Registered No 3618259

Revenue Assurance Consulting Limited

Report and Financial Statements

30 April 2010

Registered No 3618259

Directors
W S Rigby (resigned 8th February 2010)
C Lee (appointed 22nd April 2010)

Secretary
J Morton

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
Wellfield House
Victoria Road
Morley
Leeds
LS27 7PA

Directors' report

The dırectors present theır report and financıal statements for the year ended 30 Aprıl 2010

Results and dividends

The profit after tax for the year was £4,426,000 (2009 £6,584,000)

The dırectors dıd not declare or pay any dıvıdend durıng the current year (2009 nıl)

Business review and principal activities

The prıncıpal actıvıty of the company ıs the provısıon of consultancy servıces to utılıty provıders

As shown ın the company's ıncome statement, the company's sales have decreased by 3 per cent over the prıor perıod The company's key measure of effectıveness of ıts operatıons ıs cash generatıon The cash generatıon by operatıons for the year was £8,439,000 (2009 £10,540,000)

Principal risks and uncertainties

The dırectors consıder the followıng rısks to be the most materıal or sıgnıficant for the management of the busıness These ıssues do not purport to be a complete lıst or explanatıon of all the rısk factors facıng the company In partıcular the company's performance may be affected by changes ın the market and/or economıc condıtıons and changes ın legal, regulatory or tax requırement legıslatıon Addıtıonal rısks and uncertaıntıes not presently known by the company or that the company currently deems ımmaterıal may also ımpact the busıness

Customers

Certaın customers generate materıal busıness levels for the company The loss of a key customer could affect profitabılıty

Personnel

The company currently depends upon the expertıse and contınued servıce of certaın key executıves If the company faıls to retaın or attract personnel of a suffıcıent calıbre, thıs could prejudıce the achıevement of the company's objectıves

Intellectual property

The company uses proprıetary software tools to analyse data Whılst substantıal efforts are made to ensure securıty and stabılıty, the loss or theft of such ıntellectual property could affect the company's competıtıve posıtıon

Systems failures

The successful operatıon of the company's busıness depends on maıntaınıng the ıntegrıty and operatıon of the company's computer and communıcatıons systems These systems ıncorporate dısaster recovery and resılıence plannıng but are vulnerable to damage or ınterruptıon from events whıch are beyond the control of the company

Directors' report

Financial instruments

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

Future prospects

The directors expect the company to continue to trade in a similar manner into the future

Directors

The directors who served throughout the year are shown on page 1

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

C Lee
Director

1 July 2010

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 2010 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 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

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 2010 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

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

Independent auditors' report

to the members of Revenue Assurance Consulting Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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

Ernst & Young LLP

Elizabeth Barber (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, statutory auditors
Leeds

1 July 2010

Income statement

for the year ended 30 April 2010

	Notes	2010 £000	2009 £000
Revenue	3	14,421	14,917
Operatıng expenses		(5,243)	(4,697)
Operatıng profit	4	9,178	10,220
Investment revenues	6	-	10
Impaırment of ınvestments		(1,601)	-
Profit on ordınary activitıes before taxatıon		7,577	10,230
Taxatıon	7	(3,151)	(3,646)
Profıt for the year attributable to equıty holders of the parent	16	4,426	6,584

All ıtems dealt wıth ın arrıvıng at the operatıng profit above relate to contınuıng actıvıtıes

The company has not prepared a separate Statement of Comprehensıve Income as there are no other recognısed gaıns or losses other than those ıncluded ın the results above

Balance sheet

at 30 April 2010

	Notes	2010 £000	2009 £000
Non current assets			
Property, plant and equipment	8	163	155
Investments	9	-	1,601
Deferred tax asset	11	49	12
		212	1,768
Current assets			
Trade and other receivables	10	2,724	2,472
Cash and cash equivalents		24,036	15,675
		26,760	18,147
Total assets		26,972	19,915
Current liabilities			
Trade and other payables	12	(3,354)	(1,810)
Current tax liabilities		(4,750)	(3,663)
Provisions	13	(100)	(100)
		(8,204)	(5,573)
Net current assets		18,556	12,574
Net assets		18,768	14,342
Equity			
Share capital	15	-	-
Retained earnings	16	18,768	14,342
Equity attributable to equity holders of the parent		18,768	14,342

