

**AVELO FS LIMITED (formerly  
Independent Specialist Technology  
(UK) Limited)**

**Directors' Report  
and  
Financial Statements  
31 March 2011**

**Registered in England and Wales  
Company number 2958430**



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## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

C J Noblet  
K J Budge  
P A Yates  
A T Watts

### **SECRETARY**

K J Budge

### **REGISTERED OFFICE**

Avelo FS Limited  
1 Kingmaker Court  
Gallows Hill  
Warwick  
CV34 6DY

### **BANKERS**

Royal Bank of Scotland  
Manchester City Centre Branch  
11 Spring Gardens  
Manchester  
M60 2DB

### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
United Kingdom

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

### **PRINCIPAL ACTIVITIES**

The principal activity of the company was that of the development and support of software for the financial services industry

### **FINANCIAL RESULTS**

The results for the year, set out in the profit and loss account on page 7, show turnover for the year ended 31 March 2011 was £17.0 million (2010: £17.6 million)

The profit after taxation for the year ended 31 March 2011 was £5.5 million (2010: £5.6 million)

The directors have not recommended payment of a dividend (2010: £10.8 million)

### **REVIEW OF THE YEAR AND FUTURE PROSPECTS**

The key performance indicators for Avelo FS Limited include growth in turnover and operating profit.

Turnover has declined slightly by 3% over prior year due to reduced services on Adnav which peaked last year. Following the completion of the Adnav development project, there was a decline in operating profit before exceptional items of 21% due to a decrease in capitalised people costs over the prior year and commencement of depreciation on the project.

The net asset position of the company has improved to £14.7 million (2010: £9.1 million) with increases in net amounts owed by group undertakings of £6.4 million, principally Avelo Holdings FS Limited (formerly 1st Software Holdings Limited).

Exceptional costs for the year ending 31 March 2011 relate to strike off of TRM Investments Ltd at £83,000 and the impairment of software assets at £152,000

The business anticipates growth over the coming year, with focus on the launch of new products such as Wealth Optimiser and Client Portal, and continued commitment towards retention of the Adviser Office client base

On 1 April 2011, the company changed its name to Avelo FS Limited.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Avelo FS Limited, as part of Avelo FS Holdings Limited, has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis. With clear objectives, and an experienced management team, Avelo FS Limited believes it is on course to grow by increasing the choice of services offered to clients and by helping them transform the way they do business. The key risks and uncertainties currently facing the business are as follows:

#### *Execution risk*

The company continues to grow in its core market, providing software for the financial services industry. As the business increases in size this could potentially expose it to new business and transaction risks

#### *Operating risk*

Managing the company's businesses is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems. Although the company has implemented controls and loss mitigation actions, and resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling the operational risks faced by the company

Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

#### *Liquidity risk*

The company has a low exposure to liquidity risk as it continues to generate cash-flows and has sufficient liquid assets to manage any short term liquidity issues. However the company continues to monitor its commitments and liabilities to ensure that the company is not exposed to liquidity risks.

#### *Credit risk*

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

#### *Fraud risk management*

The company has implemented risk controls and maintains such internal check and accounting policies as it deems appropriate to prevent fraud within the company.

Although resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in preventing fraud.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The company has considerable financial resources together with a stable base of licence revenue. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have considered a period of at least 12 months from the date of authorising the accounts.

### **PAYMENTS TO SUPPLIERS**

The company does not follow any specific external code or standard on payment practice. The company's policy is normally to pay suppliers according to the agreed terms of business. These terms are agreed upon entering into binding contracts and the company seeks to adhere to the payment terms providing the relevant goods and services have been supplied in accordance with the contracts.

The company had 2 days (2010: 15 days) of purchases outstanding at the end of the year.

### **EMPLOYEES**

The company is committed to effective communications with employees, using a wide variety of media, to enhance their active participation in the company's development and to keep them informed about financial performance and other significant business issues.

The group continues to conduct its annual employee opinion survey across all group employees. The results are used in action planning groups to address any issues raised.

