

Registered No 5916336

THE UNITY PARTNERSHIP LIMITED

Report and financial statements for the year ended 31 March 2009



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Report and financial statements for the year ended 31 March 2009

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Directors and advisers

Directors

E F Cantle
J T Measures
A M Rylett
J Stanton
P Dean
K Andrews
J Howard
R J Seeley

Company secretary and registered office

K Lee & C Sjogren – Joint appointment
Export House
Cawsey Way
Woking
Surrey
GU21 6QX

Chartered accountants and registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

The National Westminster Bank PLC
45 Park Street
Camberley
Surrey
GU15 3PA

Directors' report for the year ended 31 March 2009

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2009

Principal activity and business review

The Unity Partnership Limited, referred to hereafter as Unity is a joint venture partnership between MPHBS Limited and Oldham Metropolitan Borough Council (OMBC) and delivers property, highways, information and communication technology and business services. The best of private and public sector skills creates an ambitious and socially aware organisation with the aims of supporting physical regeneration, creating sustainable jobs, introducing effective technology, and providing exemplary services to all clients. Unity is committed to becoming the leading property, highways and business services provider in the North West, providing regeneration services across education, housing, leisure, transportation and public building sectors.

The Company's purpose is to provide professional services to clients in the Oldham borough, as well as to provide support to companies in the Mouchel Group. On 2 May 2007 it entered into a 12 year contract with OMBC for the provision of such services, with an option to extend for a further 3 years beyond the term. On 2 May 2007, it became party to a joint venture agreement between Mouchel Limited and OMBC, effective from 1 April 2007, in support of that contract.

The major source of revenue for the Company is through this professional services contract, although the Company plans to increase services provided to third parties. The Council, as a shareholder, seeks to receive these services at the lowest unit cost. Accordingly, the Company determines its prices and charges on an annual basis in consultation with OMBC.

Given the nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks

The major risks to the Company are based on the reliance on council budgets to fund the professional services as reductions could impede Company growth thus affecting its ability to offer progressively lower costs for its services. The risks are mitigated through the ability to offer services to a wider range of clients.

Future prospects

The Directors consider the state of the Company's affairs to be satisfactory and are confident of its future prospects.

Results and dividends

The loss for the year after taxation amounted to £310,140 (2008 loss £124,296)

Directors' report for the year ended 31 March 2009 (continued)

Directors

The Directors who served the Company throughout the year and up to the date of signing this report unless otherwise stated are as follows

J R Bland (resigned 11 March 2009)
E F Cantle
J Johnson (resigned 18 June 2009)
J T Measures
C S Mindenhall (resigned 11 March 2009)
L G Robinson (resigned 11 March 2009)
A M Rylett
J Stanton
R P Wall (resigned 11 March 2009)
P Dean (appointed 18 June 2008)
K Andrews (appointed 11 March 2009)
J Howard (appointed 11 March 2009)
R J Seeley (appointed 11 March 2009)

Employees

The Directors' objective is to ensure that every member of staff has the training and motivation to do their job to the highest standard, both now and in the future. Staff have access to the Mouchel Group learning and development team, Mouchel Learning, which is designed to promote, support, encourage, organise and facilitate learning and development within the business. It provides a focus for training and continuing professional development and the promotion of technical excellence.

The Company's policy and practice in respect of disabled persons is to encourage the recruitment and subsequent training, career development and promotion of disabled persons on the basis of their aptitude and abilities, and the retention and retraining of employees who become disabled. The Company has an equal opportunities policy and is committed to providing equal opportunities to all employees and job applicants irrespective of sex, marital status, disability, race, colour, nationality, ethnic or national origins, age, social background or sexual orientation.

Financial risk management

The major risks to the Company and its policies for managing these risks are set out in note 1 to the financial statements.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,

**Directors' report for the year ended 31 March 2009
(continued)**

- make judgements 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors and disclosures of information to auditors

Having made enquiries of fellow Directors, each of the Directors who were members of the Board at the time of approving the Directors' report confirms that to the best of each Directors' knowledge and belief, there is no relevant audit information (i.e. information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and that each Director has taken all steps that he/she ought to have taken as a Director to be aware of any relevant 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 1985

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

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



Carl Sjogren
Company Secretary
12 February 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF THE UNITY PARTNERSHIP LIMITED**

We have audited the financial statements of The Unity Partnership Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