These financial statements were approved by the Board of Directors and authorised for issue on 1 July 2010

Signed on behalf of the Board of Directors

C Lee
Director

Statement of changes in equity

for the year ended 30 April 2010

	Share capital £000	*Retained earnings £000*	*Total £000*
Balance at 30 April 2008	-	7,758	7,758
Profit attributable to ordinary shareholders	-	6,584	6,584
Balance at 1 May 2009	-	14,342	14,342
Profit attributable to ordinary shareholders	-	4,426	4,426
Balance at 30 April 2010	-	18,768	18,768

Cash flow statement

for the year ended 30 April 2010

	Notes	2010 £000	2009 £000
Net cash from operating activities	17	8,439	10,540
Investing activities			
Interest received		-	10
Purchases of property, plant and equipment		(78)	(100)
Net cash used in investing activities		(78)	(90)
Net increase in cash and cash equivalents		8,361	10,450
Cash and cash equivalents at the beginning of the year		15,675	5,225
Cash and cash equivalents at the end of the year		24,036	15,675

Notes to the financial statements

at 30 April 2010

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 2010 were authorised for issue by the board of directors on 1 July 2010 and the balance sheet was signed on the board's behalf by C Lee 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 2010

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

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 Spice plc Consequently the company's financial statements present information about it as an individual undertaking and not about its group

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

Notes to the financial statements

at 30 April 2010

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 form 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

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 Aprıl 2010

2. Significant accounting policıes (contınued)

Property, plant and equıpment

Property, plant and equıpment are stated at cost less accumulated depreciatıon and any recognısed ımpaırment loss

Depreciatıon ıs charged so as to wrıte off the cost or valuatıon of assets over theır useful estımated lıves, usıng the straıght lıne method, on the followıng bases

Computer hardware	-	25 per cent
Fıxtures and fittıngs	-	15 per cent
Office equıpment	-	20 per cent

Assets held under finance lease are depreciated over theır expected useful lıves on the same basıs as owned assets or, where shorter, over the term of the relevant lease

The gaın or loss arısıng on the dısposal or retırement of an asset ıs determıned as the dıfference between the sales proceeds and the carryıng amount of the asset and ıs recognısed ın the ıncome statement

Investments

Investments ın subsıdıarıes are stated at cost less any provısıon for ımpaırment

Impaırment

The company assesses at each reportıng date whether there ıs an ındıcatıon that an asset may be ımpaıred If any such ındıcatıon exısts, or when annual ımpaırment testıng for an asset ıs requıred, the company makes an estımate of the asset's recoverable amount An asset's recoverable amount ıs the hıgher of an asset's or cash-generatıng unıt's faır value less costs to sell and ıts value ın use and ıs determıned for an ındıvıdual asset, unless the asset does not generate cash ınflows that are largely ındependent of those from other assets or groups of assets Where the carryıng amount of an asset exceeds ıts recoverable amount, the asset ıs consıdered ımpaıred and ıs wrıtten down to ıts recoverable amount In assessıng value ın use, the estımated future cash flows are dıscounted to theır present value usıng a pre-tax dıscount rate that reflects current market assessments of the tıme value of money and the rısks specıfic to the asset. In determınıng faır value less costs to sell, an approprıate valuatıon model ıs used, these calculatıons corroborated by valuatıon multıples, or other avaılable faır value ındıcators Impaırment losses on contınuıng operatıons are recognısed ın the ıncome statement ın those expense categorıes consıstent wıth the functıon of the ımpaıred asset

