

**PHONEPAYPLUS LIMITED**

**(Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2010**

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**Directors**

Sir J A Graham  
R Chilton  
M Alderson  
D Clarke  
R Evans  
J Hallsworth  
H Griffiths  
H Webber  
P Whiteing

**Company Secretary**

N Hardwick

**Registered Office**

1<sup>st</sup> Floor  
Clove Building  
4 Maguire Street  
London SE1 2NQ

**Bankers**

HSBC  
20 Eastcheap  
London EC3M 1ED

**Auditors**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

**Solicitors**

Bates, Wells & Braithwaite  
2-6 Cannon Street  
London EC4M 6YH

The Directors of PhonepayPlus Limited have pleasure in presenting their Report together with the Financial Statements for the year ended 31 March 2010.

### **Principal activity**

The principal activity of the Company during the year was to supervise the Company's Code of Practice relating to premium rate telephone services (Code).

### **Results**

The Company is non-profit making.

### **Review of the business**

PhonepayPlus Limited ('PhonepayPlus') is not subject to the reporting requirement to include a Business Review with our Director's Report. We believe, however, that it would be consistent with our commitment to transparency to summarise our business activities, plans, strategies, performance measures and the accounting implications of our funding model, together with a description of the principal risks and uncertainties facing the Company.

### **Our activities and market**

We are a consumer protection and enforcement body, formally designated by Ofcom to be the body responsible for regulating premium rate services in the UK. Ofcom defines the scope of regulation for Controlled Premium Rate Services and is responsible for approving our Code and annual business plan and budget.

The services we regulate are those paid for by a premium charge for content to a telephone account in some form. These services include television voting and competitions, mobile content services, charitable giving, directory enquiry and other help-line services, which include the 0871 number range (numbers beginning 0871, 2, and 3 but excluding 0870). Our regulation is comprehensive and deals with the pricing, promotion, content and operation of these services, together with issues of privacy.

### **Our philosophy and challenges**

Our three-year strategic plan 2008-2011 has shifted the focus and commitment of the Company to a programme of pre-empting and preventing consumer harm and protecting consumers where they experience non-compliant services with our Code. As a consequence of our strategic plan, we focus on monitoring and understanding new products and services in relation to the issues that they may raise for consumers; helping businesses to understand how they can comply with our Code; and enabling the public to make informed choices about the services they may wish to purchase and use. As a consequence of a number of strategic actions taken both in this year and the previous one, we are pleased to report a significant decrease in complaints to us (51.6%) from 2008/9.

### **New code and registration**

We are not complacent about this positive outcome and are in the process of drawing up a new Code of Practice that is focused on consumer outcomes rather than prescriptive rules. This, we believe, will serve consumers better and at the same time remove unnecessary prescriptive regulation so that businesses delivering premium rate services will be able to choose how to meet those outcomes. At the same time, the enforcement "bite point" is being extended along the value chain to ensure better targeting of the actual provider of the service when possible breaches of the Code are identified. This is being supported, for the first time, by the introduction of a new Registration Scheme for nearly all providers that will be mandated under the proposed new Code of Practice.

### **Regulatory risks**

There are risks and consequences associated with the whole premium rate service market and its need for regulation. The key risks remain: the public losing trust in such paid for services as a result of

misconduct; the failure of our regulatory intervention to curb such misconduct; adverse media coverage; the recession having an impact on the market; funding arrangements; the level of consumer harm; and the decline in phone-paid services due to more attractive alternative payment mechanisms developing. From a regulatory perspective, new legislation or major technological developments could challenge the effectiveness of the current regulatory regime.

These issues are reviewed regularly. We have no reason to believe there will be significant changes in the use of the services regulated in the short term albeit we recognise that technological convergence will impact consumers in ways that may not yet be fully understood. By strengthening our Code and our sanctions policy, we believe we have reduced the risk of serious systemic difficulties. While we have continuing compliance issues to address, particularly in the mobile sector, we believe the regulatory framework that we operate is on a sound footing. We are working closely with Ofcom to ensure legislative change is informed by and reinforced by the principles of better regulation.

