

ICSTIS LIMITED

(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2007

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	Page
Directors and Advisers	2
Report of the Directors	3 - 7
Statement of Directors' Responsibilities	8
Independent Report of the Auditors	9
Profit and Loss Account	10
Balance Sheet	11
Cash Flow Statement	12
Accounting Policies	13
Notes to the Financial Statements	14 - 19

Directors

Sir J A Graham
N Higham
S Nathan
S Locke
M Tully
A Bud
E Boddington
M Short
R Chilton
D Clarke

Company Secretary

P Whiteing

Registered Office

1st Floor
Clove Building
4 Maguire Street
London SE1 2NQ

Bankers

HSBC
20 Eastcheap
London EC3M 1ED

Auditors

Mazars LLP
24 Bevis Marks
London EC3A 7NR

Solicitors

Bates, Wells & Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 March 2007

The principal activity of the Company during the period was to provide administrative support to the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS) which supervises the code of practice relating to premium rate telephone services. The Company is funded by Network Operators and Service Providers. The accounting policy adopted for the recognition of income received is described in the Notes to the Financial Statements.

During the period, the Company also received income from administrative charges levied on service providers found to be in breach of the code, to recover the costs associated with handling the relevant complaint, from fines imposed on service providers found to be in breach of the code and from the Live Conversation Services Compensation Fund on the basis that all agreed costs incurred by the Company will be reimbursed.

Results

The Company is non-profit making.

In the year to 31 March 2007 income from fines, after provision for doubtful debts totalled £1,044,848 (2006 - £1,760,539) and as a result income from the levy for the period increased.

Review of the Business and Future Developments

ICSTIS 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 plans, strategies, relationships, performance measures and the accounting implications of our funding model.

Our activities and market

We are a consumer protection body operating on a co-regulatory basis. We are formally given delegated authority 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 budget. ICSTIS is otherwise an independent body that takes decisions based on its duty to protect consumers and create a market in which businesses can invest and innovate.

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. Our regulation is comprehensive and deals with marketing and issues of privacy as well as the content and operation of the services.

The UK market for premium rate services is estimated to be £1.2 billion annually. Since 2000 the market has grown four-fold but reduced slightly in 2006/7. This was partly the result of consumer problems with the subscription payment model for mobile content and a decline in the directory services area. Against that we have seen growth in Call and Quiz television formats and participation television in general. Both were the subject of media criticism in early 2007.

Our philosophy and challenges and risks going forward

We are committed to moving wherever possible from reactive regulation to proactive prevention. Our new focus is based on anticipating new products, services and the issues around them, helping businesses understand and comply with our Code and educating and informing the public so they can make informed choices before using these services. We have re-structured our business, amended our governance and are in the process of re-branding which will reflect our business improvements.

There are risks and consequences associated with the whole premium rate service market and its need for regulation. These risks include the public losing trust in such 'paid for' services as a result of problematic service operators, adverse media coverage and that alternative payment mechanisms might develop which

instead would be more attractive to the public and businesses

From a regulatory perspective, new legislation could change the effectiveness of the current model ICSTIS undertakes a regular review of its Code, to ensure it is effective in the context of a changing market and technology

These issues are reviewed regularly We have no reason to believe there will be huge changes in the use of the services regulated in the short term Strengthening our Code (11th edition) has reduced the risk of serious systemic difficulties We are working closely with Government and Ofcom to ensure legislative change is informed by and reinforced by our principles of better regulation This is the case with implementation of The Unfair Commercial Practices Directive and the EU Consumer Protection Co-operation Enforcement Regulations

The future scope of our regulation is currently the subject of an Ofcom review that is likely to report its own findings in early 2008 We believe there is scope for further improving the effectiveness of regulation and for tuning its scope to ensure arrangements are coherent in a world of "convergence" in the communications sector But we firmly believe regulation is still necessary and the ICSTIS model has very considerable strengths

Measuring performance

We measure performance regularly against five operational Key Performance Indicators agreed with Ofcom These address the handling of traffic in our customer contact centre, complaint case management, general customer satisfaction and the administrative management of fines, levies and sanctions imposed We made additional commitments to openness and transparency in our Annual Statement of planned activities in 2007/8 We expect to report quarterly with actual market size data and ICSTIS data on expenditure and on fines imposed and recovered

Our funding arrangements

We are a not for profit organisation Our annual funding to provide regulatory services is pre-agreed with Ofcom each year

Reserves

We do not generally accumulate reserves on any on-going basis The two reserves we hold exist a) to deal with the circumstance in which a decision is taken to wind-up our operation and b) to 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 is maintained at 50% of annual operating cost This figure set on advice from our business advisors and is reviewed regularly The current level of financial reserves is deemed appropriate The reserve to deal with spikes was £500,000 With Ofcom agreement we have made some use of these monies in 2006/7 to meet one-off preparation costs involved in assuming responsibility for regulation of services on 0871 numbers (from February/March 2008) and the costs involved with a modern re-branding implementation (in autumn 2007) We are looking at the ongoing need for this financial reserve and its appropriate required level

Income

ICSTIS receives its main 'income' from a funding levy from industry It also received income from fines and administrative charges and from interest accruing on monies we hold

The Funding levy

Our core funding source is the levy charged on premium rate service providers only The levy is a charge on a percentage basis The levy is collected (or withheld) by terminating networks deducting these levies from their out-payments to service providers

The levy is a flat percentage charge on activity It is currently 0.34% We seek each year to forecast the overall market based on confidential forecasts from each network on their expected business levels Once we have a realistic market forecast we look at the other revenues available to us The levy required is the percentage charge on the forecast market we calculate to be necessary to meet the difference between our funding requirement and the fine and other income we hold

Levy is collected on a standing order/direct debit basis from established networks, with invoices based on their annual forecasts. New networks, which have yet to make an annual forecast, are invoiced quarterly in arrears, based on their actual out-payments.