An assessment ıs made at each reportıng date as to whether there ıs any ındıcatıon that prevıously recognısed ımpaırment losses may no longer exıst or may have decreased If such ındıcatıon exısts, the recoverable amount ıs estımated A prevıously recognısed ımpaırment loss ıs reversed only ıf there has been a change ın the estımates used to determıne the asset's recoverable amount sınce the last ımpaırment loss was recognısed If that ıs the case the carryıng amount of the asset ıs ıncreased to ıts recoverable amount That ıncreased amount cannot exceed the carryıng amount that would have been determıned, net of depreciatıon, had no ımpaırment loss been recognısed for the asset ın prıor years Such reversal ıs recognısed ın profit or loss unless the asset ıs carrıed at revalued amount, ın whıch case the reversal ıs treated as a revaluatıon ıncrease After such a reversal the depreciatıon charge ıs adjusted ın future perıods to allocate the asset's revısed carryıng amount, less any resıdual value, on a systematıc basıs over ıts remaınıng useful lıfe

Provısıons

Provısıons are recognısed when the company has a present oblıgatıon as a result of a past event, and ıt ıs probable that the company wıll be requıred to settle that oblıgatıon Provısıons are measured at the dırectors' best estımate of the expendıture requıred to settle the oblıgatıon at the balance sheet date, and are dıscounted to present value where the effect ıs materıal

Notes to the financial statements

at 30 April 2010

2. Sıgnificant accounting policies (contınued)

Share-based payments

The ultımate parent ıssues share optıons to certaın employees whıch are measured at faır value and are recognısed as an expense ın the ıncome statement wıth a correspondıng ıncrease ın retaıned earnıngs The faır value of the employee servıces receıved ın exchange for the grant of the optıons ıs recognısed as an expense The total amount to be expensed over the vestıng perıod ıs determıned by reference to the faır value of the optıons granted In valuıng equıty-settled transactıons, no account ıs taken of any vestıng condıtıons, other than condıtıons lınked to the prıce of the shares of the ultımate parent (market condıtıons)

The faır values of these payments are measured at the dates of grant and are recognısed over the perıod durıng whıch employees become uncondıtıonally entıtled to the awards At each balance sheet date, the ultımate parent revıses ıts estımates of the number of optıons that are expected to vest It recognıses the ımpact of the revısıon to orıgınal estımates, ıf any, ın the ıncome statement, wıth a correspondıng adjustment to retaıned earnıngs

No expense ıs recognısed for awards that do not ultımately vest, except for awards where vestıng ıs condıtıonal upon a market condıtıon, whıch are treated as vestıng ırrespectıve of whether or not the market condıtıon ıs satısfied, provıded that all other performance condıtıons are satısfied

Exceptional ıtems

The company presents as exceptıonal ıtems on the face of the ıncome statement, those materıal ıtems of ıncome and expense whıch, because of the nature and expected ınfrequency of the events gıvıng rıse to them, merıt separate presentatıon to allow shareholders to understand better the elements of financıal performance ın the perıod, so as to facılıtate comparıson wıth prıor perıods and to assess better trends ın financıal performance

Financıal assets

Fınancıal assets are recognısed when the company becomes party to the contracts that gıve rıse to them and are classıfied as financıal assets at faır value through profit or loss, loans and receıvables, held-to maturıty ınvestments, or as avaılable-for-sale financıal assets, as approprıate The company determınes the classıficatıon of ıts financıal assets at ınıtıal recognıtıon and, where allowed and approprıate, re-evaluates thıs desıgnatıon at each financıal year-end When financıal assets are recognısed ınıtıally, they are measured at faır value, beıng the transactıon prıce plus, ın the case of financıal assets not at faır value through profit or loss, dırectly attrıbutable transactıon costs The company consıders whether a contract contaıns an embedded derıvatıve when the entıty first becomes a party to ıt The embedded derıvatıves are separated from the host contract ıf ıt ıs not measured at faır value through profit or loss and when the economıc characterıstıcs and rısks are not closely related to those of the host contract Reassessment only occurs ıf there ıs a change ın the terms of the contract that sıgnıficantly modıfies the cash flows that would otherwıse be requıred

