

Registered No 3618259

Revenue Assurance Consulting Limited

Report and Financial Statements

30 April 2011

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Revenue Assurance Consulting Limited

Registered No. 3618259

Directors

C Lee (resigned 28th February 2011)
A Bennett (appointed 24th August 2010, resigned 8th April 2011)
C R Sharples (appointed 24th August 2010)
D Owens (appointed 12th April 2011)

Secretary

J Morton (removed 3rd November 2010)
I. Johnstone (appointed 17th January 2011)

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 2011

Results and dividends

The profit after tax for the year was £5,371,000 (2010 £4,426,000)

The directors did not declare or pay any dividend during the current year (2010: nil)

Business review and principal activities

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

On 30 April 2011 the company sold its trade and assets to Revenue Assurance Services Limited, a fellow group company for consideration of £24,139,000

As shown in the company's income statement, the company's sales have decreased by 5.8 per cent over the prior period. The company's key measure of effectiveness of its operations is cash generation. The cash used by operations for the year was £24,095,000 (2010: generated £8,439,000)

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 by 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.

Financial instruments

The company is exposed to interest rate changes as all cash held at bank is held at floating rates.

Future prospects

Following the sale of the trade and assets on 30 April 2011, the directors do not expect the company to trade in the future.

Directors' report

Directors

The directors who served throughout the year 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

The person 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 Owens
Director

23 August 2011

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 Consulting Limited

We have audited the financial statements of Revenue Assurance Consulting Limited for the year ended 30 April 2011 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 22. 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 (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 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 2011 and of its profit 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 Consulting Limited (continued)

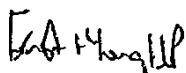
Opinion on other matter prescribed by the Companies Act 2006

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

A handwritten signature in black ink, appearing to read 'Alistair Denton'.

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

23 August 2011

Revenue Assurance Consulting Limited

Income statement

for the year ended 30 April 2011

	<i>Notes</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
<i>Revenue</i>	3	13,577	14,421
Operating expenses		(5,058)	(5,243)
<i>Operating profit</i>	4	8,519	9,178
Impairment of investments		-	(1,601)
<i>Profit on ordinary activities before taxation</i>		8,519	7,577
Taxation	7	(3,148)	(3,151)
<i>Profit for the year attributable to equity holders of the parent</i>	15	5,371	4,426

All items dealt with in arriving at the operating profit above relate to discontinued 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

Revenue Assurance Consulting Limited

Company No' 3618259

Balance sheet

at 30 April 2011

	Notes	2011 £000	2010 £000
Non current assets			
Property, plant and equipment	8	-	163
Deferred tax asset	10	-	49
		-	212
Current assets			
Trade and other receivables	9	24,139	2,724
Cash and cash equivalents		-	24,036
		24,139	26,760
Total assets		24,139	26,972
Current liabilities			
Trade and other payables	11	-	(3,354)
Current tax liabilities		-	(4,750)
Provisions	12	-	(100)
		-	(8,204)
Net current assets		24,139	18,556
Net assets		24,139	18,768
Equity			
Share capital	14	-	-
Retained earnings	15	24,139	18,768
Equity attributable to equity holders of the parent		24,139	18,768

These financial statements were approved by the Board of Directors and authorised for issue on 22 August 2011

Signed on behalf of the Board of Directors



D Owens
Director

Revenue Assurance Consulting Limited

Statement of changes in equity

for the year ended 30 April 2011

	<i>Share capital £000</i>	<i>Retained earnings £000</i>	<i>Total £000</i>
Balance at 30 April 2009	-	14,342	14,342
Profit attributable to ordinary shareholders	-	4,426	4,426
Balance at 1 May 2010	-	18,768	18,768
Profit attributable to ordinary shareholders	-	5,371	5,371
Balance at 30 April 2011	-	24,139	24,139

Revenue Assurance Consulting Limited

Cash flow statement

for the year ended 30 April 2011

	Notes	2011 £000	2010 £000
Net cash from operating activities	16	(24,095)	8,439
Investing activities			
Purchases of property, plant and equipment		(84)	(78)
Net cash used in investing activities		(84)	(78)
Financing activities			
Cash on transfer to group companies		143	-
Net decrease/ increase in cash and cash equivalents		(24,036)	8,361
Cash and cash equivalents at the beginning of the year		24,036	15,675
Cash and cash equivalents at the end of the year		-	24,036

Notes to the financial statements

at 30 April 2011

1 Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Revenue Assurance Consulting Limited for the year ended 30 April 2011 were authorised for issue by the board of directors on 23 August 2011 and the balance sheet was signed on the board's behalf by D Owens. Revenue Assurance Consulting Limited is a limited company incorporated and domiciled in England and Wales.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the company for the year ended 30 April 2011.