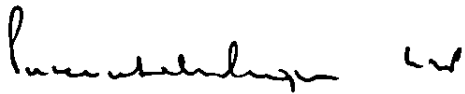
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF THE UNITY PARTNERSHIP LIMITED (continued)**

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 March 2009 and of its loss and cash flows 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 February 2010

Profit and loss account
For the year ended 31 March 2009

| | Note | 2009 £ | 2008 £ |
|--|-------|-------------------------|---------------------|
| Turnover | 2 | 20,965,836 | 19,946,014 |
| Cost of sales | | <u>(18,750,772)</u> | <u>(17,495,423)</u> |
| Gross profit | | 2,215,064 | 2,450,591 |
| Administrative expenses | | <u>(2,631,180)</u> | <u>(2,577,121)</u> |
| Operating loss | 3 | (416,116) | (126,530) |
| Net interest receivable | 6 | <u>105,113</u> | <u>2,234</u> |
| Loss on ordinary activities before taxation | | (311,003) | (124,296) |
| Tax on loss on ordinary activities | 7 | <u>863</u> | <u>-</u> |
| Loss for the financial year | 15,16 | <u>(310,140)</u> | <u>(124,296)</u> |

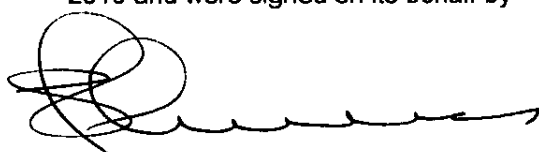
The above results relate to the continuing operations of the Company

The Company had no gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
As at 31 March 2009

| | Note | 2009 £ | 2008 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 1,435,828 | 384,612 |
| Current assets | | | |
| Debtors | 9 | 5,310,549 | 3,571,408 |
| Cash at bank and in hand | | 2,506,667 | 867,673 |
| | | <u>7,817,216</u> | <u>4,439,081</u> |
| Creditors, amounts falling due within one year | 10 | <u>(9,684,218)</u> | <u>(4,946,989)</u> |
| Net current liabilities | | <u>(1,867,002)</u> | <u>(507,908)</u> |
| Total assets less current liabilities | | <u>(431,174)</u> | <u>(123,296)</u> |
| Net liabilities | | <u>(431,174)</u> | <u>(123,296)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 1,000 | 1,000 |
| Profit and loss account | 15 | (432,174) | (124,296) |
| Total shareholders' deficit | 16 | <u>(431,174)</u> | <u>(123,296)</u> |

These financial statements were approved by the board of Directors on 12 February 2010 and were signed on its behalf by



James Measures
Director

Cash flow statement **For the year ended 31 March 2009**

| | Note | 2009 £ | 2008 £ |
|--|-------|------------------|------------------|
| Net cash inflow from operating activities | 18 | 2,631,876 | 1,250,610 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 105,113 | 2,234 |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (1,097,995) | (386,171) |
| Net cash inflow before financing | | 1,638,994 | 866,673 |
| Financing | | | |
| Share capital issued | | - | 1,000 |
| Increase in cash | 19,20 | 1,638,994 | 867,673 |

Notes to the financial statements for the year ended 31 March 2009

1 Principal accounting policies

The financial statements are prepared in accordance with applicable accounting standards and the Companies Act 1985. The accounting policies as adopted and applied consistently throughout the period are described below.

a Basis of accounting

The financial statements have been prepared on the going concern basis having regard to the company's ability to continue trading for the foreseeable future. The company made a loss of £310,140 for the year ended 31 March 2009 (March 2008 loss £124,296) and has a deficit on shareholders' funds of £431,174 as at 31 March 2009 (31 March 2007 deficit £123,296).

Based on the forecasts and projections prepared by the Directors, and in light of the ongoing confirmed support from the Company's ultimate parent undertaking, Mouchel Group plc, the directors are satisfied that the company is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of twelve months from the date of these financial statements. As a result of the above the directors consider it appropriate for the accounts to be prepared on the going concern basis.

b Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition less depreciation and, where appropriate, provision for impairment. Incidental costs of acquisition include internal labour directly attributable to the development and implementation of computer systems.