The company is committed to fulfilling its obligations in accordance with the Disability Discrimination Act 1995 and best practice. As an equal opportunities employer, the company gives equal consideration to applicants with disabilities in its employment criteria and will modify equipment and working practices wherever it is safe and practical to do so, both for new employees, and for those employees that are disabled during the course of their employment.

Additionally, the company is committed to providing full support and appropriate training for employees who become disabled during the course of their employment so they can continue to work in a position appropriate to their experience and abilities.

## DIRECTORS' REPORT (continued)

### DIRECTORS

The directors of the company during the year ended 31 March 2011 are set out below.

C J Noblet	Appointed 01/11/2010
D M Child	Resigned 19/10/2010
K J Budge	
P A Yates	
A T Watts	Appointed 10/11/2010

### AUDITORS

Each of the persons who is 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 directors have taken all the steps that they ought to have taken as a director in order to make themselves 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 s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue as the company's auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with sections 485-488 of the Companies Act 2006

Approved by the Directors and

Signed on behalf of the Board



K J Budge

Director

21 July 2011

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVELO FS LIMITED (formerly Independent Specialist Technology (UK) Limited)**

We have audited the financial statements of Avelo FS Limited (formerly Independent Specialist Technology (UK) Limited) for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 19. 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 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 explained more fully in the Directors' Responsibilities Statement, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

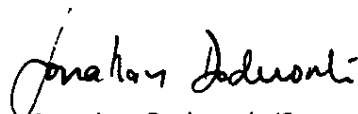
### **Opinion on other matter prescribed by the Companies Act 2006**

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



Jonathan Dodworth (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Birmingham, United Kingdom

AVELO FS LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2011

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# PROFIT AND LOSS ACCOUNT

Year ended 31 March 2011

	Note	2011			2010		
		Before exceptional items £'000's	Exceptional items £'000's	Total £'000's	Before exceptional items £'000's	Exceptional items (See note 3) £'000's	Total £'000's
Turnover	2	17,024	-	17,024	17,580	-	17,580
Net operating costs		(11,397)	(69)	(11,466)	(10,493)	-	(10,493)
Operating profit	3	5,627	(69)	5,558	7,087	-	7,087
Interest receivable	6			15			16
Profit on ordinary activities before taxation				5,573			7,103
Taxation charge on profit on ordinary activities	7			(29)			(1,530)
Profit for the financial year	15			5,544			5,573

See accompanying notes to the accounts.

The company has no recognised gains or losses other than the profit for the current year and prior year, which arises solely from continuing operations. Accordingly, a separate statement of total recognised gains and losses has not been prepared.


## BALANCE SHEET

As at 31 March 2011

	Note	2011 £'000's	2010 £'000's
<b>Fixed assets</b>			
Tangible assets	8	3,148	2,394
Investments	9	-	1
		<u>3,148</u>	<u>2,395</u>
<b>Current assets</b>			
Debtors	10	11,114	7,975
Cash at bank		3,883	4,547
		<u>14,997</u>	<u>12,522</u>
<b>Creditors: amounts falling due within one year</b>	11	3,459	5,775
		<u>11,538</u>	<u>6,747</u>
<b>Net current assets</b>			
		<u>14,686</u>	<u>9,142</u>
<b>Total assets less current liabilities</b>			
		<u>14,686</u>	<u>9,142</u>
<b>Net assets</b>			
		<u>14,686</u>	<u>9,142</u>
<b>Capital and reserves</b>			
Called up share capital	13	10	10
Share premium account	15	150	150
Other reserves	15	20	20
Profit and loss account	15	14,506	8,962
		<u>14,686</u>	<u>9,142</u>
<b>Shareholders' funds</b>			
		<u>14,686</u>	<u>9,142</u>

See accompanying notes to the accounts.

