

02398515

THURSDAY



P0MMCE4R

PC2

15/10/2009

305

COMPANIES HOUSE

PHONEPAYPLUS LIMITED

(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2009

	Page
Directors and Advisers	2
Report of the Directors	3 - 7
Statement of Directors' Responsibilities	8
Independent Report of the Auditors	9-10
Profit and Loss Account	11
Balance Sheet	12
Cash Flow Statement	13
Accounting Policies	14
Notes to the Financial Statements	15 - 20

Directors

Sir J A Graham
R Chilton
M Alderson
D Clarke
R Evans
J Hallsworth
S Locke
P Whiteing

Company Secretary

E Lean

Registered Office

1st Floor
Clove Building
4 Maguire Street
London SE1 2NQ

Bankers

HSBC
20 Eastcheap
London EC3M 1ED

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Solicitors

Bates, Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 March 2009.

Principal Activity

The principal activity of the Company during the period was to supervise the Company's Code of Practice relating to premium rate telephone services (Code).

Results

The Company is non-profit making.

Review of the Business

PhonepayPlus Limited ("PhonepayPlus") is not subject to the reporting requirement to include a Business Review with our Director's Report. We believe, however, that it would be consistent with our commitment to transparency to summarise our business activities, plans, strategies, relationships, performance measures and the accounting implications of our funding model, together with a description of the principal risks and uncertainties facing the Company.

Our activities and market

We are a consumer protection body, formally designated by Ofcom to be the body responsible for regulating premium rate services in the UK. Ofcom defines the scope of regulation for "Controlled Premium Rate Services" and is responsible for approving our Code and annual budget.

The services we regulate are those paid for by a premium charge for content to a telephone account in some form. These services include television voting and competitions, mobile content services, charitable giving, directory enquiry and other help-line services, which with effect from August 1 2009 will include the 0871 number range (numbers beginning 0871, 2, and 3 but excluding 0870). Our regulation is comprehensive and deals with the pricing, promotion, content and operation of these services, together with issues of privacy.

During 2008/09 and based on the first three quarters of data supplied by networks we have seen a reduction in the market outpayments of approximately 6%.

Our philosophy and challenges

The first year of our three-year Strategic Plan saw the operation of our commitment to a programme of pre-empting and preventing consumer harm, and protecting consumers from market abuse. As a result our focus has been on anticipating new products, services and the issues around them, helping businesses understand and comply with our Code and educating and informing the public so they can make informed choices before using these services. During 2007/08 PhonepayPlus received more than 8,000 mobile related complaints, a 108% increase on the previous year. Complaint volumes remained high in the first months of 2008/09 and as a consequence we launched a new initiative to review mobile phone-paid services. This resulted in a new prior permissions regime, and new guidance in relation to the use of marketing lists, consumer opt-in requirements for subscription services and adherence to the 'STOP' command. Another initiative in relation to consumer education saw the launch of PhoneBrain, which provided specific, curriculum-relevant ICT and Enterprise learning objectives and teaching resources for schools, linked to a competition challenging students to come up with their own ideas for completely new phone-paid services.

Regulatory risks

There are risks and consequences associated with the whole premium rate service market and its need for regulation. The key risks remain the public losing trust in such 'paid for' services as a result of misconduct; the failure of our regulatory intervention to curb such misconduct; adverse media coverage; the deepening recession having an impact on the market, funding arrangements, the level of consumer harm and the decline in phone-paid services due to more attractive alternative payment mechanisms developing.

From a regulatory perspective, new legislation or major technological developments could challenge the effectiveness of the current regulatory regime. We have recently reviewed the operation of our newly established Code Compliance Panel, and subject to certain adjustments in terms of process, we are satisfied that it provides an efficient and effective adjudicatory system.

These issues are reviewed regularly. We have no reason to believe there will be significant changes in the use of the services regulated in the short term. By strengthening our Code and our Sanctions Policy, we believe we have reduced the risk of serious systemic difficulties. While we have continuing compliance issues to address, particularly in the mobile sector, we believe the regulatory framework that we operate is on a sound footing. We are working closely with Government and Ofcom to ensure legislative change is informed by and reinforced by the principles of better regulation. This continues to be the case with implementation of The Unfair Commercial Practices Directive and the EU Consumer Protection Co-operation Enforcement Regulations, and we expect to be closely involved in consultation on the detailed changes to the EU Telecoms Framework.

