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Registered number: 03720378

SPREADEX LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2007

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COMPANIES HOUSE

SPREADEX LIMITED

COMPANY INFORMATION

DIRECTORS

C D R Allen
T W Harris
J G Hufford
D J Trusselle
D R Whitelam
R J Hurford (appointed 01/12/06)
M H Anderson (appointed 01/12/06)

SECRETARY

J G Hufford

COMPANY NUMBER

03720378

REGISTERED OFFICE

Charter Court
Midland Road
Hemel Hempstead
Herts
HP2 5GE

AUDITORS

Hillier Hopkins LLP
Charter Court
Midland Road
Hemel Hempstead
Herts
HP2 5GE

SPREADEX LIMITED

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SPREADEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

The directors present their report and the financial statements for the year ended 31 May 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of spread betting services.

BUSINESS REVIEW

The company is exposed to a variety of commercial risks. These could range from the wider effects of the general economy and external competition to those more specific to the company, such as its own financial strength and size. The Board regularly reviews these risks and their potential impact on the company.

Total assets stood at £17,762,117 at the balance sheet date (2006: £12,658,742). Before tax, the amount amounted to £10,253,425 (2006: £6,049,845). The profit after tax which was transferred to reserves was £7,124,625 (2006: £4,285,346).

The Board monitors the company's performance through the use of regular financial information and management reports. The Board particularly focuses on the company's levels of profitability, compliance with FSA capital adequacy requirements and financial strength which includes debtor recoverability and open positions.

RESULTS

The profit for the year, after taxation, amounted to £7,124,625 (2006: £4,285,346).

SPREADEX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2007**

DIRECTORS

The directors who served during the year were

C D R Allen
T W Harris
J G Hufford
D J Trusselle
D R Whitelam
R J Hurford (appointed 01/12/06)
M H Anderson (appointed 01/12/06)

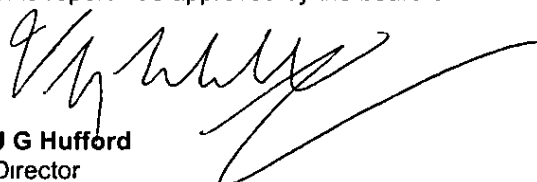
AUDITORS

The auditors, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on

9/7/07

and signed on its behalf



J G Hufford
Director

SPREADEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPREADEX LIMITED

We have audited the financial statements of Spreadex Limited for the year ended 31 May 2007 set out on pages 5 to 15. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SPREADEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPREADEX LIMITED

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



HILLIER HOPKINS LLP

Chartered Accountants
Registered Auditor

Charter Court
Midland Road
Hemel Hempstead
Herts
HP2 5GE

9 July 2007

SPREADEX LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2007**

	Note	2007 £	2006 £
TURNOVER	1,2	23,518,067	12,255,285
Cost of sales		<u>(1,301,838)</u>	<u>(305,567)</u>
GROSS PROFIT		22,216,229	11,949,718
Administrative expenses		<u>(12,257,735)</u>	<u>(5,986,991)</u>
OPERATING PROFIT	3	9,958,494	5,962,727
Interest receivable		1,404,342	521,767
Interest payable	7	<u>(1,109,411)</u>	<u>(434,649)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,253,425	6,049,845
Tax on profit on ordinary activities	8	<u>(3,128,800)</u>	<u>(1,764,499)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>7,124,625</u>	<u>4,285,346</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements

SPREADEX LIMITED

**BALANCE SHEET
AS AT 31 MAY 2007**

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Tangible fixed assets	9		112,577		253,744
CURRENT ASSETS					
Debtors	10	60,087,616		28,674,701	
Cash at bank and in hand	11	22,043,535		8,103,554	
		<u>82,131,151</u>		<u>36,778,255</u>	
CREDITORS . amounts falling due within one year	12	(64,481,611)		(24,373,257)	
NET CURRENT ASSETS			<u>17,649,540</u>		<u>12,404,998</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,762,117</u>		<u>12,658,742</u>
CAPITAL AND RESERVES					
Called up share capital	13		5,775,000		5,775,000
Profit and loss account	14		11,987,117		6,883,742
SHAREHOLDERS' FUNDS	15		<u>17,762,117</u>		<u>12,658,742</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