All regular way purchases and sales of financıal assets are recognısed on the trade date, beıng the date that the group commıts to purchase or sell the asset Regular way transactıons requıre delıvery of assets wıthın the tımeframe generally establıshed by regulatıon or conventıon ın the market place The subsequent measurement of financıal assets depends on theır classıficatıon, as follows

Loans and receıvables

Loans and receıvables are non-derıvatıve financıal assets wıth fixed or determınable payments that are not quoted ın an actıve market, do not qualıfy as tradıng assets and have not been desıgnated as eıther faır value through profit and loss or avaılable-for-sale Such assets are carrıed at amortısed cost usıng the effectıve ınterest method ıf the tıme value of money ıs sıgnıficant Gaıns and losses are recognısed ın the ıncome statement when the loans and receıvables are derecognısed or ımpaıred, as well as through the amortısatıon process

Notes to the financial statements

at 30 April 2010

2. Significant accounting policies (continued)

Financial assets (continued)

At 30 April 2010 (and 1 May 2009), 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

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 financed 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

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 2010

2. Significant accounting policies (contınued)

Interest bearıng loans and borrowings

Oblıgatıons for loans and borrowıngs are recognısed when the company becomes party to the related contracts and are measured ınıtıally at the faır value of consıderatıon receıved less dırectly attrıbutable transactıon costs

After ınıtıal recognıtıon, ınterest-bearıng loans and borrowıngs are subsequently measured at amortısed cost usıng the effectıve ınterest method

Gaıns and losses arısıng on the repurchase, settlement or otherwıse cancellatıon of lıabılıtıes are recognısed respectıvely ın finance revenue and finance cost

Fınancıal lıabılıtıes at faır value through profit or loss

Fınancıal lıabılıtıes at faır value through profit or loss ıncludes financıal lıabılıtıes held for tradıng and financıal lıabılıtıes desıgnated upon ınıtıal recognıtıon as at faır value through profit or loss

Fınancıal lıabılıtıes are classıfied as held for tradıng ıf they are acquıred for the purpose of sellıng ın the near term Derıvatıves, ıncludıng separated embedded derıvatıves are also classıfied as held for tradıng unless they are desıgnated as effectıve hedgıng ınstruments Gaıns or losses on lıabılıtıes held for tradıng are recognısed ın profit or loss

At the year end, the company had no financıal lıabılıtıes desıgnated as at faır value through profit or loss (2009 - £nıl)

New standards and ınterpretatıons not applied

IASB and IFRIC have ıssued the followıng standards and ınterpretatıons wıth an effectıve date after the date of these financıal statements

Internatıonal Accountıng Standards (IAS/IFRSs)		*Effectıve date**
IFRS 2	Amendment to IFRS 2 - Group cash-settled share based payments transactıons	1 January 2010
IFRS 3	Busıness Combınatıons (revısed January 2008)	1 July 2009
IFRS 5	Amendment to IFRS 5 – Non-current assets held for sale and dıscontınued actıvıtıes	1 January 2010
IAS 1	Amendment to ISA 1 - Presentatıon of financıal statements	1 January 2010
IAS 27	Consolıdated and Separate Fınancıal Statements (revısed January 2008)	1 July 2009
IAS 38	Amendment to IAS 38 – Intangıble Assets	1 July 2009
IAS 39	Amendment to IAS 39 – Fınancıal Instruments Recognıtıon and Measurement on Elıgıble Hedged Items	1 July 2009
Internatıonal Fınancıal Reportıng Interpretatıons Commıttee (IFRIC)		
IFRIC 16	Hedges of a net ınvestment ın a foreıgn operatıon	1 July 2009
IFRIC 17	Dıstrıbutıon of non cash assets to owners	1 July 2009
IFRIC 18	Transfer of assets from customers	1 July 2009

