Registered No 2950904

Revenue Assurance Services Limited

Report and Financial Statements

30 April 2012

Registered No 2950904

Directors

C P Musgrave (resigned 31st July 2011)
CR Sharples
D Owens
D Cruddace (appointed 4th January 2012)

Secretary

L Johnstone (resigned 1st December 2011)
Liam O'Sullivan (appointed 1st December 2011, resigned 12 October 2012)
David Humphreys (appointed 12 October 2012)

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers

HSBC Bank PLC
Yorkshire Corporate Bank Centre
4th Floor
City Point
29 King Street
Leeds
LS1 2HL

Solicitors

Eversheds LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Registered Office

Hertsmere House
Borehamwood
Hertfordshire
WD6 1TE

Directors' report

The directors present their report and financial statements for the year ended 30 April 2012

The company has not prepared consolidated accounts as permitted by Section 400 of the Companies Act 2006, as the company itself is included in the consolidated financial statements of Cilantro Parent Limited Consequently the company's financial statements present information about it as an individual undertaking and not about its group

Results and dividends

The loss after tax for the year was - £24,957,000 (2011 – loss of £1,221,000)

The directors did not pay a dividend during the year (2011 - £nil)

Business review and principal activities

The principal activity of the company is the provision of consultancy services to utility providers

Following the acquisition of the trading assets and liabilities of its subsidiary undertaking, Revenue Assurance Consulting Limited, on 30 April 2011, the company has faced a challenging year The core service, which was outsourced by the large Utility companies, has for the most part been taken back in-house Management have assessed the impact and consequently an impairment charge of £23,452,000 has been taken against the value of Investments

The directors have established a new function within the business, whose primary objective is the application of the existing IP to new products and markets

Principal risks and uncertainties

The directors consider the following risks to be the most material or significant for the management of the business These issues do not purport to be a complete list or explanation of all the risk factors facing the company In particular the company's performance may be affected by changes in the market and/or economic conditions and changes in legal, regulatory or tax requirement legislation Additional risks and uncertainties not presently known to the company or that the company currently deems immaterial may also impact the business

Customers

Certain customers generate material business levels for the company The loss of a key customer could affect profitability

Personnel

The company currently depends upon the expertise and continued service of certain key executives If the company fails to retain or attract personnel of a sufficient calibre, this could prejudice the achievement of the company's objectives

Intellectual property

The company uses proprietary software tools to analyse data Whilst substantial efforts are made to ensure security and stability, the loss or theft of such intellectual property could affect the company's competitive position

Systems failures

The successful operation of the company's business depends on maintaining the integrity and operation of the company's computer and communications systems These systems incorporate disaster recovery and resilience planning but are vulnerable to damage or interruption from events which are beyond the control of the company

Future prospects

In the future the directors expect the company to trade by providing consultancy services to the utility industry

Directors' report

Directors

The directors who served during the period are shown on page 1

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Going concern basis of preparation

The directors have considered the basis of preparation of the statutory accounts in line with the requirements of the guidelines issued by the Financial Reporting Council (FRC) in October 2009 After a review of the business, the business plan and risks and sensitivities around the plan the directors have concluded that the business is a going concern and the statutory accounts should be prepared on a going concern basis

Auditors

Each of the persons who was a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 2006

A resolution to re-appoint Ernst & Young LLP as auditors to the company will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

D Cruddace
Director

31 January 2013

Statement of directors' responsibilities in respect of the financial statements

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 financial statements for the company in accordance with the International Financial Reporting standards (IFRS) as adopted by the European Union The financial statements are required by law to 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance, and
- state that the company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records which 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006

Independent auditors' report

to the members of Revenue Assurance Services Limited

We have audited the financial statements of Revenue Assurance Services Limited for the year ended 30 April 2012 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 27 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report

to the members of Revenue Assurance Services Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alistair Denton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