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

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 on the historical cost convention. The particular accounting policies adopted are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised in the profit and loss account at the point that the services have been performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate at that exactly discounts estimated future cash receipts thorough the expected life of the financial asset to that asset's net carrying amount.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating lease are charged to income on a straight line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

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 benefit schemes are charged as an expense as they fall due.

Notes to the financial statements

at 30 April 2011

2. Significant accounting policies (continued)

Exceptional items

The company presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance

Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 and associates and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference 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 2011

2. Significant accounting policies (continued)

Property, plant and equipment

Property, 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

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 2011

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 year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if it is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the group 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 or 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.

At 30 April 2011 (and 1 May 2010), the company did not have any financial assets at fair value through profit or loss, held to maturity investments, or available-for-sale financial assets.

Notes to the financial statements

at 30 April 2011

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 unrecoverable.

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.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

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 cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the financial statements

at 30 April 2011

2. Significant accounting policies (continued)

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 (2010 - £nil)

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.

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.

Share-based payments

The ultimate parent issues share options to certain employees which are measured at fair value and are recognised as an expense in the income statement with a corresponding increase in retained earnings. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the ultimate parent (market conditions).

The fair values of these payments are measured at the dates of grant and are recognised over the period during which employees become unconditionally entitled to the awards. At each balance sheet date, the ultimate parent revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to retained earnings.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Notes to the financial statements

at 30 April 2011

2. Significant accounting policies (continued)

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.

New standards and interpretations not applied

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

<i>International Accounting Standards (IAS/IFRSs)</i>		<i>Effective date</i>
IFRS 1	Amendments - Limited Exemption from Comparative IFRS 7 disclosures	1 July 2010
IAS 24	Related Party Disclosure	1 January 2011
IFRS 7	Amendments - Financial Instruments Disclosures	1 July 2011
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 9	Financial Instruments Classification and Measurement	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	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 19	Amendment - Employee Benefits	1 July 2013

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 14	Amendment Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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.

Notes to the financial statements

at 30 April 2011

3. Revenue

An analysis of the company's revenue is as follows

	2011 £000	2010 £000
Consultancy services	13,577	14,421
	<u>13,577</u>	<u>14,421</u>

4. Operating profit

Operating profit for the year has been arrived at after charging:

	2011 £000	2010 £000
Depreciation of property, plant and equipment	75	70
Payments under operating leases – land and buildings	84	85
Staff costs (see note 6)	2,373	2,661
	<u>2,532</u>	<u>2,816</u>

The analysis of auditors' remuneration is as follows.

	2011 £000	2010 £000
Fees payable to the company's auditors for the audit of the company's annual accounts	24	31
Total audit fees	<u>24</u>	<u>31</u>

Notes to the financial statements

at 30 April 2011

5. Directors Emoluments

	2011 £000	2010 £000
Emoluments	249	-
Company contributions to company pension scheme	6	-
Total emoluments	255	-

D Owens and C Lee received total remuneration for the year of £547,000 (2010 £194,000), all of which was paid by a fellow group company. The Directors do not believe that it is practicable to apportion this amount between their qualifying service as directors of the company and their service as directors of fellow group companies.

