term of the lease
Fixtures, fittings and equipment	-	20% per annum
Computer hardware and software	-	33-50% per annum

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Centric Group Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

Leased assets

The company held no finance leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund

Foreign Currency

Transactions in foreign currency are recorded at the rate of exchange at the end of the previous month. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on translation are included in the profit and loss account

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form

Trade debtors

Trade debtors comprise amounts due in respect of invoice discounting and asset based loans and are shown gross of amounts due to clients

Specific provisions are made to reduce all impaired debtors to their expected realisable value and are included within administrative expenses. Provisions are made on the basis of past experience, management information and other relevant factors

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

2 Turnover

Turnover is wholly attributable to the principal activities of the group and arises solely within the United Kingdom

3 Employees

	Group 2012 £	Group 2011 £
Staff costs consist of		
Wages and salaries	3,384,081	3,094,272
Social security costs	425,228	382,369
Other pension costs	237,569	203,117
	<u>4,046,878</u>	<u>3,679,758</u>

The average number of employees during the year was 45 (2011 - 40)

4 Directors' remuneration

	2012 £	2011 £
Directors' remuneration consists of		
Emoluments	1,062,162	975,183
Payments to defined contribution pension scheme	101,664	115,695
	<u>1,163,826</u>	<u>1,090,878</u>
Highest paid director		
Emoluments	222,425	222,579
Amounts paid to the company's defined contribution pension scheme	21,900	21,900
	<u>244,325</u>	<u>244,479</u>

There were 6 (2011 - 5) directors in the company's defined contribution pension scheme during the year

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

5 Operating profit

	Group 2012 £	Group 2011 £
This has been arrived at after charging		
Depreciation	162,252	130,498
Amortisation	91,797	91,797
Hire of other assets - operating leases	187,228	182,991
Auditors' remuneration		
- audit of the group accounts	11,575	11,000
- audit of the subsidiaries' accounts	53,000	52,000
- tax services	10,500	9,000
	<u> </u>	<u> </u>

The auditors' remuneration in respect of the parent was paid by another group company

6 Interest payable and similar charges

	Group 2012 £	Group 2011 £
Bank interest and charges	3,169,342	2,341,039
Loan note interest	-	881,929
	<u> </u>	<u> </u>
	<u>3,169,342</u>	<u>3,222,968</u>

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

7 Taxation on profit from ordinary activities

	Group 2012 £	Group 2011 £
The tax charge comprises		
Current tax	1,090,154	840,462
Deferred tax	(18,406)	27,153
	<hr/>	<hr/>
Total tax on profit on ordinary activities	1,071,748	867,615
	<hr/>	<hr/>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	Group 2012 £	Group 2011 £
Profit on ordinary activities before tax	4,305,771	3,195,214
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	1,054,912	846,512
Effects of		
Expenses not deductible for tax purposes	25,598	17,693
Over provision in respect of prior years	(4,370)	(13,235)
Depreciation in excess of capital allowances for year	17,263	(7,355)
Movement in provisions	126	1,150
Marginal relief	(3,375)	(4,303)
	<hr/>	<hr/>
Current tax charge for year	1,090,154	840,462
	<hr/>	<hr/>

A deferred tax credit £18,406 has arisen as a result of charging depreciation in excess of claiming capital allowances. The charge of £27,153 in 2011 was as a result of claiming capital allowances in excess of the depreciation charge.

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

8 Intangible assets

Group	Goodwill £
<i>Cost or valuation</i>	
At 1 January and 31 December 2012	1,835,937
<i>Amortisation</i>	
At 1 January 2012	367,188
Provided for the year	91,797
At 31 December 2012	458,985
<i>Net book value</i>	
At 31 December 2012	1,376,952
At 31 December 2011	1,468,749

9 Tangible assets

Group	Leasehold improvements £	Computer hardware and software £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 January 2012	259,287	420,472	95,372	775,131
Additions	-	68,586	1,268	69,854
At 31 December 2012	259,287	489,058	96,640	844,985
<i>Depreciation</i>				
At 1 January 2012	81,114	235,625	41,165	357,904
Provided for the year	51,857	94,399	15,996	162,252
At 31 December 2012	132,971	330,024	57,161	520,156
<i>Net book value</i>				
At 31 December 2012	126,316	159,034	39,479	324,829
At 31 December 2011	178,173	184,847	54,207	417,227

Company

The Company held no fixed assets

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

10 Investments

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Group Undertakings	-	-	103	103

The Company is the 100% owner of Centric Group Finance Limited and Centric Group Finance 2 Limited

Through its ownership of Centric Group Finance Limited the Company is also 100% owner of the following

Centric Commercial Finance Limited
Resource Partners SPV Limited
Centric SPV 1 Limited
Centric SPV 2 Limited

All of the above Companies are registered in England & Wales. The Companies make up the Centric Group Holdings Limited group

11 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors subject to financing	241,334,368	194,083,380	-	-
Less due to clients	(133,896,504)	(104,685,228)	-	-
Trade debtors	107,437,864	89,398,152	-	-
Asset based loans	25,971,741	22,278,216	-	-
Prepayments and accrued income	2,004,310	1,831,957	-	-
Other debtors	7,648	71,403	16,210	16,210
	135,421,563	113,579,728	16,210	16,210

Included in asset based loans above is £11,275,722 (2011 - £17,367,108) which falls due for payment after more than one year