Scope review

The future scope of our regulation has been subjected to review by Ofcom, which is due to publish its findings imminently. The key focus of the review was on recent changes in the marketplace that had impacted on the regulatory framework, and its proposals to improve the current regulatory regime. These proposals included improvements to pricing transparency arrangements, facilitating consumer redress, and empowering and incentivising suppliers to act responsibly.

These proposals are in the course of being presented for public consultation, and we expect to be working closely with Ofcom to implement the necessary arrangements once the review is finalised.

Measuring performance

We measure performance regularly against six operational Key Performance Indicators agreed with Ofcom. These address the handling of traffic in our customer contact centre, complaint case management, general complainant and permissions applicants' satisfaction with PhonepayPlus performance, and the administrative management of fines sanctioned. We made additional commitments to openness, transparency and accountability in our Three-year Strategic Plan and have consequently been considering with our Board a new suite of performance indicators that will help ensure our strategic objectives are met.

During the course of the year we have significantly improved our quarterly reporting arrangements, in terms of the range, analysis and presentation of market data. As well as including data on market size, reports now include details of key adjudications, list trends in relation to emerging complaints, and identify services most frequently checked on the PhonepayPlus online number checker.

Our funding arrangements

We are a not-for-profit organisation. Our annual funding to provide regulatory services is pre-agreed with Ofcom every year.

Reserves

We do not generally accumulate reserves on any on-going basis. The two reserves we hold exist to (a) deal with the circumstance in which a decision is taken to wind-up our operation, and (b) meet the cost of dealing with any exceptional market developments (spikes) that require us to gear-up operations on a temporary basis.

The winding up reserve has been reviewed for appropriateness to ensure that in the event of winding up, all costs will be covered. The current level of financial reserves is deemed appropriate: there are no plans to supplement it in 2009/10 and we have not needed to call upon reserves in 2008/9.

Income

PhonepayPlus receives its main 'income' from a funding levy from industry. The balance of funding comes from fines and administrative charges and from interest accruing on monies we hold.

Funding levy

Our core funding source is the levy charged on premium rate service providers only. The levy is collected (or withheld) by terminating networks from their out-payments to service providers.

The levy is a flat percentage charge on activity, and is currently 0.48 % (2008/9 0.39%). The levy rate has been set following extensive consultation with the industry and other stakeholders regarding the Business Plan and Budget to be allocated to PhonepayPlus for its operations. The size of the levy is determined by a range of factors beyond the PhonepayPlus annual budget, such as the size of the current market, the income received from bank interest, and the contribution made from prior receipts of fines and administrative charges.

The forecast we make of the overall market is based on confidential actual data received from each network on their business levels.

Levy is collected by invoice to established networks and paid monthly based on previous quarters actual data. A small number of networks are invoiced quarterly, based on actual turnover. In making levy payments to us, networks are acting in the capacity of a collection agency. They are not liable financially for their own activity in the marketplace, but can be personally liable under the current Code to the extent that they fail to deduct levy from outpayments.

The extent to which we have a levy surplus or shortfall is one of the variables we must always address in planning activity and our levy requirements for the coming year. A serious shortfall could oblige us to revise our spending plans and/or increase the levy rate during the financial year. On the other hand an overly conservative approach to forecasting and levy-setting could result in excess income for re-distribution in the coming year or years.

Our overall policy has been to maintain effective control on costs, maximise the recovery of fine and other monies, and seek to avoid significant annual shift changes in the levy rate. The levy is primarily conditional on the size of the market to which it has to be applied. In the forthcoming year we shall be looking again at our funding model, and discussing with industry ways in which the methodology and/or processes for levy collection can be improved.