8 February 2013

Income statement

for the year ended 30 April 2012

	Notes	2012 £000	2011 £000
Revenue	3	1,441	662
Operating expenses		(2,112)	-
Impairment of investment	7	(23,452)	-
Bad debt write off & redundancy costs	7	(821)	-
Operating (loss)/profit	5	(24,944)	662
Finance costs	8	-	(3,275)
Dividend income	8	636	-
Loss on disposal of investment	7	(809)	-
Loss before taxation		(25,117)	(2,613)
Taxation	9	160	1,392
Loss for the year attributable to equity holders of the parent	23	(24,957)	(1,221)

All items dealt with in arriving at the operating loss above relate to continuing activities

The company has not prepared a separate Statement of Comprehensive Income as there are no other recognised gains or losses other than those included in the results above

Registered No 2950904

Balance sheet

at 30 April 2012

	Notes	2012 £000	Restated 2011 £000
Non current assets			
Plant and equipment	10	152	172
Investments	11	23,344	49,272
Deferred tax assets	13	12	228
		23,508	49,672
Current assets			
Trade and other receivables	14	1,500	3,232
Cash and Cash Equivalents		560	-
		2,060	3,232
Total assets		25,568	52,904
Current liabilities			
Trade and other payables	15	(1,999)	(1,804)
Financial liabilities	16	(22,576)	(25,120)
Current tax liabilities		(1,686)	(1,716)
		(26,261)	(28,640)
Total liabilities		(26,261)	(28,640)
Net (liabilities)/assets		(693)	24,264
Equity			
Share capital	21	12,491	12,491
Share premium	22	3,173	3,173
Retained earnings	23	(16,357)	8,600
Equity attributable to equity holders of the parent		(693)	24,264

These financial statements were approved by the Board of Directors and authorised for issue on 31 January 2013

Signed on behalf of the Board of Directors

D Cruddace
Director

Statement of changes in equity

for the year ended 30 April 2012

	Share capital *£000*	*Share premium* *£000*	*Retained earnings* *£000*	*Total* *£000*
Balance at 1 May 2010	12,491	3,173	9,821	25,485
Loss attributable to ordinary shareholders	-	-	(1,221)	(1,221)
Balance at 1 May 2011	12,491	3,173	8,600	24,264
Loss attributable to ordinary shareholders	-	-	(24,957)	(24,957)
Balance at 30 April 2012	12,491	3173	(16,357)	(693)

Cash flow statement

for the year ended 30 April 2012

	Notes	2012 £000	2011 £000
Net cash inflow from operating activities	24	**722**	**12,453**
Investing activities			
Purchase of fixed assets		(55)	-
Proceeds from sale of investments		2,020	-
Overdraft transferred on hive up		(69)	(143)
Net cash inflow/(outflow) from investing activities		**1,896**	**(143)**
Financing activities			
Interest paid		-	(3,275)
Dividends received		636	-
Repayment of intercompany borrowings		(707)	-
Net cash outflow from financing activities		**(71)**	-
Net increase in cash and cash equivalents		2,547	9,035
Cash and cash equivalents at the beginning of the year		(1,987)	(11,022)
Cash and cash equivalents at the end of the year		560	(1,987)

In the current year cash and cash equivalents represents the net balance of cash (2011 includes bank overdraft)

Cash and cash equivalents comprise the bank overdraft as disclosed in note 16 in the prior year

Notes to the financial statements

at 30 April 2012

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Revenue Assurance Services Limited for the year ended 30 April 2012 were authorised for issue by the board of directors on 31 January 2013 and the Balance Sheet was signed on the board's behalf by D Cruddace Revenue Assurance Services Limited is a limited company incorporated and domiciled in England and Wales

Basis of preparation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the financial statements of the company for the year ended 30 April 2012

The company's financial statements are presented in sterling and rounded to the nearest thousand pounds (£000) except when otherwise indicated

The principal accounting policies adopted by the company are set out in note 2

Fundamental accounting concept

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operating existence for the foreseeable future and meet its liabilities as they fall due

At the balance sheet date the company had net liabilities of £693,000 including balances due to other group undertakings of £22,576,000 all of which are included as current liabilities

The directors have prepared forecasts and budgets to April 2016, showing that the company will generate operating profits and cash The company also has cash balances of £560,000 at the Balance Sheet date As such the company is dependent on continuing financial support being available from its ultimate parent undertaking