Assets under the course of construction are stated at their purchase cost and depreciated from the point at which they are brought into use.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|--------------------------------|--------------|
| Office equipment | 5 - 10 years |
| Computer hardware and software | 2 - 5 years |

c Repairs and renewals

These costs are charged against profits as and when they are incurred.

d Turnover

Turnover represents the fair value of services provided in the case of time charge work which is recognised on delivery of the service when the right to consideration has been earned. In the case of fixed fee contracts turnover is recognised over the life of the project in proportion to time spent and work performed. A large proportion of turnover includes directly billable subcontractor costs.

Notes to the financial statements for the year ended 31 March 2009 (continued)**1 Principal accounting policies (continued)****d Turnover (continued)**

Provision is made in full for estimated losses, if the costs of fulfilling the contract exceed the recoverable amount. Turnover is only recognised to the extent that it is probable that it will be recoverable. Where the outcome cannot be measured reliably, turnover is recognised to the extent of costs incurred to date where it is probable that costs will be recoverable.

Where turnover that has been recognised is found not to be recoverable due to a dispute with the client, these amounts are charged against the revenue recognised. Where non-recovery is as a result of inability of a client to meet its obligations, these amounts are charged to administrative expenses.

e Amounts recoverable on contracts

Amounts recoverable on contracts are stated at the lower of cost and net realisable value. Cost includes a proportion of attributable overhead expenses. Net realisable value is determined by reference to the estimated cost of completion and provision for anticipated losses.

f Capitalised pre contract costs

Certain set up costs associated with the formation of the joint venture agreement have been capitalised as pre contract costs. They are being written off over five years.

g Taxation

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

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised when it is more likely than not that it will be recovered in the future. Deferred tax assets and liabilities recognised have not been discounted.

h Staff and pension costs

The costs of seconded staff are recharged to the Company, including pension costs. All other staff are paid by the Company.

The pension cost is charged against the profit and loss account (see note 17).

i Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. Lease incentives are spread on a straight line basis over the period to which they relate.

Notes to the financial statements for the year ended 31 March 2009 (continued)**1 Principal accounting policies (continued)****j Financial instruments**

Financial instruments comprise internal cash resources and debtors and creditors arising from normal trading activities. The policy of the Mouchel Group (to which the company belongs) is to manage the financial instruments centrally to provide both the working capital and the investment funds necessary for ongoing operations and future development.

All projects and contracts are in sterling.

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(a) Debtors

Debtors are initially measured at book value, do not carry any interest, and are reduced by appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the profit and loss account.

(b) Cash

Cash comprises cash in hand.

(c) Creditors

Creditors are not interest-bearing and are initially measured at their book value.

(d) Borrowings

Bank overdrafts and interest-bearing loans are initially measured at book value, and obligations under finance leases are dealt with in accordance with the policy on leases.

k Financial risk management

The Unity Partnership Limited is exposed to interest rate risk, credit risk, liquidity risk and price risk in varying degrees but all have relatively low levels of risk. For this reason the Company does not undertake hedging or complex financial instruments to mitigate risks. The Mouchel Group finance department manage these risks within a set of policies and procedures. The policies for managing these risks are set out below.

(a) Interest rate risk

The company does not have significant interest bearing assets or liabilities.

(b) Credit risk

The principal financial assets are cash and debtors. Counterparty risk on cash deposits is managed by adhering to guidelines which currently state that a maximum of £5,000,000 of cash can be deposited with any one party who has an AA rating or better. Trade debtors are managed through set up and authorisation policies for new customers and monthly monitoring of balances.

(c) Liquidity risk

As the Company has sufficient cash balances and no third party borrowings liquidity risk is considered low.

(d) Price risk

The Company does not hold any equity securities that are available for sale, and does not have any exposure to commodity price risk.

Notes to the financial statements for the year ended 31 March 2009 (continued)**1 Principal accounting policies (continued)****l Key accounting estimates**

In the process of applying the accounting policies which are described above, management has made the following judgement which had the most significant effect on the amounts recognised in the financial statements,

Revenue recognition the contract with OMBC provides for performance incentive premiums and penalties. These are determined with reference to various targets of service performance and are receivable or payable on a cumulative basis, over the life of the contract. Management determine how much of this premium or penalty to recognise each year.

m Share based payments

Certain employees of the Company have been issued equity settled share based payments in the ultimate parent company, Mouchel Group plc (formerly Mouchel Parkman plc). Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the estimate of the shares that will eventually vest.

For share options where there are no market based vesting conditions, fair value is measured using the Black-Scholes pricing model. For share options where there are market based vesting conditions, the Monte Carlo simulation model is used for fair value measurement.