Fines and Administrative charges

We have the power to impose fines for non-compliance with the Code, and also to charge administrative costs associated with handling complaint cases. This fines and charges system is evidence of PhonepayPlus' ongoing commitment to provide effective and proportionate regulation to the industry based on the 'polluter pays' principle announced in our Three-year Strategic Plan. Consequently, service providers that comply with the Code will not subsidise, through their levy payments, the regulatory costs related to the behaviour of those in breach, and will ultimately receive the benefit of lower levy rates.

Our budget is not based upon any assumption as to the level of fines likely to be recovered. All fines recovered are held and are used as a source of income in the year subsequent to the year of collection. The same approach is taken with the interest earned on all monies we hold. This income effectively reduces the amount of levy then required from industry to meet our funding requirement.

Our annual accounts

Turnover, and the treatment of fine income – applying accounting standards we present fines levied as income in each year. The increase in 'turnover' for 2008/09 reflects the exceptional volume of fines imposed, especially those in relation to the Wangiri 'one ring' scam. These fines were largely uncollected and those debts that are classified as doubtful are being pursued; those which are deemed irrecoverable are written off. As turnover can be read as a measure of activity and expenditure it is important to recognise this policy of accounting for fines levied

Expenses in 2008/9 were approximately £4.8m (including £0.586m bad debt provision) and are in line with the budget agreed with Ofcom. The inclusion of variable and potentially very significant fines in turnover should be seen in this context of provision for bad debts increasing the level of expenses.

Levy rate in 2008/9 – the levy rate set, following consultation with Ofcom, was 0.48%.

Fines and administrative charge income – is up from 2007/8 levels. The total value of fines imposed was £2.5m. The fine recovery rate is 59% (2008/9 88%) and if the unrecoverable large fines applied to the 'one ring' scam mentioned above are separated out, (since they relate to the 070 number range) the fine recovery rate would be 78%

Long-term creditors – reflects the monies held in the repayable and contingency funds.

Future Developments

The Company will continue to operate in the above capacity during 2009-2010.

Directors

The Directors, who served during the period, all of whom are members of the PhonepayPlus Committee are as follows:

Sir J A Graham	(re- appointed 1 st May 2009)
R Chilton	
S Locke	
M Alderson	(appointed 1 September 2008)
D Clarke	
R Evans	(appointed 1 September 2008)
J Hallsworth	(appointed 1 September 2008)
P Whiteing	(appointed 1 March 2009)

Resigned

E Boddington	(resigned 31 August 2008)
A Bud	(resigned 3 September 2008)
N Higham	(resigned 31 August 2008)
S Nathan	(resigned 31 August 2008)
M Short	(resigned 31 August 2008)
M Tully	(resigned 31 August 2008)
G Kidd	(resigned 31 October 2008)
A Flanagan	(appointed 1 September 2008; resigned 31 March 2009)

Each current Director has undertaken to guarantee the liabilities of PhonepayPlus Limited to the extent of £1.

Sir Alistair Graham was re-appointed Chairman by Ofcom with PhonepayPlus board support and Paul Whiteing who had been acting Chief Executive from November 2008 was appointed as Chief Executive.

Company Secretary

B Lund resigned as Company Secretary on 1 October 2008 and E Lean was appointed as Company Secretary on that date.

Statement as to Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually 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 or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

Auditors

Mazars LLP continue in office in accordance with section 487 (2) of the Companies Act 2006.

A handwritten signature in black ink, appearing to read 'E. Lean', with a horizontal line underneath the name.

E Lean
Company Secretary

18 June 2009

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare Financial Statements for each financial year which 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 year. In preparing those 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 United Kingdom 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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. The Directors are responsible for ensuring that the Directors' Report is prepared in accordance with company law.

Independent auditors' report to the members of PhonepayPlus Limited

We have audited the financial statements of PhonepayPlus Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 2006 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement.

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 judgements 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its result 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.

Maz LLP

18 June 2009

Mazars LLP

Chartered Accountants and Registered Auditors

Tower Bridge House

St Katharine's Way London E1W 1DD

The maintenance and integrity of the PhonepayPlus Ltd website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website.