 9/7/07
J G Hufford
 Director

The notes on pages 8 to 15 form part of these financial statements

SPREADEX LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2007**

	Note	2007 £	2006 £
Net cash flow from operating activities	17	14,838,362	2,537,788
Returns on investments and servicing of finance	18	294,932	151,693
Taxation		(2,526,199)	(1,417,430)
Capital expenditure and financial investment	18	-	(60,239)
Equity dividends paid		(2,021,250)	(1,732,500)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		10,585,845	(520,688)
Financing	18	(4,000,000)	9,000,000
INCREASE IN CASH IN THE YEAR		6,585,845	8,479,312

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MAY 2007**

	2007 £	2006 £
Increase in cash in the year	6,585,845	8,479,312
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	4,000,000	(9,000,000)
MOVEMENT IN NET DEBT IN THE YEAR	10,585,845	(520,688)
Net debt at 1 June 2006	(1,385,587)	(864,899)
NET FUNDS/(DEBT) AT 31 MAY 2007	9,200,258	(1,385,587)

The notes on pages 8 to 15 form part of these financial statements

SPREADEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 TURNOVER

Turnover represents the difference between the total value of bets won and the total value of bets lost (including open market positions) by the company during the period

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

L/Term Leasehold Property	-	33%	straight line
Office equipment	-	33%	straight line
Computer equipment	-	33%	straight line

1.4 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	141,167	144,615
Operating lease rentals		
- other operating leases	90,547	64,313
	<u> </u>	<u> </u>

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

4 AUDITORS' REMUNERATION

	2007 £	2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,360	6,000
Fees payable to the company's auditor and its associates in respect of		
All other services	12,258	14,139

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2007 £	2006 £
Wages and salaries	6,253,109	3,739,415
Social security costs	726,009	414,197
	6,979,118	4,153,612

The average monthly number of employees, including the directors, during the year was as follows

2007	2006
66	64

6 DIRECTORS' REMUNERATION

	2007 £	2006 £
Emoluments	1,597,824	936,230

The highest paid director received remuneration of £806,244 (2006 - £523,738)

7 INTEREST PAYABLE

	2007 £	2006 £
On bank loans and overdrafts	782,211	392,929
Other interest payable	327,200	41,720
	1,109,411	434,649

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

8. TAXATION

	2007 £	2006 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profits for the year	3,111,271	1,829,740
Adjustments in respect of prior periods	17,529	(65,241)
TOTAL CURRENT TAX	<u>3,128,800</u>	<u>1,764,499</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>3,128,800</u>	<u>1,764,499</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>10,253,425</u>	<u>6,049,845</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	3,076,028	1,814,954
EFFECTS OF		
Expenses not deductible for tax purposes	22,400	35,415
Capital allowances	(19,263)	(35,342)
Depreciation add back	32,106	44,454
Other tax adjustments	-	(29,741)
Adjustments to tax charge in respect of prior periods	17,529	(65,241)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>3,128,800</u>	<u>1,764,499</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

9 TANGIBLE FIXED ASSETS

	Land and buildings £	Furniture, fittings and equipment £	Computer equipment £	Total £
COST				
At 1 June 2006 and 31 May 2007	239,519	257,037	1,106,665	1,603,221
DEPRECIATION				
At 1 June 2006	84,158	217,939	1,047,380	1,349,477
Charge for the year	79,840	24,408	36,919	141,167
At 31 May 2007	163,998	242,347	1,084,299	1,490,644
NET BOOK VALUE				
At 31 May 2007	75,521	14,690	22,366	112,577
At 31 May 2006	155,361	39,098	59,285	253,744