Internally we maintain and regularly update a comprehensive risk register that considers risks to both the Company and the market sector we regulate. A significant addition to this register is the addition of risk related to developing a new Code of Practice and the associated IT development of a Registration Scheme referred to above.

### **Measuring performance**

We measure performance regularly against six operational Key Performance Indicators agreed with Ofcom. These address the handling of traffic in our customer contact centre; complaint case management; general complainant and permissions applicants' satisfaction with PhonepayPlus performance; and the administrative management of fines sanctioned. We made additional commitments to openness, transparency and accountability in our Three-year Strategic Plan and have consequently been considering with our Board a new suite of performance indicators that will help ensure our strategic objectives are met. These take effect from the new financial year beginning 1 April 2010.

### **Our funding arrangements**

We are a not-for-profit organisation. Our annual funding to provide regulatory services is pre-agreed with Ofcom every year. During the year we appointed professional advisers, KPMG, to review our funding model. As a consequence of that review we have decided that no significant changes are warranted at this time.

### **Reserves**

We do not generally accumulate reserves on any on-going basis. The two reserves we hold exist to (a) deal with the circumstance in which a decision is taken to wind-up our operation; and (b) meet the cost of dealing with any exceptional market developments (spikes) that require us to gear-up operations on a temporary basis.

The winding-up reserve has been reviewed for appropriateness to ensure that in the event of winding-up, all costs will be covered. The current level of financial reserves is deemed appropriate: there are no plans to supplement it in 2010/11 and we have not needed to call upon reserves in 2009/10.

### **Income**

PhonepayPlus receives its main income from a funding levy from industry. The balance of funding comes from fines and administrative charges and from interest accruing on monies we hold.

### **Funding levy**

Our core funding source is the levy charged on premium rate service providers only. The levy is collected by terminating networks from their out-payments to service providers.

The levy is a flat percentage charge on activity, and was 0.48 % for the year 2009/10 (2008/9 0.39%). The levy rate is set following extensive consultation with the industry and other stakeholders regarding the Business Plan and Budget to be allocated to PhonepayPlus for its operations. The size of the levy is determined by a range of factors beyond the PhonepayPlus annual budget, such as the size of the current market, the income received from bank interest, and the contribution made from prior year receipts of fines

and administrative charges.

The forecast we make of the overall market is based on confidential actual data received from each network on their business levels.

The levy is collected by invoice to established networks and paid monthly based on the previous quarters' actual data. A small number of networks are invoiced yearly, based on actual turnover. In making levy payments to us, networks are acting in the capacity of a collection agency. They are not liable financially for their own activity in the marketplace, but can be personally liable under the current Code to the extent that they fail to deduct the levy from outpayments.

Our overall policy has been to maintain effective control on costs, maximise the recovery of fine and other monies, and seek to avoid significant annual shift changes in the levy rate. The levy is primarily conditional on the size of the market to which it has to be applied

### **Fines and administrative charges**

We have the power to impose fines for non-compliance with the Code, and also to charge administrative costs associated with handling complaint cases. This fines and charges system is evidence of PhonepayPlus' ongoing commitment to provide effective and proportionate regulation to the industry based on the polluter pays principle announced in our Three-year Strategic Plan. Consequently, service providers that comply with the Code will not subsidise, through their levy payments, the regulatory costs related to the behaviour of those in breach, and will ultimately receive the benefit of lower levy rates.

Our budget is not based upon any assumption as to the level of fines likely to be recovered. All fines recovered are held and are used as a source of income in the year subsequent to the year of collection. The same approach is taken with the interest earned on all monies we hold. This income effectively reduces the amount of levy then required from industry to meet our funding requirement.

### **Our annual accounts**

Turnover comprises mainly of levies, fines and administrative charges. The increase in turnover for 2009/10 reflects the exceptional volume of fines imposed. Some of these fines were irrecoverable and have been provided for or written off. Bad debts written off and provided for were £1.3m (2008/09: £0.6m).