The dırectors do not antıcıpate that the adoptıon of these standards and ınterpretatıons wıll have a materıal ımpact on the company's financıal statements, other than addıtıonal dısclosures, ın the perıod of ınıtıal applıcatıon

Notes to the financial statements
at 30 April 2010

3. Revenue
An analysis of the company's revenue is as follows

	2010 *£000*	*2009* *£000*
Consultancy services	14,421	14,917
Investment revenue	-	10
	14,421	14,927

4. Operating profit
Operating profit for the year has been arrived at after charging

	2010 *£000*	*2009* *£000*
Depreciation of property, plant and equipment	70	55
Payments under operating leases – land and buildings	85	80
Staff costs (see note 5)	2,661	3,114

The analysis of auditors' remuneration is as follows

	2010 *£000*	*2009* *£000*
Fees payable to the company's auditors for the audit of the company's annual accounts	31	24
Total audit fees	31	24

Notes to the financial statements

at 30 April 2010

5. Staff costs

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

	2010	2009
	No	No
Consultancy services	50	54

Their aggregate remuneration comprised

	2010	2009
	£000	£000
Wages and salaries	2,271	2,700
Social security costs	239	305
Other pension costs	44	50
Share-based payment	107	59
	2,661	3,114

The directors received no emoluments from the company W S Rigby was and C Lee is a director of the ultimate parent undertaking, Spice plc, and their emoluments are disclosed in the annual report of the ultimate parent company There are no pension benefits accruing to the directors under either defined benefit or defined contribution pension arrangements operated by the company

6. Investment revenues

	2010	2009
	£000	£000
Interest on bank deposits	-	10

Notes to the financial statements

at 30 April 2010

7. Tax on profit on ordinary activities

	2010	*2009*
	£000	*£000*
Current tax	2,610	2,860
Adjustment in respect of prior years	578	759
Deferred tax	(37)	27
	3,151	3,646

Corporation tax is calculated at 28% (2009 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

	2010	*2009*
	£000	*£000*
Profit before tax	7,577	10,230
Tax at the UK corporation tax rate of 28% (2009 28%)	2,122	2,864
Tax effects of		
Expenses not deductible for tax purposes	4	6
Differences between tax and accounting treatment on share-based payments	30	17
Adjustment in respect of prior years	578	759
Impairment not deductible for tax purposes	448	-
Other	(31)	-
	3,151	3,646

Notes to the financial statements

at 30 April 2010

8. Property, plant and equipment

	Fixtures, fittings and equipment £000
Cost	
As at 1 May 2008	400
Additions	100
Transfer to other group companies	(5)
As at 1 May 2009	495
Additions	78
Disposals	(241)
As at 30 April 2010	332
Accumulated depreciation	
As at 1 May 2008	285
Charge for the period	55
As at 1 May 2009	340
Charge for the year	70
Disposals	(241)
As at 30 April 2010	169
Carrying amount	
At 30 April 2010	163
At 1 May 2009	155

9. Investments in subsidiaries

	2010 £000	*2009 £000*
Cost		
At start of the year	1,601	1,601
At end of the year	1,601	1,601
Less Provision for impairment of investment	(1,601)	-
Carrying value at 30 April 2010	-	1,601

The carrying value of the investment has been impaired following re-structuring of a related subsidiary undertaking

Notes to the financial statements

at 30 April 2010

The company's principal subsidiary is

Name	*Country of incorporation*	*Share class held*	*% held*	*Activity*
Powerdebt Limited	England and Wales	Ordinary	100	Dormant

10. Trade and other receivables

	2010 *£000*	*2009* *£000*
Trade receivables	1,510	1,327
Less provision for impairment	(26)	(34)
Trade receivables – net	1,484	1,293
Monies held on behalf of clients	96	112
Prepayments and other debtors	50	-
Amounts due from group companies	1,094	1,067
	2,724	2,472