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

12 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans	77,065,155	63,162,085	-	-
Bank overdrafts	1,393,113	914,198	-	-
Trade creditors	4,029,857	420,759	-	-
Accruals and deferred income	773,911	583,497	-	-
Corporation tax	717,434	496,787	-	-
Deferred tax	8,747	27,153	-	-
Other tax and social security	409,370	428,596	-	-
Other creditors	519,887	65,157	-	-
	<u>84,917,474</u>	<u>66,098,232</u>	<u>-</u>	<u>-</u>

13 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Deep discounted loan notes	-	9,193,327	-	-
Interest accrual	-	1,308,428	-	-
	<u>-</u>	<u>10,501,755</u>	<u>-</u>	<u>-</u>

Note issuance facility agreements relating to the deep discounted loan notes were signed with CS Capital Partners III, L P, the major shareholder in Centric Group Holdings Limited, on 20 December 2007 and 29 August 2008. The loan notes relating to these agreements have a redemption date of 20 December 2014.

The deep discounted loan notes are unsecured.

On 10 December 2012, £10,501,755 of loan notes were converted into ordinary share capital as described in note 16.

14 Commitments under operating leases

As at 31 December 2012, the Group had annual commitments under non-cancellable operating leases as set out below:

	2012 Land and buildings £	2011 Land and buildings £
Operating leases which expire		
In two to five years	<u>154,095</u>	<u>153,639</u>

The Company had no commitments under non-cancellable operating leases.

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

15 Share capital

Company and Group

	Allotted, called up and fully paid			
	2012 Number	2011 Number	2012 £	2011 £
"A" Shares of 0 0001p	597,901,995	597,901,994	598	598
"B" Shares of 0 0001p	384,000,000	384,000,000	384	384
"C" Shares of 0 0001p	2,183,426	2,183,426	2	2
"D" Shares of 0 0001p	328,028,475	328,028,475	328	328
Worthless deferred shares of 0 0001p	1	1	-	-
	<u>1,312,113,897</u>	<u>1,312,113,896</u>	<u>1,312</u>	<u>1,312</u>

The "A" Shares and the "C" Shares have certain rights to returns or dividends ahead of the "B" Shares and "D" shares. These rights and dividends are dependent on the length of time the shares have been in issue.

The holders of all classes of shares are entitled to receive notice of, and attend general meetings of the Company but the holders of "B" and "C" Shares are not entitled to vote at such meetings.

16 Reserves

	Group Capital reserve £	Group Profit and loss account £	Company Share premium £	Company Profit and loss account £
At 1 January 2012	35,231,429	3,691,083	15,001	-
Profit for year	-	3,234,023	-	-
Issue of share capital	-	-	-	-
Conversion of debt	10,501,755	-	-	-
	<u>45,733,184</u>	<u>6,925,106</u>	<u>15,001</u>	<u>-</u>
At 31 December 2012	45,733,184	6,925,106	15,001	-

On 10 December 2012 CS Capital Partners III, L P, Cabot Square Capital Nominee Ltd, Centric Group Holdings Ltd and Centric Group Finance Ltd entered into a Debt Capitalisation Agreement by which £10,501,755 of loan notes were converted into ordinary share capital.

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

17 Reconciliation of movements in shareholders' funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Opening shareholder's funds	38,938,825	12,539,468	16,313	985
Profit for the year	3,234,023	2,327,599	-	-
Issue of share capital	-	15,328	-	15,328
Conversion of debt	10,501,755	24,056,430	-	-
Closing shareholder's funds	52,674,603	38,938,825	16,313	16,313

18 Reconciliation of operating profit to net cash outflow from operating activities

	Group 2012 £	Group 2011 £
Operating profit	7,474,972	6,418,119
Depreciation	162,252	130,498
Amortisation	91,797	91,797
Increase in debtors	(21,841,834)	(12,694,422)
Increase/(decrease) in creditors	4,235,015	(1,584,232)
Net cash outflow from operating activities	(9,877,798)	(7,638,240)

19 Reconciliation of net cash inflow to movement in net debt

	Group 2012 £	Group 2011 £
Opening net debt	(73,196,502)	(84,987,072)
Increase in cash and overdrafts in the year	(83,290)	(1,162,829)
Increase in bank loans	(13,903,070)	(9,669,369)
Debt converted to equity	9,193,327	24,056,430
Cash outflow from increase in debt	-	(1,433,662)
Closing net debt	(77,989,535)	(73,196,502)

Centric Group Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

20 Analysis of net debt

	At 1 January 2012 £	Cash flow £	Non Cash Changes £	At 31 December 2012 £
Cash in hand and at bank	73,108	395,625	-	468,733
Bank overdrafts	(914,198)	(478,915)	-	(1,393,113)
	(841,090)	(83,290)	-	(924,380)
Debt due within one year	(63,162,085)	(13,903,070)	-	(77,065,155)
Debt due after one year	(9,193,327)	-	9,193,327	-
Total	(73,196,502)	(13,986,360)	9,193,327	(77,989,535)

The non-cash change in debt relates to the conversion of loan notes to ordinary share capital (see note 16)

21 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with its wholly owned subsidiaries

22 Ultimate controlling party

It is the opinion of the directors that CS Capital Partners III, L P is the ultimate controlling party owing to its 100% ownership of the "A" Shares in the company