The directors have received confirmation from the company's ultimate parent undertaking that the necessary financial support will continue to be available to the company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements Accordingly, the directors of the company believe that it is appropriate to prepare the financial statements on a going concern basis Should the financial support from the company's ultimate parent undertaking not be available, the going concern basis may be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide any financial commitments or further liabilities which might arise and to reclassify fixed assets and long term liabilities to current assets and liabilities

2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union

Accounting convention

The financial statements have been prepared under the historical cost convention except for certain derivatives which have been measured at fair value The principal accounting policies adopted are set out below

Group accounts

Group accounts have not been prepared as the company is exempt under Section 400 of the Companies Act 2006, as the company itself is included in the consolidated financial statements of Cilantro Parent Limited Consequently the company's financial statements present information about it as an individual undertaking and not about its group

Notes to the financial statements

at 30 April 2012

2. Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred

Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due Payments made to state managed retirement schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

Taxation

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

The tax recoverable is based on the taxable loss for the period Taxable losses differs from net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items of income or expense that are never taxable or deductible

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date Deferred tax is charged or credited in the income statement, 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis

Notes to the financial statements

at 30 April 2012

2. Significant accounting policies (continued)

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost or valuation of assets over their useful estimated lives, using the straight line method, on the following bases

Computer hardware	-	25 per cent
Fixtures and fittings	-	15 per cent
Office equipment	-	20 per cent

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement

Investments

Investments in subsidiaries are stated at cost less any provision for impairment

2. *Impairment*

The company assesses at each reporting date whether there is an indication that an asset may be impaired If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset In determining fair value less costs to sell, an appropriate valuation model is used, these calculations corroborated by valuation multiples, or other available fair value indicators Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased If such indication exists, the recoverable amount is estimated A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised If that is the case the carrying amount of the asset is increased to its recoverable amount That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Notes to the financial statements

at 30 April 2012

2. Significant accounting policies (continued)

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i e the effective interest rate computed at initial recognition) The carrying amount of the asset is reduced, through the use of an allowance account The amount of the loss shall be recognised in administration costs

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice The carrying amount of the receivable is reduced through use of an allowance account Impaired debts are derecognised when they are assessed as irrecoverable

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Balance sheet date, and are discounted to present value where the effect is material

Notes to the financial statements

at 30 April 2012

2. Significant accounting policies (continued)

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, or as available-for-sale financial assets, as appropriate The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period-end When financial assets are recognised initially, they are measured at fair value

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place The subsequent measurement of financial assets depends on their classification, as follows

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale Such assets are carried at amortised cost using the effective interest method if the time value of money is significant Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments Gains or losses on liabilities held for trading are recognised in profit or loss

At the year end, the company had no financial liabilities designated as at fair value through profit or loss (2011 - £nil)

Derivative financial instruments

The company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations Such derivative financial instruments are stated at fair value The fair value of interest rate swap contracts is determined by reference to market values for similar instruments The company has not adopted hedge accounting for its derivative financial instruments Any gains or losses arising from changes in the fair value of derivatives are taken to the income statement

Notes to the financial statements

at 30 April 2012

2. Significant accounting policies (continued)

New standards and interpretations not applied

The IASB have issued the following standards and interpretations with an effective date after the date of these financial statements

International Accounting Standards (IAS/IFRSs)		*Effective date (periods beginning on or after)*
IAS 12	Amendments - Deferred Tax Recovery of Underlying Assets	1 January 2012
IAS 1	Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 7	Disclosures (amendment) Offsetting Financial Assets and Financial Liabilities Annual Improvement to IFRS's (2009-2011)	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 27	Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
IAS 19	Amendment – Employee Benefits	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (amendment)	1 January 2014
IFRS 9	Financial Instruments Classification and Measurement	1 January 2015

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements, other than additional disclosures, in the period of initial application

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year However, the nature of estimation means that actual outcomes could differ from those estimates