2 Turnover

The turnover and loss before tax are attributable to the principal activity of the Company. All turnover originated in the United Kingdom.

In the course of its business the Company carried out trading on normal business terms with the following shareholders and entities:

OMBC contributed £19,937,321 (2008 £17,955,247) to turnover, and Mouchel Limited contributed £3,642 (2008 £4,916) to turnover, and The Impact Partnership Limited, a fellow subsidiary undertaking, contributed £5,611 (2008 £nil) to turnover.

Notes to the financial statements for the year ended 31 March 2009 (continued)

3 Operating loss

| | 2009 | 2008 |
|---|---------------|--------------|
| | £ | £ |
| Operating loss is stated after charging | | |
| Depreciation – owned assets | <u>46,779</u> | <u>1,559</u> |

During the year the Company made purchases from Mouchel Limited of £3,196,705 (2008 £1,488,094), OMBC of £3,684,081 (2008 £11,184,987), The Impact Partnership Limited £42,233 (2008 £nil) and 2020 Liverpool Limited of £7,750 (2008 £nil) on normal commercial terms. The aforementioned Company's, with the exception of OMBC, are fellow subsidiary undertakings.

The audit fee is borne by Mouchel Limited, another group company.

4 Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were

| | 2009 | 2008 |
|-----------------------|----------------|---------------|
| | £ | £ |
| Emoluments receivable | 149,582 | 71,699 |
| | <u>149,582</u> | <u>71,699</u> |

During the year, no directors participated in defined benefit pension schemes or participated in a money purchase pension scheme.

J T Measures, A M Rylett, R J Seeley and R P Wall were employed by the parent company, Mouchel Limited, and their remuneration was borne by the parent company.

J R Bland, J Johnson P Dean and J Stanton were employed by OMBC, and their remuneration was borne by that organisation.

C S Mindenhall and K Andrews were employed by Agilisys Limited, a subcontractor company, and their remuneration was borne by that company.

It is not practical to allocate the above Directors' total emoluments between the companies for which they serve as director, therefore staff costs exclude their remuneration.

Notes to the financial statements for the year ended 31 March 2009 (continued)

5 Employees

The average number of persons (including executive directors) employed by the Company during the year was

| | 2009 | 2008 |
|-------------------------------|---------------|---------------|
| | Number | Number |
| Management and administrative | 19 | 9 |
| Technical | 380 | 349 |
| | <u>399</u> | <u>358</u> |

| Staff costs (including Directors) | 2009 | 2008 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 7,252,325 | 7,874,031 |
| Social security costs | 483,087 | 575,496 |
| Pension costs | 670,487 | 896,778 |
| Cost of employee share scheme (note 14) | 2,046 | - |
| | <u>8,407,945</u> | <u>9,346,305</u> |

6 Interest receivable

| | 2009 | 2008 |
|--------------------------|----------------|--------------|
| | £ | £ |
| Bank interest receivable | <u>105,113</u> | <u>2,234</u> |

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Tax on loss on ordinary activities

(a) Analysis of tax charge for the year

| | 2009 | 2008 |
|---|------------|----------|
| | £ | £ |
| UK Corporation tax at 28% (2008 30%) for the year | - | - |
| Total current tax | - | - |
| Deferred tax for the year | 863 | - |
| Tax on loss on ordinary activities | 863 | - |

(b) Factors affecting the tax charge for the year

The tax provided for the year is different to that resulting from applying the standard rate of corporation tax in the UK of 28% (2008 30%). The differences are explained below

| | 2009 | 2008 |
|--|------------------|------------------|
| | £ | £ |
| Loss on ordinary activities before tax | (311,003) | (124,296) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 30%) | (87,081) | (37,289) |
| Expenses not deductible for tax purposes | 716 | 4,082 |
| Accelerated capital allowances | (65,022) | (5,166) |
| Losses carried forward | 151,387 | 38,373 |
| Current tax charge for the year | - | - |

(c) Deferred tax asset

The amount of deferred tax provided in the financial statements is

| | 2009 | 2008 |
|--|--------------|----------|
| | £ | £ |
| Accelerated capital allowances | (69,844) | (4,822) |
| Deferred tax asset in relation to losses | 69,844 | 4,822 |
| Share based payments | 1,079 | - |
| | 1,079 | - |

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Tax charge on loss on ordinary activities (continued)

(c) Deferred tax asset (continued)

The movement during the year for deferred tax was:

| | 2009 | 2008 |
|--|--------------|----------|
| | £ | £ |
| At 1 April | - | - |
| Accelerated capital allowances | (69,844) | (4,822) |
| Deferred tax asset in relation to losses | 69,844 | 4,822 |
| Share based payments | 1,079 | - |
| At 31 March | <u>1,079</u> | <u>-</u> |

The unrecognised deferred tax asset in respect of trading losses at the year end was £108,188 (2008 £21,823)

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28% and will be taxed at 28% in the future.