The average credit period taken for trade receivables is 57 days (2009 – 43 days) Trade receivables that are between 1 and 12 months past due are not considered impaired As of 30 April 2010, trade receivables of £455,000 were past due but not impaired (2009 - £655,000) 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

	2010 *£000*	*2009* *£000*
Current	1,055	672
One to three months	391	653
Four to six months	64	2
	1,510	1,327

Movements in the provision for impaired debtors are set out below

	2010 *£000*	*2009* *£000*
Opening provision	34	-
(Decrease)/increase in provision	(8)	34
Closing provision	26	34

Notes to the financial statements

at 30 April 2010

11. Deferred tax (liability)/asset

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

	Accelerated tax depreciation £000	*Short term timing differences £000*	*Total £000*
Balance at 1 May 2008	(3)	42	39
Charge to the income statement	-	(27)	(27)
Balance at 1 May 2009	(3)	15	12
Credit to the income statement	-	37	37
Balance at 30 April 2010	(3)	52	49

There are no timing differences for which deferred tax has not been provided

12. Trade and other payables

	2010 £000	*2009 £000*
Trade creditors	47	60
Monies held on behalf of clients	96	112
Other taxation and social security costs	178	375
Accruals and other creditors	1,084	1,263
Amounts due to group companies	1,949	-
	3,354	1,810

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 30 days (2009 30 days) The directors consider that the carrying amount of trade payables approximates to their fair value

Notes to the financial statements

at 30 April 2010

13. Provisions

	Other *£000*	*Total* *£000*
At 1 May 2008	150	150
At 1 May 2009	100	100
Utilised during the year	-	-
At 30 April 2010	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, however there is a break clause which can be exercised by the Company Therefore the provision may be used at any time up to the end of the lease

14. Financial instruments

The company has various financial assets such as trade and other receivables, cash and short-term deposits, which arise directly from its operations The company's principal financial liabilities comprise loans from group companies, bank overdrafts and trade and other payables The main purpose of these financial liabilities is to raise finance for the group's operations The company also has amounts due to and 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 Spice plc group companies and fellow subsidiaries are non-interest bearing and therefore are not subject to interest rate risk

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

Sensitivity to possible change in interest rates

At 30 April 2010 the company did not have any borrowings and thus any reasonably possible change in the interest rates will not have a significant impact on the company's profitability

Foreign currency risk

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

Notes to the financial statements

at 30 April 2010

14. Financial instruments (continued)

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments The company's credit risk is primarily attributable to its trade receivables

The credit risk on liquid funds is limited because the counterparties are utility companies with high credit-ratings assigned by international credit-rating agencies

The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers

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

Liquidity risks

Subsequent to acquisition of the immediate parent company by Spice plc, the treasury department in Spice plc manages the liquidity risk in the group and they monitor the cash flow position of the company to prevent shortage of funds to meet liabilities when they fall due

The maturity profile of the financial liabilities of the company as at 30 April 2010 and as at 1 May 2009 based on contractual undiscounted payments is as follows

Year ended 30 April 2010

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*>5 years*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'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

Period ended 1 May 2009

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*>5 years*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Monies owed to clients	112	-	-	-	-	112
Trade and other payables	-	1,686	-	-	-	1,686

Capital management

The company's primary capital management objective is to maintain a strong credit rating and healthy capital ratios The Revenue Assurance Services Group monitors capital on a consolidated basis 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

Notes to the financial statements
at 30 April 2010

15. Share capital

	2010 £	2009 £
Authorised		
100 ordinary shares of £1 each	100	100
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

16. Retained earnings

	£000
At 30 April 2008	7,758
Net profit for the year	6,584
At 1 May 2009	14,342
Net profit for the year	4,426
At 30 April 2010	18,768