These financial statements for Avelo FS Limited, Company Registration No. 2958430, were approved by the board of directors on and signed on its behalf by

  
K J Budge  
Director

21 July 2011

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

As at 31 March 2011

	2011 £'000's	2010 £'000's
Profit for the financial year	5,544	5,573
Dividends paid on equity shares	-	(10,791)
Opening shareholders' funds	9,142	14,360
Closing shareholders' funds	<u>14,686</u>	<u>9,142</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the current and prior year in dealing with items which are considered material in relation to the company's financial statements throughout the current and prior year.

#### (a) Basis of preparation of the financial statements

The financial statements of Avelo FS Limited are set out on pages 7 to 18 have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards. These statements are prepared on a going concern basis.

The preparation of financial statements in conformity with generally accepted accounting principles in the United Kingdom requires management to make estimates and assumptions that affect the:

- Reported amounts of assets and liabilities,
- Disclosure of contingent assets and liabilities at the date of the financial statements, and
- Reported amounts of revenues and expenses during the reporting period.

Actual results could differ from these estimates

The company is wholly owned by Avelo FS Group Limited and is included within the consolidated financial statements of its ultimate parent, Avelo FS Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements (revised 1996)'. The company is also not required to prepare consolidated accounts under Section 400 of the Companies Act 2006 as its financial statements are included in the consolidated accounts of Avelo FS Holdings Limited.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have considered a period of at least 12 months from the date of authorising the accounts.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### (b) Turnover

Revenue is stated net of VAT and is recognised in line with activity and performance, normally using amounts specified in contractual obligations and when collectability is reasonably assured.

In general:

- Variable revenues, for example, revenues dependent upon customer volumes in the period, are recognised only when those variable activities are performed,

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 1. ACCOUNTING POLICIES (continued)

- Revenue received in advance of performance is recognised as deferred income. When performance occurs, the deferred income is released and simultaneously reported as revenue;
- Service, maintenance and subscription revenues are recognised over the period that they relate to,
- Set up fees received from clients as contributions to costs are credited to deferred income when received. These are released into revenue
  - (i) as costs are incurred for fees identified as being against transition costs, or
  - (ii) over the period of the contract in line with activity or performance levels for fees not contractually identified against delivered services.

#### (c) Tangible fixed assets

Tangible fixed assets comprise leasehold improvements, computer hardware and software, fixtures and fittings, other equipment, and assets under construction. Additions are included at cost but are not depreciated until ready for use. Assets under construction are not depreciated unless ready for use. Assets are depreciated evenly over their estimated economic life as follows

Leasehold improvements, fixtures & fittings and equipment	3 - 10 years
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The carrying values of fixed assets are reviewed for impairment wherever circumstances indicate that the carrying value of such assets may not be recoverable.

#### (d) Investments

Investments are included at cost, and are reviewed for impairment wherever circumstances indicate that the carrying value of such investments may not be recoverable.

#### (e) Leased assets

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

#### (f) Pensions

The group makes contributions to defined contribution pension schemes on behalf of its employees. The amount charged against profits represents the contributions payable in respect of the accounting period.

#### (g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 1. ACCOUNTING POLICIES (continued)

#### (g) Taxation (continued)

enacted or substantially enacted by the balance sheet date The deferred tax balance is not measured on a discounted basis

#### (h) Negative Goodwill

Negative goodwill arising from acquisitions made in prior years have been written off in the year that the acquisition arises

### 2. SEGMENTAL INFORMATION

The company operates within one business segment that of the provision of software to the financial services market within the United Kingdom There are no significant revenues earned outside the borders of the United Kingdom.

### 3. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

	2011 £'000's	2010 £'000's
Fees payable to the company's auditors for the audit of the company's annual accounts	20	26
Staff costs (see note 4)	8,139	8,182
Exceptional items - restructuring	(83)	-
Exceptional items - impairment of asset	152	-
Depreciation:		
Owned assets	382	215
Operating lease rentals:		
Land and buildings	200	200
Other	45	72

Exceptional costs for the year ending 31 March 2011 relates to the release of intergroup balances with TRM Investments Ltd at £83,000 and the impairment of software assets at £152,000

There are no exceptional items charged in the prior year.