8 Tangible fixed assets

| | Office equipment | Computer hardware and software | Assets in the course of construction | Total |
|-------------------------|------------------|--------------------------------|--------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2008 | 2,769 | 14,679 | 368,723 | 386,171 |
| Additions | 473,103 | 993,615 | (368,723) | 1,097,995 |
| At 31 March 2009 | <u>475,872</u> | <u>1,008,294</u> | <u>-</u> | <u>1,484,166</u> |
| Depreciation | | | | |
| At 1 April 2008 | 113 | 1,446 | - | 1,559 |
| Charge for the year | 5,853 | 40,926 | - | 46,779 |
| At 31 March 2009 | <u>5,966</u> | <u>42,372</u> | <u>-</u> | <u>48,338</u> |
| Net book value | | | | |
| At 31 March 2009 | <u>469,906</u> | <u>965,922</u> | <u>-</u> | <u>1,435,828</u> |
| At 31 March 2008 | <u>2,656</u> | <u>13,233</u> | <u>368,723</u> | <u>384,612</u> |

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Debtors: amounts falling due within one year

| | 2009 | 2008 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 4,479,456 | 3,448,638 |
| Amounts recoverable on contracts | 728,028 | - |
| Prepayments and accrued income | 101,986 | 122,770 |
| Deferred tax (note 7c) | 1,079 | - |
| | <u>5,310,549</u> | <u>3,571,408</u> |

10 Creditors: amounts falling due within one year

| | 2009 | 2008 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 2,367,954 | 4,318,901 |
| Payments on account | 466,000 | 180,454 |
| Amounts owed to group undertakings | 2,424,504 | 447,634 |
| Other taxes and social security | 261,414 | - |
| Other creditors | 129,544 | - |
| Accruals and deferred income | 4,034,802 | - |
| | <u>9,684,218</u> | <u>4,946,989</u> |

At 31 March 2009 the Company owed £2,424,504 (2008 £447,635) to Mouchel Limited

11 Obligations under operating leases

At 31 March 2009 the Company had no annual commitments under non cancellable operating leases

Notes to the financial statements for the year ended 31 March 2009 (continued)

12 Called up share capital

| | 2009 £ | 2008 £ |
|---|--------------|--------------|
| Authorised | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |
| Allotted, called up and fully paid | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |

13 Capital commitments

The Company was not committed to any material capital expenditure at 31 March 2009 (2008 £nil)

14 Share based payments

(a) Overview of schemes

Employees are invited to participate in various share schemes offered by the ultimate parent company Mouchel Group plc

Approved and Unapproved Executive Share Option Schemes (AES and UES)

The Executive Share Option Scheme applies to senior executives. For options granted, the option price is not less than the market value of an ordinary share, or the nominal value if higher. A performance condition has to be met before options can be exercised.

No options were granted during the financial years ended 31 March 2009 and 31 March 2008. For approved options granted between March 1997 and November 2003, options are exercisable on condition that Mouchel Group plc (the parent) adjusted earnings per share (EPS) increases by RPI + 6% over a three year period. For unapproved options granted between March 1997 and November 2003, options are exercisable on condition that the Group's adjusted earnings per share increases by RPI + 12% over a three year period.

Co-Investment Plan

The Co-Investment Plan (CIP) enables eligible employees to invest all or part of their bonus in the form of Mouchel Group plc shares ('bonus shares'). An award of matching shares, on a one for one basis is made to participants subject to the shares being held by participants for a minimum of three years and certain performance conditions being met. As at 31 March 2009, there were conditional rights over 330 (2008: 330) ordinary shares outstanding under the Co-Investment Plan.