Expenses, excluding bad debts, in 2009/10 were £4.4m (2008/09: £4.0m) and are in line with the budget agreed with Ofcom.

Levy rate in 2009/10, following consultation with Ofcom, was 0.48%.

Fines and administrative charge income was £5.6m (2008/09: £2.7m). This has had the consequence of significantly reducing the levy for the next financial year. It is not anticipated that fine levels of this nature will re-occur again.

### **Future developments**

The Company will continue to operate in the above capacity during 2010-2011.

## Directors

The Directors, who served during the period, all of whom are members of the PhonepayPlus Committee are as follows:

Sir J A Graham	(re- appointed 1 <sup>st</sup> June 2009)
R Chilton	(re- appointed 1 <sup>st</sup> January 2010)
M Alderson	
D Clarke	(re- appointed 1 <sup>st</sup> January 2010)
R Evans	
J Hallsworth	
P Whiteing	
H Griffiths	(appointed 1 <sup>st</sup> January 2010)
H Webber	(appointed 1 <sup>st</sup> January 2010)
S Locke	(ceased 31 <sup>st</sup> December 2009 following completion of two terms)

Each current Director has undertaken to guarantee the liabilities of PhonepayPlus Limited to the extent of £1.

## Company secretary

E Lean resigned as Company Secretary on 15<sup>th</sup> March 2010 and N Hardwick was appointed as Company Secretary on 15<sup>th</sup> March 2010.

## Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Member's Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

## Auditors

Mazars LLP continue in office in accordance with section 487 (2) of the Companies Act 2006.



**N Hardwick**  
Company Secretary

17 June 2010

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare Financial Statements for each financial year which 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 year. In preparing those 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Member's Report is prepared in accordance with company law.

**Independent auditor's report to the member of PhonepayPlus Limited**

We have audited the financial statements of PhonepayPlus Ltd for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Members' Responsibilities Statement set out on page 7, 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. This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Member's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)

Samantha Russell (Senior statutory auditor)

Address Tower Bridge House  
St Katharine's Way  
London E1W 1DD

Date 17 June 2010

The maintenance and integrity of the PhonepayPlus Ltd website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

	Note	Year ended 31.3.2010	Year ended 31.3.2009
		£	£
<b>Turnover</b>	2	5,649,719	4,701,340
Administrative expenses		(5,673,267)	(4,820,933)
<b>Operating Loss</b>	3	(23,548)	(119,593)
Interest receivable	6	29,808	151,556
<b>Profit on Ordinary Activities before Taxation</b>		6,260	31,963
Tax on profit on ordinary activities	7	(6,260)	(31,963)
<b>Profit on Ordinary Activities after Taxation</b>		-	-

All turnover is derived from continued operations.

The Company had no recognised gains or losses other than the result on ordinary activities after taxation stated above for both years.

	Note	2010	2009
		£	£
<b>Tangible Fixed Assets</b>	8	352,605	325,786
<b>Investments</b>	9	1	1
<b>Current Assets</b>			
Debtors	10	1,673,236	1,054,785
Cash at bank and in hand	11	6,875,735	4,749,459
		<u>8,548,971</u>	<u>5,804,244</u>
<b>Creditors: due within one year</b>	12	(6,683,465)	(3,911,920)
		<u>1,865,506</u>	<u>1,892,324</u>
<b>Net Current Assets</b>			
		<u>2,218,112</u>	<u>2,218,111</u>
<b>Total Assets less Current Liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	13	(2,218,112)	(2,218,111)
		<u>-</u>	<u>-</u>
<b>Reserves</b>		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Approved by the Board on 17 June 2010

Sir J A Graham

)  
)  
) Directors



R. Chilton

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The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements.