	Note	Year ended 31.3.2009 £	Year ended 31.3.2008 £
Turnover	1	4,701,340	4,113,943
Administrative expenses		(4,820,933)	(4,315,336)
Operating Loss	2	(119,593)	(201,393)
Interest receivable	5	151,557	247,121
Profit on Ordinary Activities before Taxation		31,963	45,728
Tax on profit on ordinary activities	6	(31,963)	(45,728)
Profit on Ordinary Activities after Taxation		-	-

All turnover is derived from continued operations.

The Company had no recognised gains or losses other than the result on ordinary activities after taxation stated above for both years.

The Accounting Policies and Notes on pages 14 to 20 form part of these Financial Statements.

PHONEPAYPLUS LIMITED

BALANCE SHEET
At 31 March 2009

	Note	2009	2008
		£	£
Tangible Fixed Assets	7	325,786	278,225
Investments	8	1	1
Current Assets			
Debtors	9	1,054,785	740,271
Cash at bank and in hand	10	4,749,459	4,666,272
		<u>5,804,244</u>	<u>5,406,543</u>
Creditors: due within one year	11	(3,911,920)	(3,466,658)
		<u>1,892,324</u>	<u>1,939,885</u>
Net Current Assets			
		<u>2,218,111</u>	<u>2,218,111</u>
Total Assets less Current Liabilities			
Creditors: amounts falling due after more than one year	12	(2,218,111)	(2,218,111)
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Approved by the Board on 18 June 2009

Sir J A Graham

R. Chilton


)
) Directors
)


The Accounting Policies and Notes on pages 14 to 20 form part of these Financial Statements.

PHONEPAYPLUS LIMITED**CASH FLOW STATEMENT**
Year ended 31 March 2009

	Note	Year ended 31.3.2009 £	Year ended 31.3.2008 £
Net Cash Inflow from Operating Activities	14	195,943	50,691
Returns on Investments and Servicing of Finance	15	151,557	247,121
Taxation		(45,728)	(45,728)
Capital Expenditure	15	(218,584)	(142,220)
Net Cash Inflow before Financing		83,188	109,864
Financing	15	-	(162,209)
Increase/(Decrease) in Cash in the Year	16	83,188	(52,345)

The Accounting Policies and Notes on pages 14 to 20 form part of these Financial Statements.

Basis of Accounting

The Financial Statements are prepared under the historical cost basis of accounting and comply with applicable Accounting Standards.

Turnover

Turnover with exception to other income represents amounts invoiced to third parties excluding VAT, as adjusted for "income received in advance" as described below. Other income is recognised on a cash basis.

Recognition of Income

Income received from the network operators is on the basis of a levy on income from premium rate services. The levy is set at the beginning of each year, based on budgeted expenditure so as to reimburse PhonepayPlus Limited for costs incurred. Although the levy is collected from network operators, in most cases this will be charged onwards by them to the relevant service provider.

An adjustment is made at the year-end to reflect any difference between the income received and costs incurred during the year and the resulting balance is reflected in trade debtors or income received in advance, as appropriate.

Where a difference does arise between the level of income received from network operators and the costs incurred by PhonepayPlus Limited in any year, this is taken into account in setting the levy for the ensuing year so as to ensure that PhonepayPlus Limited continues to recover its costs.

Income received from fines and administrative charges levied is on the basis of adjudications issued in the period.

Income received in respect of services provided to the Live Conversation Services Compensation Fund is on the basis of costs incurred so that PhonepayPlus Limited will recover full costs with no profit.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Fixtures and fittings	- 5-7 years
Furniture	- 5 years
Office equipment	- 3-5 years
Computer equipment	- 3-5 years

Investments

The investment in the subsidiary company, IMCB Limited, is recorded at cost.

Taxation

Corporation tax is assessed on interest received at the current rate.

Pension Contributions

The Company operates a defined contribution pension scheme for some of its employees. The funds of the scheme are administered by Trustees and are separate from the Company. Contributions are paid by the Company and employees. The pension charge represents contributions payable by the Company for the period. The Company's liability is limited to the amounts of the contribution.

Leasing Commitments

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred.

Group Financial Statements

The Company is exempt from the requirement to prepare group financial statements by virtue of Section 248 of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not of its group.