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Share based payments (continued)

Performance Share Plan

The Performance Share Plan (PSP) enables eligible employees to receive share awards, subject to the satisfaction of a performance condition, set by the Mouchel Group Remuneration Committee, which is normally measured over a three year period. The Plan provides for conditional awards of shares up to 100% of salary to be made to participants. The vesting of the awards is subject to the relative Total Shareholder Return (TSR) performance over a fixed three year period against the constituents of the FTSE All-Share Support Services Sector. As at 31 March 2009, there were conditional rights over 1,220 (2008: 1,220) ordinary shares outstanding under the Performance Share Plan.

Sharesave Scheme

The Sharesave is a savings plan whereby employees contract to save a fixed amount each month with a savings institution over a three year period. At the end of the savings term, the employees are given the option to purchase shares at a price set before savings began. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses. Participants leaving for a qualifying reason have six months within which to exercise their option up to their savings amount. Options over 5,217 (2008: 513) ordinary shares were granted during the year to employees of The Unity Partnership Limited.

(b) Annual bonus schemes

The fair value per option granted and the assumptions used in the calculations are as follows:

| Scheme | CIP |
|--|----------|
| Grant date | Nov 2007 |
| Share price at grant date (p) | 427.75 |
| Exercise price (p) | 0.00 |
| Total number of employees remaining in schemes | 1 |
| Total number of shares under option at 31 July 2008 | 330 |
| Vesting period (years) | 3.00 |
| Expected volatility | 24.50 |
| Option life (years) | 0.50 |
| Expected life (years) | 3.00 |
| Risk free rate (%) | 4.33 |
| Expected dividends expressed as dividend yield (%) | 1.17 |
| Possibility of ceasing employment before vesting (%) | 20 |
| Expectations of meeting performance criteria (%) | 75 |
| Fair value per option (p) | 330.40 |

| Scheme | Options at beginning of year | Granted during the year | Exercised during the year | Lapsed during the year | Options as at end of the year | Option price (p) |
|-------------------|------------------------------|-------------------------|---------------------------|------------------------|-------------------------------|------------------|
| PSP November 2006 | 1,220 | - | - | - | 1,220 | - |
| CIP November 2007 | 330 | - | - | - | 330 | - |
| | 1,550 | - | - | - | 1,550 | - |

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Share based payments (continued)

(c) Sharesave schemes

The fair value of sharesave options granted and the assumptions used in the calculations are as follows

| | | |
|--|----------|----------|
| Grant date | June 08 | June 07 |
| Exercise from | 01 08 11 | 01 08 10 |
| Exercise to | 31 01 12 | 31 01 11 |
| Share price at grant date (p) | 432 75 | 424 90 |
| Exercise price (p) | 472 17 | 455 17 |
| Total number of employees remaining in schemes | 12 | 2 |
| Shares under option (no) | 5,217 | 513 |
| Vesting period (years) | 3 00 | 3 00 |
| Expected volatility | 26 39 | 22 80 |
| Option life (years) | 3 00 | 3 00 |
| Expected life (years) | 3 00 | 3 00 |
| Risk free rate (%) | 4 40 | 5 40 |
| Expected dividends expressed as dividend yield (%) | 1 10 | 1 20 |
| Expectations of meeting performance criteria (%) | 100 | 100 |
| Fair value per option (p) | 77 21 | 79 06 |

| Scheme | Options at beginning of year | Granted during the year | Exercised during the year | Expired during the year | Options as at end of the year | Option price (p) |
|---------|------------------------------|-------------------------|---------------------------|-------------------------|-------------------------------|------------------|
| June 06 | 407 | - | - | - | 407 | 353 00 |
| June 07 | 513 | - | - | - | 513 | 455 17 |
| June 08 | - | 5,217 | - | - | 5,217 | 472 17 |
| | 920 | 5,217 | - | - | 6,137 | |

(d) Share option movements

| Range of exercise movements | 2009 | | | 2008 | | |
|-----------------------------|-------------------------------------|------------------|---|-------------------------------------|------------------|---|
| | Weighted average exercise price (p) | Number of shares | Weighted average remaining life expected and contractual (days) | Weighted average exercise price (p) | Number of shares | Weighted average remaining life expected and contractual (days) |
| 0 - 100 | - | 1,550 | 494 92 | - | 1,550 | 860 71 |
| 101 - 200 | - | - | - | - | - | - |
| 201 - 300 | - | - | - | - | - | - |
| 301 - 400 | 353 00 | 407 | 20 23 | 353 00 | 407 | 296 84 |
| 401 - 500 | 470 65 | 5,730 | 936 70 | 455 17 | 513 | 577 68 |