### 4. STAFF COSTS

Staff costs, including directors' emoluments, comprise

	2011 £'000's	2010 £'000's
Wages and salaries	6,951	7,121
Social security costs	827	747
Pension charge	361	314
	8,139	8,182
	Number	Number
Average number of employees	159	169

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 5. DIRECTORS

David Child and Paul Yates were employed and remunerated by other companies within the Avelo FS Holdings Limited group. The directors are remunerated by other group companies but do not get remunerated for services to this company.

The remaining directors were directly employed by the company and their emoluments as directors for services to the company are as follows

	2011 £'000's	2010 £'000's
Aggregate emoluments	483	441
Company contributions to money purchase schemes	22	24
	<u>505</u>	<u>465</u>

There are 2 (2010: 2) directors who accrued benefits under company money purchase pension schemes

#### Highest paid director

Emoluments of the highest paid director directly employed by Avelo FS Limited are as follows

	2011 £'000's	2010 £'000's
Aggregate emoluments	171	226
Company contributions to money purchase schemes	16	16
	<u>187</u>	<u>242</u>

### 6. INTEREST RECEIVABLE

	2011 £'000's	2010 £'000's
Interest receivable:		
Bank interest	15	16
	<u>15</u>	<u>16</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 7. TAXATION

	2011 £'000's	2010 £'000's
<b>Current tax:</b>		
Current year corporation tax	-	719
Group relief payable	-	-
Adjustments in respect of prior periods	4	582
<b>Total current tax charge</b>	<b>4</b>	<b>1,301</b>
<b>Deferred tax:</b>		
Timing differences, origination and reversal	30	229
Impact on deferred tax of change in tax rate	(4)	-
Adjustments in respect of prior periods	(1)	-
<b>Total deferred tax charge</b>	<b>25</b>	<b>229</b>
<b>Taxation charge on profit on ordinary activities</b>	<b>29</b>	<b>1,530</b>

The table below reconciles the expected tax charge at the UK corporation tax rate for the current year to the actual current tax charge.

	2011 £'000's	2010 £'000's
Profit on ordinary activities before tax	5,573	7,103
Expected tax charge at 28% (2010: 28%)	1,560	1,989
Permanently disallowable expenditure	108	12
Depreciation in excess of capital allowances	(45)	(227)
Group relief at nil payment	(1,636)	(1,054)
Other timing differences	13	(1)
Adjustments to the tax charge in respect of prior year	4	582
<b>Current tax charge</b>	<b>4</b>	<b>1,301</b>

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted during the period. Accordingly, current tax has been provided for at a rate of 28% and deferred tax has been provided for at a rate of 26% in these financial statements

Further reductions to the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the government but had not been substantively enacted at the balance sheet date, so their effect has not been reflected in these financial statements. The effect of further reductions on the deferred tax balance will be accounted for in the period in which they are substantively enacted.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 8. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £'000's	Fixtures & fittings £'000's	Equipment £'000's	Assets in the course of construction £'000's	Total £'000's
<b>Cost:</b>					
At 1 April 2010	130	113	1,443	2,109	3,795
Additions	-	-	48	1,240	1,288
Transfer	-	-	3,105	(3,105)	-
At 31 March 2011	130	113	4,596	244	5,083
<b>Depreciation:</b>					
At 1 April 2010	79	106	1,216	-	1,401
Charge for the year	15	4	363	-	382
Impairment	-	-	152	-	152
At 31 March 2011	94	110	1,731	-	1,935
<b>Net book value:</b>					
At 31 March 2011	36	3	2,865	244	3,148
At 31 March 2010	51	7	227	2,109	2,394

### 9. INVESTMENTS

**Cost and net book value:**

At 1 April 2010 and 31 March 2011

Shares in  
subsidiary  
under-  
takings  
£'000's

-

The principal subsidiaries of the company as at 31 March 2011 were:

Subsidiary	Country of incorporation	Principal activities	Percentage of share capital owned
TRM Investments Ltd	England and Wales	Development and support of software in the financial services industry	100%