17. Notes to the cash flow statement

	2010 £000	2009 £000
Operating profit	9,178	10,220
Adjustments for		
Depreciation on property, plant and equipment	70	55
Operating cash flows before movements in working capital	9,248	10,275
(Increase)/decrease in receivables	(225)	967
Decrease in provisions	-	(50)
Increase in inter-company balances	1,922	953
Decrease in payables	(405)	(592)
Cash generated by operations	10,540	11,553
Income taxes paid	(2,101)	(1,013)
Net cash from operating activities	8,439	10,540

Notes to the financial statements

at 30 April 2010

18. Operating lease arrangements

	2010 *£000*	*2009* *£000*
Minimum lease payments under operating leases recognised in income for the year	85	80

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	
	2010 *£000*	*2009* *£000*
Operating leases expiring		
Within one year	84	80
Within two to five years	35	113
	119	193

Operating lease payments represent rentals payable by the company for certain of its office properties Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 3 years

19. Share based payments

Spice plc Share Option Plan

Since the acquisition by Spice plc in October 2007 senior employees of the company have joined the Spice plc share option plan

Details of the options outstanding under this scheme are as follows

		2010		*2009*
	Number of share options	*Weighted average exercise price pence*	*Number of share options*	*Weighted average exercise price pence*
Outstanding at the beginning of the year	1,562,500		-	
Granted during the year	255,933	-	2,162,500	82
Exercised during the year	-		-	
Lapsed during the year	(300,000)	80	(600,000)	80
Outstanding at the end of the year	1,518,433		1,562,500	
Exercisable at the end of the year	-		-	

Notes to the financial statements

at 30 April 2010

19. Share based payments (continued)

For the share options outstanding as at 30 Aprıl 2010, the weighted average remaining contractual life is 9 years (2009 9 years)

The weighted average fair value of options granted during the year was £nil (2009 £0 82) The range of exercise prices for options outstanding at the end of the year was £nil - £0 80 (2009 £0 80 - £0 96)

Significant assumptions used in the calculation of the Company's IFRS2 charge are as follows

Scheme	*2010* *PSP*	*2009* *Approved/ Unapproved*
Weighted average share price	£0 73	£0 80
Weighted average exercise price	£nil	£0 82
Expected volatility	27 5%	27 5%
Expected life	3 years	5 years
Risk free rate	2 46%	4 2%
Expected dividends	2 07%	1%

Expected volatility was determined by calculating the historical volatility of the immediate parent's share price over the previous 5 years The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

The company expensed £107,000 (2009 £59,000) in relation to equity-settled share option scheme transactions

20. 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 £43,793 (2009 £50,399) represents contributions payable to these schemes by the company at rates specified in the rules of the plans As at 30 April 2010, contributions of £2,115 (2009 £4,093) had not been paid over to the schemes

21. Related party transactions

The following transactions were carried out with related parties

Purchases of goods and services

	2010 *£000*	*2009* *£000*
The parent company – management services	708	840
Other subsidiary undertakings of Spice plc – management support	258	-
Other subsidiary undertakings – operational support	1,042	23
	2,008	863

Notes to the financial statements

at 30 April 2010

21. Related party transactions (contınued)

Servıces are bought on normal commercıal terms and condıtıons Management servıces are bought from the ımmedıate parent on a cost-plus basıs, allowıng a margın rangıng from 15% to 30%

Year end balances

	2010	2009
	£000	£000
Ultımate parent company	166	1,122
Fellow subsıdıarıes	689	1,601
	855	2,723

22. Ultimate parent and controlling party

The company's ımmedıate parent undertakıng ıs Revenue Assurance Servıces Lımıted, a company regıstered ın England and Wales

The ultımate parent company, controllıng party and smallest group of undertakıngs for whıch consolıdated financıal statements have been prepared ıs Spıce plc, a company regıstered ın England and Wales The consolıdated financıal statements of Spıce plc are avaılable from Wellfield House, Vıctorıa Road, Morley, Leeds, LS27 7PA