	Note	Year ended 31.3.2010	Year ended 31.3.2009
		£	£
Net Cash Inflow from Operating Activities	15	2,299,646	195,943
Returns on Investments and Servicing of Finance	16	29,808	151,557
Taxation		(6,260)	(45,728)
Capital Expenditure	16	(196,918)	(218,584)
<b>Net Cash Inflow before Financing</b>		<u>2,126,276</u>	<u>83,188</u>
Financing	16	-	-
<b>Increase in Cash in the Year</b>	17	<u><u>2,126,276</u></u>	<u><u>83,188</u></u>

The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements.

## 1. Accounting Policies

### Basis of Accounting

The Financial Statements are prepared under the historical cost basis of accounting and comply with applicable Accounting Standards.

### Turnover

Turnover with exception to other income represents amounts invoiced to third parties excluding VAT, as adjusted for 'income received in advance' as described below. Other income is recognised on a cash basis.

### Recognition of Income

Income received from the network operators is on the basis of a levy on income from premium rate services. The levy is set at the beginning of each year, based on budgeted expenditure so as to reimburse PhonepayPlus Limited for costs incurred. Although the levy is collected from network operators, in most cases this will be charged onwards by them to the relevant service provider.

An adjustment is made at the year-end to reflect any difference between the income received and costs incurred during the year and the resulting balance is reflected in trade debtors or income received in advance, as appropriate.

Where a difference does arise between the level of income received from network operators and the costs incurred by PhonepayPlus Limited in any year, this is taken into account in setting the levy for the ensuing year so as to ensure that PhonepayPlus Limited continues to recover its costs.

Income received from fines and administrative charges levied are on the basis of adjudications issued in the period.

### Assets in the Course of Construction

Assets in the course of construction only include costs that are directly attributable to bringing the Registration Database into working condition for its intended use. Such costs are capitalised only for the period in which the activities that are necessary to get the database ready for use are in progress. Depreciation will commence once the registration scheme is implemented.

### Depreciation

Depreciation is provided on all tangible fixed assets, at rates to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Fixtures and fittings	-	5-7 years
Furniture	-	5 years
Office equipment	-	3-5 years
Computer equipment	-	3-5 years

### Investments

The investment in the subsidiary company, IMCB Limited, is recorded at cost.

### Taxation

Corporation tax is assessed on interest received at the current rate.

### Pension Contributions

The Company operates a defined contribution pension scheme for some of its employees. The funds of the scheme are administered by Trustees and are separate from the Company. Contributions are paid by the Company and employees. The pension charge represents contributions payable by the Company for the period. The Company's liability is limited to the amounts of the contribution.

### Leasing Commitments

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred.

## 1. Accounting Policies (continued)

**Group Financial Statements**

The Company is exempt from the requirement to prepare group financial statements by virtue of Section 398 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not of its group.

## 2. Turnover

All of the turnover arose within the United Kingdom and was attributable to the following activities:

	2010 £	2009 £
Levy on premium rate telephone services	2,633,105	2,169,587
Less: Surplus income received in advance	<u>(2,635,824)</u>	<u>(336,992)</u>
Net levy on premium rate telephone services	(2,719)	1,832,595
Administrative charges	338,832	267,011
Fines	5,280,250	2,479,363
IMCB – costs recharged	19,312	18,494
Prior permission charges	13,796	11,100
Other	248	92,777
	<hr/>	<hr/>
	5,649,719	4,701,340
	<hr/> <hr/>	<hr/> <hr/>

The IMCB costs recharged is in respect of a management fee from the subsidiary for a proportion of the annual premises and direct staff costs of PhonepayPlus in carrying out the operations of IMCB, see note 9 also.

## 3. Operating Loss

This loss is stated after charging:

Directors' remuneration (see note 5 also)	301,463	395,643
Auditors' remuneration - audit services - current year	8,100	6,400
- other services	5,000	38,424
Depreciation	154,672	171,022
Profit on disposal of fixed assets	15,428	-
Operating lease rentals on land and buildings	200,360	200,360
	<hr/>	<hr/>

## 4. Staff Costs (including Directors)

Wages and salaries	2,004,914	2,108,460
Social security costs	208,315	215,467
Pension contributions	108,541	176,090
	<hr/>	<hr/>
	2,321,770	2,500,017
	<hr/> <hr/>	<hr/> <hr/>

4. **Staff Costs** (including Directors)(continued)

PhonepayPlus operates a defined contribution pension scheme for its employees. The assets are held independently from those of the company.