The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements

Revenue Recognition

The amount recorded as revenue is adjusted to the expected amount receivable until the final commission amount is known At this point, the commission is billed and the accrued income becomes a debtor of the company for settlement under the agreed payment terms

Impairment

The company reviews the carrying value of its investments on an annual basis, or sooner when there are indicators that an investment may be impaired The impairment review utilises a number of assumptions and the trading forecasts of the company, these are detailed further in Exceptional items in note 7

Notes to the financial statements

at 30 April 2012

4. Prior period adjustment

On 30 April 2011 the company acquired the trading assets and liabilities of its subsidiary undertaking Revenue Assurance Consulting Limited for Consideration of £24,139,000 Subsequent to the year end, it has become apparent a new contract that the company had entered into in the year ended 30 April 2011 was not fully understood or interpreted by management of Revenue Assurance Consulting Limited As such the assets and liabilities that were hived up on 30 April 2011 were incorrectly stated in the prior period balance sheet as at 30 April 2011 by £4,300,000 The net impact on the retained earnings of Revenue Assurance Services Limited as at 30 April 2011 was £nil

The effect on the individual line items in the financial statements of Revenue Assurance Services Limited is as follows

	As previously Reported £000	*Contract Adjustment £000*	*As restated £000*
Balance sheet 2011			
Current assets			
Trade and other receivables	7,532	(4,300)	3,232
Current liabilities			
Financial liabilities	(28,216)	3,096	(25,120)
Current tax liabilities	(2,920)	1,204	(1,716)

5. Operating (loss)/profit

Operating (loss)/profit for the year has been arrived at after

	2012 £000	*2011 £000*
Staff costs	1,015	-

The analysis of auditors' remuneration is as follows

	2012 £000	*2011 £000*
Fees payable to the company's auditors for the audit of the company's annual accounts	28	
Total audit fees	28	-

The audit fee payable for the prior year (£24,000) was paid by Revenue Assurance Consulting Limited, which was the trading entity for that period before its Assets and Liabilities were hived up to Revenue Assurance Services Limited on 30 April 2011

Notes to the financial statements

at 30 April 2012

6. Staff costs

	2012	*2011*
	£000	*£000*
Wages and salaries	907	-
Social security costs	103	-
Other pension costs	5	-
	1,015	-

The average monthly number of full-time, part-time and temporary employees during the year was

	2012	*2011*
	No	*No*
Management	5	-
Operations and Administration	30	-
	35	

Two of the company directors, Messrs ' Cruddace and Owens are also directors of the holding and fellow group subsidiary companies

The directors received total remuneration for the year of £553,113 (2011 £802,000), all of which except £98,113 was paid by a fellow group company

7. Exceptional items

	2012	*2011*
	£000	*£000*
Recognised in arriving at operating (loss)/profit from continuing operations:		
Impairment of investments	(23,452)	-
Bad debt write off	(754)	-
Redundancy payments	(67)	-
Recognised below operating (loss)/profit:		
Loss on disposal of subsidiary	(809)	-
	25,082	-

Impairment of investments

The company performed its annual impairment test of its investment in Revenue Assurance Consulting Limited as at 30 April 2012 The recoverable amount of the investment in Revenue Assurance Consulting Limited is the higher of its fair value less costs to sell and its value in use The value in use has been assessed by discounting the estimated future cash flows to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset The cash flow projections used are based on financial projections approved by the board for a period covering a three year period The projected cash flows have been updated to reflect the decreased demand in the UK, and the impact of future overseas expansion, particularly in the US and Netherlands, where existing analytical procedures are being rolled out to new customers The discount rate applied to the cash flow projections is 10 0% The growth rate used to extrapolate the cash flows beyond the three year period is 2 5%

Management have assessed the main sensitivity as the discount rate, where an increase of 1% would result in a further impairment of £2,983,000 If the discount rate were to stay at 10%, a reduction of 1%

Notes to the financial statements

at 30 April 2012

7. Exceptional items (continued)

in the growth rate would result in a further impairment of £2,614,000 As a result of this review the investment has been impaired by £23,452,000

Bad debt write off

This relates to a significant write down of a debtor which existed at the previous year end The likelihood of the debt being settled has diminished significantly during the year as a result of an unresolved dispute