10 DEBTORS

	2007 £	2006 £
Trade debtors	2,850,785	6,049,793
Other debtors	57,090,598	22,496,345
Prepayments and accrued income	146,233	128,563
	<u>60,087,616</u>	<u>28,674,701</u>

Other debtors include amounts due from brokers of £56,536,555 (2006 £22,463,645)

11 CASH AT BANK AND IN HAND

	2007 £	2006 £
Bank and cash - company	999	2,868
Bank and cash - client money	22,042,535	8,100,686
Total	<u>22,043,534</u>	<u>8,103,554</u>

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

**12 CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Bank loans and overdrafts	12,843,277	9,489,141
Trade creditors	41,130,332	11,795,045
Corporation tax	1,759,771	1,157,170
Social security and other taxes	81,567	67,241
Other creditors	5,599,731	373,735
Accruals and deferred income	3,066,933	1,490,925
	<u>64,481,611</u>	<u>24,373,257</u>

The bank loan and overdraft is secured by a standard form bank debenture

Trade creditors include monies owed to clients represented by margin calls, open winning positions and any closed winning positions

13 SHARE CAPITAL

	2007 £	2006 £
AUTHORISED		
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
5,775,000 Ordinary shares of £1 each	<u>5,775,000</u>	<u>5,775,000</u>

14 RESERVES

	Profit and loss account £
At 1 June 2006	6,883,742
Profit retained for the year	7,124,625
Dividends Equity capital	(2,021,250)
At 31 May 2007	<u>11,987,117</u>

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	12,658,742	8,373,396
Profit for the year	7,124,625	4,285,346
Dividends (Note 16)	(2,021,250)	-
Closing shareholders' funds	<u>17,762,117</u>	<u>12,658,742</u>

16 DIVIDENDS

	2007 £	2006 £
Dividends paid on equity capital	<u>2,021,250</u>	<u>-</u>

17 NET CASH FLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	9,958,494	5,962,727
Depreciation of tangible fixed assets	141,167	144,615
Increase in debtors	(31,412,915)	(7,974,257)
Increase in creditors	36,151,616	4,404,703
NET CASH INFLOW FROM OPERATIONS	<u>14,838,362</u>	<u>2,537,788</u>

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2007 £	2006 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,404,342	508,348
Interest paid	(1,109,410)	(356,655)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>294,932</u>	<u>151,693</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>-</u>	<u>(60,239)</u>

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2007 £	2006 £
FINANCING		
Repayment of loans	(4,000,000)	-
Other new loans	-	9,000,000
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	<u>(4,000,000)</u>	<u>9,000,000</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	1 June 2006 £	Cash flow £	Other non-cash changes £	31 May 2007 £
Cash at bank and in hand	8,103,554	13,939,981	-	22,043,535
Bank overdraft	(489,141)	(7,354,136)	-	(7,843,277)
	<u>7,614,413</u>	<u>6,585,845</u>	<u>-</u>	<u>14,200,258</u>
DEBT				
Debts due within one year	(9,000,000)	4,000,000	-	(5,000,000)
NET (DEBT)/FUNDS	<u>(1,385,587)</u>	<u>10,585,845</u>	<u>-</u>	<u>9,200,258</u>

20 OPERATING LEASE COMMITMENTS

At 31 May 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2007 £	2006 £
EXPIRY DATE		
After more than 5 years	<u>96,938</u>	<u>96,938</u>

21 RELATED PARTY TRANSACTIONS

During the year P W Harris, a shareholder in the group, personally guaranteed the company's overdraft and loan facilities in the sum of £4 million (2006 £4 million) and made short term loans to the company of up to £5 million (2006 £3 million). Interest was paid on these loans of £221,853 (2006 £17,161). At the balance sheet date £5 million (2006 £17,161) was owing to P W Harris.

SPREADEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2007**

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Spreadex com Limited, a company registered in England and Wales