	2010	2009
<b>Average number of employees during the period</b>		
	No.	No.
Committee - part-time	7	9
Executive	49	57
Appeals body - part-time	4	5
Adjudicator - part-time	1	1
Code Compliance Panel part-time	5	6
	—	—
	66	78
	—	—

Staff costs and staff numbers information include amounts relating to the Independent Appeals Body, members of which are employed by PhonepayPlus for administrative purposes only. This body acts entirely independently of the company. PhonepayPlus cannot exercise any influence over the decisions reached by that body.

5. **Directors' Remuneration**

	2010	2009
	£	£
Aggregate emoluments	279,209	250,403
Compensation for loss of office	-	129,486
Company pension contributions	22,254	15,754
	—	—
	301,463	395,643
	—	—

Directors' emoluments are for non-executive directors and the chief executive. Retirement benefits are accruing for two directors under a defined contribution arrangement (2009 – two).

Highest paid director		
Aggregate emoluments	112,540	54,660
Compensation for loss of office	-	129,486
Company pension contributions	15,300	7,594
	—	—
	127,840	191,740
	—	—

6. **Interest Receivable**

Bank interest	29,808	151,556
	—	—
	29,808	151,556
	—	—

## 7. Taxation

	2010 £	2009 £
<b>Analysis of Charge in Year</b>		
Current tax:		
UK corporation tax on profits of the year	6,260	31,963
	<u>6,260</u>	<u>31,963</u>
Tax on profit on ordinary activities	6,260	31,963
	<u>6,260</u>	<u>31,963</u>
<b>Factors affecting tax charge for year</b>		
The tax assessed for the period is at the standard rate of corporation tax in the UK of 21% (2009 – 28%). The differences are explained below:		
Profit on ordinary activities before tax	6,260	31,963
	<u>6,260</u>	<u>31,963</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 – 28%)	1,315	8,950
Effects of:		
Permanent differences	4,945	33,485
Rate differences	-	(10,472)
(differences for 2008/09 have been restated)		
	<u>4,945</u>	<u>33,485</u>
Current tax charge for the year	6,260	31,963
	<u>6,260</u>	<u>31,963</u>

8. <b>Tangible Fixed Assets</b>	Assets In The Course Of Construction £	Fixtures & Fittings £	Furniture & Office Equipment £	Computer Equipment £	Total £
<b>Cost</b>					
At 1 April 2009	-	259,360	279,651	695,761	1,234,772
Additions	47,875	-	3,347	146,565	197,787
Disposals	-	-	(101,530)	(141,880)	(243,410)
	<u>47,875</u>	<u>259,360</u>	<u>181,468</u>	<u>700,446</u>	<u>1,189,149</u>
At 31 March 2010	47,875	259,360	181,468	700,446	1,189,149
<b>Accumulated Depreciation</b>					
At 1 April 2009	-	230,308	248,620	430,058	908,986
Charge for the period	-	29,052	19,219	106,401	154,672
Disposals	-	-	(100,799)	(126,315)	(227,114)
	<u>-</u>	<u>29,052</u>	<u>19,219</u>	<u>106,401</u>	<u>154,672</u>
At 31 March 2010	-	259,360	167,040	410,144	836,544
<b>Net Book Value</b>					
At 31 March 2010	47,875	-	14,428	290,302	352,605
	<u>47,875</u>	<u>-</u>	<u>14,428</u>	<u>290,302</u>	<u>352,605</u>
At 1 April 2009	-	29,052	31,031	265,703	325,786
	<u>-</u>	<u>29,052</u>	<u>31,031</u>	<u>265,703</u>	<u>325,786</u>

## 9. Investments

	2010 £	2009 £
Investments in Group Companies	1	1

The Company owns 100% of the issued share capital of IMCB Limited, a Company registered in England and operating as a mobile content regulator.