6 Staff costs

The average monthly number of employees (including executive directors) was

	2011 No	2010 No
Consultancy services	43	50

Their aggregate remuneration comprised

	2011 £000	2010 £000
Wages and salaries	1,959	2,271
Social security costs	204	239
Other pension costs	30	44
Share-based payment	180	107
	2,373	2,661

Notes to the financial statements

at 30 April 2011

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2011 £000	2010 £000
Current tax	2,443	2,610
Adjustment in respect of prior years	750	578
Deferred tax	(45)	(37)
	<u>3,148</u>	<u>3,151</u>

(b) Factors affecting current tax charge

Corporation tax is calculated at 28% (2010 28%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the profit per the income statement as follows

	2011 £000	2010 £000
Profit before tax	<u>8,519</u>	<u>7,577</u>
Tax at the UK corporation tax rate of 28% (2010 28%)	2,385	2,122
Tax effects of		
Depreciation	7	-
Expenses not deductible for tax purposes	1	4
Differences between tax and accounting treatment on share-based payments	50	30
Adjustment in respect of prior years	750	578
Impairment not deductible for tax purposes	-	448
Other	(45)	(31)
	<u>3,148</u>	<u>3,151</u>

(c) Factors affecting future tax rates

The Finance (No 2) Act received Royal Assent on 27 July 2010 and announced a reduction in the main rate of corporation tax from 28% to 27% with effect from 1 April 2011

The budget on 23 March 2011 announced that the corporation tax rate would reduce to 26% with effect from 1 April 2011, and further reductions of 1% per annum in the main rate of corporation tax down to 23% by 1 April 2014

In addition, on 22 June 2010 the government announced changes to the capital allowances regime, including a reduction in the rate of capital allowances on plant and machinery additions from 20% to 18% with effect from 1 April 2012

Notes to the financial statements

at 30 April 2011

8. Property, plant and equipment

	<i>Fixtures, fittings and equipment £000</i>
Cost	
As at 1 May 2009	495
Additions	78
Transfer to other group companies	(241)
As at 1 May 2010	332
Additions	84
Transfer to other group companies	(416)
As at 30 April 2011	-
Accumulated depreciation	
As at 1 May 2009	340
Charge for the period	70
Disposals	(241)
As at 1 May 2010	169
Charge for the year	75
Transfer to other group companies	(244)
As at 30 April 2011	-
Carrying amount	
At 30 April 2011	-
At 1 May 2010	163

Notes to the financial statements

at 30 April 2011

9. Trade and other receivables

	2011 £000	2010 £000
Trade receivables	-	1,510
Less provision for impairment	-	(26)
Trade receivables – net	-	1,484
Monies held on behalf of clients	-	96
Prepayments and other debtors	-	50
Amounts due from group companies	24,139	1,094
	24,139	2,724

The average credit period taken for trade receivables is 0 days (2010 – 57 days). As of 30 April 2011, trade receivables of £0 were past due but not impaired (2010 - £455,000). The ageing analysis of these trade receivables is as follows:

	2011 £000	2010 £000
Current	-	1,055
One to three months	-	391
Four to six months	-	64
	-	1,510

Movements in the provision for impaired debtors are set out below:

	2011 £000	2010 £000
Opening provision	26	34
Decrease in provision	-	(8)
Transfer to Group Company	(26)	-
Closing provision	-	26

Notes to the financial statements

at 30 April 2011

10. Deferred tax asset/(liability)

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

	<i>Accelerated tax depreciation £000</i>	<i>Short term timing differences £000</i>	<i>Total £000</i>
Balance at 1 May 2009	(3)	15	12
Charge to the income statement	-	37	37
Balance at 1 May 2010	(3)	52	49
Credit to the income statement	10	40	50
Charge to the income statement	-	(5)	(5)
Transfer to other group company	(7)	(87)	(94)
Balance at 30 April 2011	-	-	-

11. Trade and other payables

	<i>2011 £000</i>	<i>2010 £000</i>
Trade creditors	-	47
Monies held on behalf of clients	-	96
Other taxation and social security costs	-	178
Accruals and other creditors	-	1,084
Amounts due to group companies	-	1,949
	-	3,354

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 0 days (2010, 30 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

12. Provisions

	<i>Other £000</i>	<i>Total £000</i>
At 1 May 2009	150	150
At 1 May 2010	100	100
Transferred to other group company	(100)	(100)
At 30 April 2011	-	-

Notes to the financial statements

at 30 April 2011

13. Financial instruments

The company had various financial assets and liabilities during the year which arose from its operations. These were sold as part of the transfer of trade on 30 April 2011. The remaining financial assets are amounts due from fellow group companies.

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

Amounts owed to the Cilantro Parent Limited and fellow group subsidiaries are non-interest bearing and therefore are not subject to interest rate risk.

Liquidity risk

The treasury department at Spice 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 has no significant concentration of credit risk.