Loss on disposal of Subsidiary

The company disposed of its subsidiary Utility Management (Hull) Services Limited in February 2012, and received proceeds of £2,020,000 The carrying value in the balance sheet at the date of disposal was £2,476,000, and an intercompany debt of £103,000 was written off as part of the transaction Legal costs associated with the transaction amounted to £250,000 As such a loss on disposal of £809,000 has been recognised in the year

Redundancy payments

This payment represents the final payment in respect of redundancy payments in the previous year incurred by Revenue Assurance Consulting Limited

8. Finance costs and dividend income

	2012	*2011*
	£000	*£000*
Interest - External	-	263
Interest payable to other group companies	-	3,012
	-	3,275

	2012	*2011*
	£000	*£000*
Dividend income	636	-
	636	-

Dividend income was received from Utility Management (Hull) Services Limited prior to its disposal

Notes to the financial statements

at 30 April 2012

9. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2012	*2011*
	£000	*£000*
Current tax credit	376	732
Adjustment in respect of prior year	-	535
Deferred tax charge	(216)	123
	160	1,392

(b) Factors affecting current tax charge

Corporation tax is calculated at 26% (2011 – 27%) of the estimated assessable loss for the year

The total credit for the year can be reconciled to the loss per the income statement as follows

	2012	*2011*
	£000	*£000*
Loss before tax	(25,117)	(2,613)
Tax at the UK corporation tax rate of 26% (2011 – 27%)	6,530	732
Income not taxable	165	-
Expenses not allowable for tax	(6)	-
Capital Allowances in excess of depreciation	(6)	2
Deferred tax	(216)	123
Exceptional items	(6,097)	-
Loss on disposal	(210)	-
Adjustment in respect of prior year	-	535
	160	1,392

(c) Factors affecting future tax rates

In his budgets of 2010, 2011 and 2012, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 26% to 22% falling by 2% in 2012 and a further 1% a year in 2013 and 2014 The first 1% reduction to 25% for 2012 was substantively enacted in July 2011 and the second reduction to 24% was substantively enacted on 26 March 2012 In accordance with accounting standards, these reductions have been reflected in the Company's financial statements The further 1% reduction for 2013 was substantively enacted on 3 July 2012 In accordance with accounting standards, this further reduction will be reflected in the Company's financial statements in respect of the year ended 30 April 2013 Further proposed changes will only be reflected once the reductions are substantively enacted

Notes to the financial statements
at 30 April 2012

10. Plant and equipment

	Fixtures, fittings and equipment
	£000
Cost	
As at 1 May 2011	414
Additions	55
As at 30 April 2012	469
Accumulated depreciation	
As at 1 May 2011	242
Charge for the year	75
As at 30 April 2012	317
Carrying amount	
At 30 April 2012	152
At 30 April 2011	172

11. Investments in subsidiaries

	2012	*2011*
	£000	*£000*
At 1 May	49,272	49,272
Disposal of subsidiary company (note 7)	(2,476)	-
Impairment of investment (note 7)	(23,452)	-
At 30 April	23,344	49,272

Notes to the financial statements

at 30 April 2012

12. Transfer of Trade and Assets

On 30 April 2011 the Company acquired the trading assets and liabilities of its subsidiary undertaking Revenue Assurance Consulting Limited ("RAC")for consideration of £24,139,000

Subsequent to the year end, it has become apparent a new contract that the company had entered into in the year ended 30 April 2011 was not fully understood or interpreted by management of Revenue Assurance Consulting Limited As such the assets and liabilities that were hived up on 30 April 2011 were incorrectly stated in the prior period balance sheet as at 30 April 2011 by £4,300,000 The net impact on the retained earnings of Revenue Assurance Services Limited as at 30 April 2011 was £nil

On 30 April 2012 the Company acquired the trading assets and liabilities of a fellow group company, Morrel Consulting Limited, for consideration of £964,000