## 10. Debtors

Trade debtors	1,387,342	879,829
Amounts due from group undertakings	-	15
Other debtors and prepayments	285,894	174,941
	<u>1,673,236</u>	<u>1,054,785</u>

## 11. Cash at Bank and in Hand

Current accounts	-	5,373
Deposit accounts	6,875,735	4,744,086
	<u>6,875,735</u>	<u>4,749,459</u>

## 12. Creditors: amounts falling due within one year

Overdrafts	5,287	-
Trade creditors	375,674	292,114
Amounts due to group undertakings	11,840	-
Other tax and social security costs	101,048	87,384
Income received in advance	5,834,329	3,446,987
Corporation tax payable	6,260	31,963
Other creditors	1,072	1,143
Pension	13,372	16,953
Accruals and deferred income	334,583	35,375
	<u>6,683,465</u>	<u>3,911,920</u>

## 13. Creditors: amounts falling due after more than one year

Contingency Creditor	1,995,000	1,995,000
Repayable Reserve Fund	223,112	223,111
	<u>2,218,112</u>	<u>2,218,111</u>

**14. Obligations under Operating Leases**

The minimum lease payments to which the Company is committed under non-cancellable operating leases for the coming year are:

<b>Land and Buildings</b>	<b>2010</b>	<b>2009</b>
	£	£
Expiry date:		
Within 1 year	116,877	-
Between 2-5 years	12,500	200,360
	<hr/>	<hr/>
	129,377	200,360
	<hr/>	<hr/>

**15. Reconciliation of Operating Loss to Operating Cash Flows**

Operating Loss	(23,548)	(119,593)
Depreciation Charge	154,672	171,022
(Increase) in Debtors	(618,451)	(314,513)
Increase in Creditors	2,771,545	459,027
Loss on Disposal of Fixed Assets	15,428	-
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	2,299,646	195,943
	<hr/>	<hr/>

**16. Analysis of Cash Flow for headings netted in the Cash Flow Statement****Returns on Investments and Servicing of Finance**

Interest received	29,808	151,557
	<hr/>	<hr/>
<b>Net cash inflow for returns on Investments and Servicing of Finance</b>	<b>29,808</b>	<b>151,557</b>
	<hr/>	<hr/>

**Capital Expenditure**

Payments to Acquire Tangible Fixed Assets	(197,787)	(218,584)
Sale Proceeds on Disposal of Tangible Fixed Assets	869	-
	<hr/>	<hr/>
<b>Net Cash Outflow for Capital Expenditure</b>	<b>(196,918)</b>	<b>(218,584)</b>
	<hr/>	<hr/>

**Financing**

Contingency Fund	-	-
	<hr/>	<hr/>
<b>Net Cash (Outflow) from Financing</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

17. Analysis of Net Funds

	1 April 2009 £	Cash flows £	31 March 2010 £
Cash at Bank	4,749,459	2,126,276	6,875,735

	Year ended 31 March 2010	Year ended 31 March 2009
	£	£
<b>Turnover</b>	5,649,719	4,701,340
Interest receivable	29,808	151,556
	<hr/>	<hr/>
	5,679,527	4,852,896
<b>Administrative Expenses</b>		
Staff and Related Costs	2,536,352	2,815,824
Events	153,717	115,317
External Professional Services	380,164	236,587
Research	253,491	147,397
Overheads	276,379	232,910
Premises	433,129	338,534
Printing	35,827	31,305
Telecoms	73,031	65,272
Website	77,205	81,223
Depreciation	154,672	171,022
Bad Debt Expense	1,283,872	585,542
Loss on Disposal of Fixed Assets	15,428	-
Misc	-	-
	<hr/>	<hr/>
	5,673,267	4,820,933
	<hr/>	<hr/>
<b>Profit before Taxation</b>	6,260	31,963
Corporation Tax	(6,260)	(31,963)
	<hr/>	<hr/>
<b>Profit after Taxation</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

The Detailed Profit and Loss Account does not form part of the Financial Statements.