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Share based payments (continued)

Movements in the number of awards outstanding and their related exercise prices are as follows

| Scheme | CIP | | PSP | | Sharesave | |
|-------------------------------------|-----|---------------------------------|-------|---------------------------------|-----------|---------------------------------|
| | No | Weighted average exercise price | No | Weighted average exercise price | No | Weighted average exercise price |
| Awards outstanding at 1 April 2008 | 330 | - | 1,220 | - | 920 | 409.97 |
| Granted | - | - | - | - | 5,217 | 472.17 |
| Exercised/ transferred | - | - | - | - | - | - |
| Lapsed | - | - | - | - | - | - |
| Awards outstanding at 31 March 2009 | 330 | - | 1,220 | - | 6,137 | 462.85 |

Where employee services received are settled by the issue of equity instruments the Company recognises an expense in the profit and loss account. The expense is measured by reference to the fair value of the equity instruments settled at the date of grant and is recognised on a straight-line basis over the vesting period.

The accounting treatment applies to all grants of equity instruments after 7 November 2002 that had not vested as at 1 August 2004. The total expense recognised in the profit and loss account in the year for these schemes was £2,046 (2008: £nil).

15 Profit and loss account

| | 2009 £ | 2008 £ |
|--------------------------------------|------------------|------------------|
| At 1 April | (124,296) | - |
| Loss for the year | (310,140) | (124,296) |
| Share based payments | 2,046 | - |
| Deferred tax on share based payments | 216 | - |
| At 31 March | <u>(432,174)</u> | <u>(124,296)</u> |

Notes to the financial statements for the year ended 31 March 2009 (continued)

16 Reconciliation of movements in shareholders' deficit

| | 2009 £ | 2008 £ |
|---------------------------------------|------------------|------------------|
| Loss for the financial year | (310,140) | (124,296) |
| Share based payments | 2,046 | - |
| Deferred tax on share based payments | 216 | - |
| New share capital subscribed | - | 998 |
| Net increase to shareholders' deficit | (307,878) | (123,298) |
| Opening shareholders' deficit | (123,296) | 2 |
| Closing shareholders' deficit | (431,174) | (123,296) |

17 Pension commitments

All staff employed by the Company were transferred from OMBC under the Transfer of Undertakings (Protection of Employment) Regulations (1981). The Company pays a fixed sum each year to the council in respect of the pension costs for these staff. Any shortfall in pension contributions due are met by the council and any over payment reimbursed.

The Company has no liability in respect of pensions other than the monthly recharges. It therefore accounts for pension contributions payable in respect of employed and seconded staff as if they were due to a defined contribution scheme.

18 Net cash flow from operating activities

| | 2009 £ | 2008 £ |
|--|------------------|------------------|
| Operating loss | (416,116) | (126,530) |
| Non cash movements | | |
| Depreciation | 46,779 | 1,559 |
| Share based payments | 2,046 | - |
| Increase in debtors | (1,738,062) | (3,571,408) |
| Increase in creditors | 4,737,229 | 4,946,989 |
| Net cash inflow from operating activities | 2,631,876 | 1,250,610 |

Notes to the financial statements for the year ended 31 March 2009 (continued)

19 Reconciliation of net cash flow to movement in net funds

| | 2009 £ | 2008 £ |
|--|------------------|----------------|
| Increase in cash | 1,638,994 | 867,673 |
| Net funds at the beginning of the year | 867,673 | - |
| Net funds at the end of the year | <u>2,506,667</u> | <u>867,673</u> |

20 Analysis of net funds

| | At 1 April 2008 £ | Cash flow £ | At 31 March 2009 £ |
|------|-------------------------|------------------|--------------------------|
| Cash | 867,673 | 1,638,994 | 2,506,667 |
| | <u>867,673</u> | <u>1,638,994</u> | <u>2,506,667</u> |

21 Ultimate and immediate parent company

The immediate parent undertaking is MPHBS Limited. The ultimate parent undertaking and ultimate controlling party is Mouchel Group plc, a company incorporated in England and Wales, whose registered address is Export House, Cawsey Way, Woking, Surrey GU21 6QX.

Mouchel Group plc is the parent undertaking of both the largest and smallest groups which include the Company and for which group accounts are prepared.