1. Turnover

All of the turnover arose within the United Kingdom and was attributable to the following activities:

	2009	2008
	£	£
Levy on premium rate telephone services	1,832,595	1,951,386
Administrative charges	267,011	106,457
Fines	2,479,363	1,987,250
IMCB – costs recharged	18,494	37,145
Prior permission charges	11,100	20,400
Other	92,777	11,304
	<hr/>	<hr/>
	4,701,340	4,113,943
	<hr/>	<hr/>

2. Operating Loss

This loss (which is covered by interest receivable) is stated after charging:

Directors' remuneration (see note 4 also)	395,643	224,786
Auditors' remuneration - audit services - current year	6,400	6,200
- other services	38,424	14,041
Depreciation	171,022	194,565
Profit on disposal of fixed assets	-	(898)
Operating lease rentals on - land and buildings	200,360	200,360
	<hr/>	<hr/>

3. Staff Costs (including Directors)

Wages and salaries	2,108,461	1,933,436
Social security costs	215,467	204,411
Pension contributions	176,090	111,885
	<hr/>	<hr/>
	2,500,017	2,249,732
	<hr/>	<hr/>

PhonepayPlus operates a defined contribution pension scheme for its employees. The assets are held independently from those of the company. The total pension costs for the year amount to £176,090 (2008 - £111,885)

3. Staff Costs (including Directors)(continued)

	2009	2008
Average number of employees during the period		
	No.	No.
Committee - part-time	9	10
Executive	57	58
Appeals body - part-time	5	5
Adjudicator - part-time	1	1
Code Compliance Panel – part-time	6	-
	—	—
	78	74
	—	—

Staff costs and staff numbers information include amounts relating to the Independent Appeals Body, members of which are employed by PhonepayPlus for administrative purposes only. This body acts entirely independently of the company. PhonepayPlus cannot exercise any influence over the decisions reached by that body.

4. Directors' Remuneration

	2009 £	2008 £
Aggregate emoluments	250,403	218,036
Compensation for loss of office	129,486	-
Company pension contributions	15,754	6,750
	—	—
	395,643	224,786
	—	—

Directors emoluments are for non-executive directors and the chief executive (year ended 31 March 2008 – non-executive directors). Retirement benefits are accruing for two Directors under a defined contribution arrangement (year ended 31 March 2008 – one).

Highest paid director		
Aggregate emoluments	54,660	48,485
Compensation for loss of office	129,486	-
Company pension contributions	7,594	6,750
	—	—
	191,740	55,235
	—	—

Directors emoluments are for non-executive directors and the chief executive (year ended 31 March 2008 – non-executive directors).

5. Interest Receivable

Bank interest	151,557	247,027
Other interest	-	94
	—	—
	151,557	247,121
	—	—

6. Taxation	2009 £	2008 Restated £
Analysis of Charge in Year		
Current tax:		
UK corporation tax on profits of the year	31,963	45,728
	<hr/>	<hr/>
Tax on profit on ordinary activities	31,963	45,728
	<hr/>	<hr/>
Factors affecting tax charge for year		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%) (period ended 31 March 2008 – 30%). The differences are explained below:		
Profit on ordinary activities before tax	31,963	45,728
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (period ended 31 March 2008 – 30%)	8,950	13,718
Effects of:		
Permanent differences	33,485	45,800
Rate differences	(10,472)	(13,790)
(differences for 2007/08 have been restated)		
	<hr/>	<hr/>
Current tax charge for the year	31,963	45,728
	<hr/>	<hr/>

7. Tangible Fixed Assets	Fixtures & fittings £	Furniture & Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2008	259,360	279,452	492,192	1,031,004
Additions	-	319	218,265	218,584
Disposals	-	(120)	(14,696)	(14,816)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	259,360	279,651	695,761	1,234,772
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation				
At 1 April 2008	191,618	226,230	334,932	752,780
Charge for the period	38,690	22,510	109,822	171,022
Disposals	-	(120)	(14,696)	(14,816)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	230,308	248,620	430,058	908,986
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 March 2009	29,052	31,031	265,703	325,786
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2008	67,742	53,223	157,260	278,225
	<hr/>	<hr/>	<hr/>	<hr/>

8. Investments

	2009 £	2008 £
Investments in Group Companies	1	1

The Company owns 100% of the issued share capital of IMCB Limited, a Company registered in England and operating as a mobile content regulator.