The book value and fair value to the company of the net assets acquired was

	Book Value & Fair Value £000
Debtors and other assets	316
Overdraft	(69)
Intercompany receivable	1,167
Creditors	(105)
Corporation tax	(345)
Net assets acquired	964
Goodwill	-
Total	964
Satisfied by	
Intercompany	964

Notes to the financial statements

at 30 April 2012

13. Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the company and the movements thereon during the current and prior reporting period

	Other temporary differences *£000*	*Accelerated tax depreciation* *£000*	*Total* *£000*
Balance at 1 May 2010	-	11	11
Transferred from group company	87	7	94
Credit to the income statement	-	123	123
Balance at 1 May 2011	87	141	228
Charge to income statement	(87)	(129)	(216)
Balance at 30 April 2012	-	12	12

At the balance sheet date the company has unused tax losses of £7,425,000 (2011 - £7,425,000) available for offset against future profits No deferred tax asset has been recognised in respect of £7,425,000 (2011 - £7,425,000) due to the unpredictability of future offset against profits All losses may be carried forward indefinitely

Notes to the financial statements

at 30 April 2012

14. Trade and other receivables

	2012 £000	Restated 2011 £000
Trade receivables	356	566
Less provision for impairment	-	(98)
Accrued income	1,108	2,652
Trade receivables – net	1,464	3,120
Prepayments and other debtors	36	48
Monies held on behalf of clients	-	64
	1,500	3,232

The average credit period taken for trade receivables is 55 days (2011 – 32 days) Trade receivables that are less than 2 months past due are not considered impaired As of 30 April 2012, trade receivables of £167,000 were past due but not impaired (2011 - £84,000) These relate to a number of customers for whom there is no recent history of default The ageing analysis of these trade receivables is as follows

	2012 £000	2011 £000
Current	189	-
One to three months	163	80
Four to six months	-	-
Older	4	4
	356	84

Movements in the provision for impaired debtors are set out below

	2012 £000	2011 £000
Opening provision	98	-
Utilised during the year	(98)	-
Transfer from Group Company	-	98
Closing provision	-	98

Notes to the financial statements
at 30 April 2012

15. Trade and other payables

	2012 £000	Restated 2011 £000
Trade payables and accruals	618	79
Other taxation and social security cost	64	111
Accruals and other creditors	1,317	1,550
Monies held on behalf of clients	-	64
	1,999	1,804

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 68 days (2011 - 53 days) The directors consider that the carrying amount of trade payables approximates to their fair value

16. Financial liabilities

	2012 £000	Restated 2011 £000
Current		
Bank overdraft	-	1,987
Amounts due to group companies	22,576	23,133
	22,576	25,120

Amounts due to group companies

These represent borrowings from Cilantro Parent Limited and carry an interest rate of nil% (2011 nil%) These loans have no fixed repayment terms

Notes to the financial statements

at 30 April 2012

17. Provisions

	Other	*Total*
	£000	*£000*
At 1 May 2011	100	100
At 30 April 2012	100	100
Included in current liabilities		100
Included in non-current liabilities		-
		100

Other provisions relate to the provision for covering the likely costs of vacating existing premises The current lease expires in 2014

18. Operating lease arrangements

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	Land and buildings	
	2012	*2011*
	£000	*£000*
Operating leases expiring		
Within one year	34	34
Within two to five years	34	65
	68	99

Operating lease payments represent rentals payable by the company for certain of its office properties The lease has been negotiated until March 2014 The Operating lease payments were transferred from Revenue Assurance Consulting Limited following the hive up on 30 April 2011

Notes to the financial statements

at 30 April 2012

19. Financial instruments

The company's principal financial liabilities comprise loans from group companies and bank overdrafts The main purpose of these financial liabilities is to raise finance for the company's operations The company also has loans to and from fellow subsidiaries

The main risk arising from the company's financial instruments is interest rate risk There are no significant liquidity, foreign currency or credit risks

Interest rate risk

Bank overdrafts, amounts owed to the Cilantro Acquisitions Limited group companies and amounts owed to fellow subsidiaries all bear interest at market rates The market rate is dependent on the underlying reference rate for borrowings of Cilantro Acquisitions Limited group currently at 0% (2011 3%)