At the balance sheet date TRM Investments Ltd was in the process of being liquidated, therefore the investment has been written down to £nil.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

## 10. DEBTORS

	2011 £'000's	2010 £'000's
Trade debtors	496	1,393
Amounts owed by other group undertakings	9,248	5,518
Corporation Tax	607	1
Deferred tax (note 12)	-	-
Prepayments and accrued income	763	1,063
	<u>11,114</u>	<u>1,063</u>
<b>Amounts falling due within one year</b>	<b>11,114</b>	<b>1,063</b>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000's	2010 £'000's
Trade creditors	10	129
Amounts owed to other group undertakings	749	3,441
Other taxation and social security costs	1,068	516
Deferred tax	76	51
Accruals and deferred income	1,556	1,638
	<u>3,459</u>	<u>5,775</u>

## 12. DEFERRED TAX

	2011 £'000's	2010 £'000's
Difference between accumulated depreciation and capital allowances	88	51
Short term timing differences	(12)	-
<b>Total deferred tax asset</b>	<b>76</b>	<b>51</b>

	Total £'000's
At 31 March 2010	51
Deferred tax released to profit and loss in period	30
Prior year adjustment	(1)
Effect of change in tax rate	(4)
<b>At 31 March 2011</b>	<b>76</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 13. SHARE CAPITAL

	2011 £'000's	2010 £'000's
Allotted, called up and fully paid. 10,451 (2010: 10,451) Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

### 14. DIVIDENDS PAID ON EQUITY SHARES

Amounts recognised as distributions to equity holders in the period.

	2011 £'000	2010 £'000
Final dividend for the year ended 31 March 2011 of nil (2010: £1,032) per ordinary share	-	10,791
	<u>-</u>	<u>10,791</u>

### 15. RESERVES

	Share premium account £'000's	Capital redemption reserve £'000's	Profit and loss account £'000's
At 1 April 2010	150	20	8,962
Profit for the financial year	-	-	5,544
Dividend	-	-	-
	<u>150</u>	<u>20</u>	<u>14,506</u>
At 31 March 2011	150	20	14,506

### 16. PENSIONS

The assets of the pension schemes to which the company contributes on behalf of its employees are held within independently administered funds. The schemes are all defined contribution schemes and thus the company's obligation is solely to make contributions based on a percentage of salaries.

The total contributions charged in the year were £361,000 (2010: £314,000). There were £46,000 outstanding contributions at the year end (2010: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2011

### 17. OPERATING LEASES

The company is committed to making the following payments under operating leases during the next 12 months

	31 March 2011		31 March 2010	
	Land and buildings £'000's	Other £'000's	Land and buildings £'000's	Other £'000's
Leases which expire within one year	-	5	-	17
between two and five years	200	14	450	19
after five years	-	-	-	-
	<u>200</u>	<u>19</u>	<u>450</u>	<u>36</u>

### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8, as a wholly owned subsidiary of Avelo FS Holdings Limited, not to disclose related party transactions with other members of the group

#### Loans to directors:

Interest free loans repayable on demand on the transfer or redemption of all interests in the shares and loan notes in Avelo FS Holdings Limited issued to the director were made as follows:

	£'000s
K J Budge	252
P A Yates	252
	<u>504</u>

### 19. DETAILS OF PARENT UNDERTAKINGS

On 25<sup>th</sup> August 2010 Avelo FS Group Limited was acquired by Avelo FS Holdings Limited from VTX Holdings Group Ltd

The financial statements of the company are consolidated into the group financial statements of Avelo FS Holdings Limited, a company registered in England and Wales. Avelo FS Holdings Limited is the largest and smallest company within the group preparing consolidated accounts for the year ended 31 March 2011

Copies of the Avelo FS Holdings Limited consolidated financial statements may be obtained from the Company Secretary, Avelo FS Holdings Limited, 1 Kingmaker Court, Gallows Hill, Warwick, CV34 6DY.

In the opinion of the directors, the ultimate controlling party is Avelo FS Holdings Limited.