9. Debtors

	2009 £	2008 £
Trade debtors	879,829	578,832
Amounts due from group undertakings	15	10,926
Other debtors and prepayments	174,941	150,514
	<u>1,054,785</u>	<u>740,271</u>

10. Cash at Bank and in Hand

Current accounts	5,373	16,433
Deposit accounts	4,744,086	4,649,839
	<u>4,749,459</u>	<u>4,666,272</u>

11. Creditors: amounts falling due within one year

Trade creditors	292,114	148,573
Other tax and social security costs	87,384	125,150
Income received in advance	3,446,987	3,075,765
Corporation tax payable	31,963	45,729
Other creditors	1,143	3,943
Pension	16,953	13,487
Accruals and deferred income	35,375	54,011
	<u>3,911,920</u>	<u>3,466,658</u>

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

Contingency Creditor	1,995,000	1,995,000
Repayable Reserve Fund	223,111	223,111
	<u>2,218,111</u>	<u>2,218,111</u>

13. Obligations under Operating Leases

The minimum lease payments to which the Company is committed under non-cancellable operating leases for the coming year are:

	2009	2008
	£	£
Land and Buildings		
On leases expiring		
Between two and five years	200,360	200,360
	<u>200,360</u>	<u>200,360</u>

14. Reconciliation of Operating Loss to Operating Cash Flows

	2009	2008
	£	£
Operating Loss	(119,593)	(201,393)
Depreciation Charge	171,022	194,564
(Increase) in Debtors	(314,513)	76,238
Increase in Creditors	459,027	(17,820)
Profit on Disposal of Fixed Assets	-	(898)
	<u>195,943</u>	<u>50,691</u>

15. Analysis of Cash Flow for headings netted in the Cash Flow Statement**Returns on Investments and Servicing of Finance**

Interest received	151,557	247,121
-------------------	---------	---------

Net cash inflow for returns on Investments and Servicing of Finance

151,557	247,121
---------	---------

Capital Expenditure

Payments to Acquire Tangible Fixed Assets	(218,584)	(143,118)
Sale Proceeds on Disposal of Tangible Fixed Assets	-	898

Net Cash Outflow for Capital Expenditure

(218,584)	(142,220)
-----------	-----------

Financing

Contingency Fund	-	(162,209)
------------------	---	-----------

Net Cash (Outflow) from Financing

-	(162,209)
---	-----------

16. Analysis of Net Funds

	1 April 2008	Cash flows	31 March 2009
	£	£	£
Cash at Bank	4,666,272	83,188	4,749,459

17. Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 – Related Parties Disclosure available to subsidiaries which are more than 90% controlled by the parent company not to disclose transactions with other group companies.

A Bud, a director of the Company who resigned on 3rd September 2008 is also a Director of Mblox Limited. During the year until resignation PhonepayPlus invoiced Mblox Limited, on its normal terms, for fines and administration charges of £25,677 (2008: £42,367).

PHONEPAYPLUS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
 Year ended 31 March 2009

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Turnover	4,701,340	4,113,943
Interest receivable	151,557	247,121
	<hr/>	<hr/>
	4,852,896	4,361,064
Administrative Expenses		
Staff and Related Costs	2,815,824	2,570,559
Events	115,317	61,438
External Professional Services	236,587	391,807
Research	147,397	84,512
Overheads	232,910	275,988
Premises	338,534	333,446
Printing	31,305	33,098
Telecoms	65,272	75,616
Website	81,223	32,904
Depreciation	171,022	194,565
Bad Debt Expense	585,542	262,300
Misc	-	(898)
	<hr/>	<hr/>
	4,820,933	4,315,336
	<hr/>	<hr/>
Profit before Taxation	31,963	45,728
Corporation Tax	(31,963)	(45,728)
	<hr/>	<hr/>
Profit after Taxation	-	-
	<hr/>	<hr/>

The Detailed Profit and Loss Account does not form part of the Financial Statements