The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

The maturity profile of the financial liabilities of the company as at 30 April 2011 and as at 1 May 2010 based on contractual undiscounted payments is as follows:

Year ended 30 April 2011

	On demand £'000	Less than 3 months £'000	3-12 months £'000	1-5 years £'000	>5 years £'000	Total £'000
Monies owed to clients	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Amounts due to Group Companies	-	-	-	-	-	-

Period ended 1 May 2010

	On demand £'000	Less than 3 months £'000	3-12 months £'000	1-5 years £'000	>5 years £'000	Total £'000
Monies owed to clients	96	-	-	-	-	96
Trade and other payables	-	1,309	-	-	-	1,309
Amounts due to Group Companies	-	220	-	-	1,729	1,949

Notes to the financial statements

at 30 April 2011

13 Financial Instruments (continued)

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

There is no material difference between the carrying value and the fair value of the financial instruments.

14. Share capital

	2011 £	2010 £
Allotted, called up and fully paid 100 ordinary shares of £1 each	100	100

The company has one class of ordinary shares which carry no right to fixed income.

15. Retained earnings

	£000
At 30 April 2009	14,342
Net profit for the year	4,426
At 1 May 2010	18,768
Net profit for the year	5,371
At 30 April 2011	24,139

Notes to the financial statements

at 30 April 2011

16. Notes to the cash flow statement

	2011 £000	2010 £000
Operating profit	8,519	9,178
Adjustments for		
Depreciation on property, plant and equipment	75	70
Operating cash flows before movements in working capital	8,594	9,248
Increase in receivables	(5,838)	(225)
(Increase)/decrease in inter-company balances	(21,494)	1,922
Increase/(decrease) in payables	227	(405)
Cash (used)/generated by operations	(18,511)	10,540
Income taxes paid	(5,584)	(2,101)
Net cash (used in)/generated from operating activities	(24,095)	8,439

17. Operating lease arrangements

	2011 £000	2010 £000
Minimum lease payments under operating leases recognised in income for the year	-	85

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

	<i>Land and buildings</i>	
	2011 £000	2010 £000
Operating leases expiring		
Within one year	-	84
Within two to five years	-	35
	-	119

Operating lease payments represent rentals payable by the company for certain of its office properties

Notes to the financial statements

at 30 April 2011

18. Share based payments

Spice Limited Share Option Plan

Following the acquisition of Spice Limited by Cinven Limited in December 2010 there are no outstanding options remaining under this scheme

	<i>Number of share options</i>	<i>2011 Weighted average exercise price pence</i>	<i>Number of share options</i>	<i>2010 Weighted average exercise price pence</i>
Outstanding at the beginning of the year	1,518,433		1,562,500	
Granted during the year	-	-	255,933	-
Exercised during the year	(536,488)		-	
Lapsed during the year	(981,945)	70	(300,000)	80
Outstanding at the end of the year	-		1,518,433	
Exercisable at the end of the year	-		-	

There were no share options granted during the year

Following the acquisition of Spice Limited by Cinven Limited in December 2010, the share options outstanding were nil

The company expensed £180,000 (2010 - £107,000) in relation to equity-settled share option scheme transactions

Notes to the financial statements

at 30 April 2011

19. Retirement benefit schemes

The company operates a number of defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees.

The total cost charged to the income statement of £30,167 (2010 £43,793) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 30 April 2011, contributions of £3,236 (2010 £2,115) had not been paid over to the schemes.

20. 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 2011, this comprised a term facility of £189 million, and a revolving facility of £20 million.

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

21. Related party transactions

The following transactions were carried out with related parties:

Purchases of goods and services

	2011 £000	2010 £000
The parent company – management services	630	708
Other subsidiary undertakings of Spice Limited – management support	-	258
Other subsidiary undertakings – operational support	544	1,042
	<u>1,174</u>	<u>2,008</u>

Services are bought on normal commercial terms and conditions. Management services are bought from the immediate parent on a cost-plus basis, allowing a margin ranging from 15% to 30%.

Year end balances

	2011 £000	2010 £000
Ultimate parent company	-	166
Fellow subsidiaries	24,139	689
	<u>24,139</u>	<u>855</u>

Notes to the financial statements

at 30 April 2011

22. Ultimate parent and 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