The other financial assets and financial liabilities of the company are non-interest bearing and therefore are not subject to interest rate risk

The interest rate risk is managed by Cilantro Acquisitions Limited

Sensitivity to possible change in interest rates

At 30 April 2012 significant borrowings of the company were from Cilantro Acquisitions Limited The borrowing carries a fixed interest rate of 0% and thus any reasonably possible change in the interest rates will not have a significant impact on the company's profitability

Liquidity risk

The treasury department at Enserve Group Limited manages the liquidity risk in the group and they monitor the cash flow position of the group to prevent shortage of funds to meet liabilities when they fall due

Foreign currency risk

The company has no significant foreign currency risk as very few transactions are carried out in currency other than Sterling

Credit risk

The company's principal financial asset is investments The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date

Notes to the financial statements

at 30 April 2012

20. Financial instruments (continued)

The maturity profile of the financial liabilities of the company as at 30 April 2012 and 1 May 2011 based on contractual undiscounted payments is as follows

Year ended 30 April 2012

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*>5 years*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Bank overdraft	-	-	-	-	-	-
Monies owed to clients	-	-	-	-	-	-
Amounts due to group companies	-	-	22,576	-		22,576
Trade and other payables	1,999	-	-	-	-	1,999

Period ended 1 May 2011

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*Restated >5 years*	*Restated Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Bank overdraft	1,987	-	-	-	-	1,987
Monies owed to clients	64	-	-	-	-	64
Amounts due to group companies	-	-	23,133	-		23,133
Trade and other payables	1,740	-	-	-	-	1,740

Capital management

The company's primary capital management objective is to maintain a strong credit rating and healthy capital ratios The company monitors capital using return on capital employed (ROCE), which is operating profit divided by net assets

Fair values

Set out below are the financial instruments (except for trade and other receivables and trade and other payables), that are included in the financial statements There is no material difference between the carrying value and the fair value of the financial instruments

	2012	*Restated 2011*
	£000	*£000*
Financial liabilities		
Bank overdraft	-	1,987
Amounts due to group companies	22,576	23,133

Notes to the financial statements

at 30 April 2012

21. Share capital

	Ordinary shares of 25p each No	*Nominal value of ordinary shares of 25p each £000*	*Ordinary shares of 0 00000008p each No 000,000*	*Nominal value of ordinary shares of 0 00000008p each £000*
Issued and fully paid				
As at 1 May 2011	-	-	158,397,338	12,491
As at 30 April 2012	-	-	158,397,338	12,491

22. Share premium

	Share premium £000
As at 1 May 2011 and 30 April 2012	3,173

23. Retained earnings

	Retained earnings £000
As at 1 May 2010	9,821
Net loss for the year	(1,221)
As at 1 May 2011	8,600
Net loss for the year	(24,957)
As at 30 April 2012	(16,357)

Notes to the financial statements

at 30 April 2012

24. Notes to the cash flow statement

	2012 *£000*	*2011* *£000*
Operating (loss)/profit from continuing operations	(24,944)	662
Decrease in receivables	2,048	-
Increase in inter-company creditor	-	12,454
Increase/(decrease) in creditors	91	(663)
Depreciation of property plant and equipment	75	-
Impairment of investments	23,452	-
Net cash inflow from operating activities	722	12,453

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

25. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks As at 30 April 2012, this comprised a term facility of £148 7 million

Borrowings under the facility are secured against the assets of certain members of the group, including those of the company

26. Related party transactions

The following transactions were carried out with related parties

Period-end balances arising from borrowings

	2012 *£000*	*Restated* *2011* *£000*
Other subsidiary undertakings of Cilantro Parent Limited	22,576	23,133
	22,576	23,133

27. Ultimate controlling party

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Cilantro Parent Limited, a company incorporated in England and Wales whose consolidated financial statements are available from Hertsmere House, Borehamwood, Hertfordshire, WD6 1TE

In the directors' opinion the Company's ultimate parent undertaking and controlling party is Cinven Luxembourg S A R L , a company incorporated in Luxembourg, that is controlled by certain funds managed and advised by Cinven Limited