At the end of each year we review actual business compared with the original forecasts. If the overall market size exceeds forecasts ICSTIS will receive more levy than forecast - and more than should be necessary to meet forecast expenditure. If the overall market is below forecast and networks have paid more to us on-account than they should, based on actual activity, then ICSTIS has a duty to make any necessary refunds. This is because networks are acting in effect as a collection agency. They are not liable financially if their actual activity levels result in being below the level they forecast when the levy was originally set.

The extent to which we have a levy surplus or shortfall is one of the variables we must always address in planning activity and our levy requirements for the coming year. A serious shortfall could force us to revise a levy rate before the end of a financial year. This has never happened. On the other hand an overly conservative approach to forecasting and levy-setting could result in excess income for re-distribution in the coming year or years.

We have the power to impose fines for non compliance with our Code (11th edition) and also to charge administrative costs associated with handling complaint cases. We do not generally budget on the assumption fines and charges will be required. All monies recovered are held and are used as a source of income in the year of and 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 requirements.

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 shifts changes in the levy rate. The levy is obviously conditional on the size of the market to which it has to be applied. Our goal during a prolonged period of market growth and stability has been to reduce the levy rate progressively. This also provides a broad measure of whether we are able to reduce the cost of regulation, year on year, in relation to the size of the market we regulate.

Impact on our annual accounts

This regulatory model has various impacts on our annual accounts depending on trends in the market. In 2006/7 we would point to

Turnover, administrative expenses and the treatment of fine income – applying accounting standards we have revised our practice to present fines levied as income in each year. The dramatic increase in 'turnover' for 2005/6 on an adjusted basis reflects the exceptional volume of fines imposed. These uncollected debts are classified as doubtful but we are pursuing significant sums with one party through the insolvency court.

As turnover can be read as a measure of activity and expenditure it is important to recognise this policy of accounting for fines levied. Our 2006/7 administrative overheads were approximately £4.0m and are in line with the precise budget agreed with Ofcom and a reduction in spending in real terms. The inclusion of variable and potentially very significant fines in turnover should be seen in this context.

Levy income in 2005/6 – notwithstanding the shortfall described for the preceding year we took a decision in 2006 to reduce the levy rate for the second half of the financial year. The rate for April-September 2006 was 0.3% and 0.2% for October 2006-March 2007. This action was taken on advice from our business advisors because ICSTIS was holding considerable sums in the form of excess levy for the year ending March 2004. The sums involved were not known and the payments to ICSTIS were not made until after the levy had been set for 2006/7. Notwithstanding the degree of uncertainty that surrounded our forecasts, we were advised by our former advisors to make a six-month exceptional reduction in the levy as a fast way in effect of returning monies to the industry.

The net position on short-term creditors in 2006/7 accounts reflects the shifts seen in levy and/or refunds of levy owed.

Fines and administrative charge income – is down on 2005/6 levels. The total value of fines imposed was less than £1.2m. The fine recovery rate was exceptional at over 75%. However, the overall sum held is down and a forecast of this situation was taken into account when we set our levy for 2007/8.

The long-term creditor provision – reflects the monies sitting in the winding-up and spike contingency budget.

We collected levy in 2005/6 to top-up the winding-up fund to the recommended level while we made some use of the 'spike' contingency budget for branding and 0871 preparations

Directors

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

Sir P North CBE, QC	(resigned 31 May 2006)
N Higham	
S Nathan	
M Symes	(resigned 31 December 2006)
S Armson	(resigned 30 April 2007)
E Stallibrass	(resigned 30 April 2007)
S Locke	
J Scampton	(resigned 31 December 2006)
M Tully	
A Bud	
E Boddington	
M Short	
Sir J A Graham	(appointed 1 June 2006)
R Chilton	(appointed 1 January 2007)
D Clarke	(appointed 1 January 2007)

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

Company Secretary

C Christensen resigned as Company Secretary on 9 October 2006 and P Whiteing was appointed as Company Secretary on that date

Statement as to Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' 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

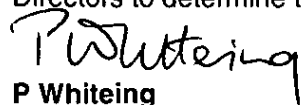
The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence 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 succeeded CLB Littlejohn Frazer as independent auditors to the company on 22 March 2007. A resolution for the reappointment of Mazars LLP as auditors of the company and to authorise the

Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting


P Whiteing

Secretary

13 June 2007

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 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. The Directors are responsible for ensuring that the Directors' Report is prepared in accordance with company law.

Independent auditors' report to the members of ICSTIS Limited

We have audited the financial statements of ICSTIS Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 transactions with the company is not disclosed.

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

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 judgements 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.

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 2007 and of its result 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.

Maz LLP
Mazars LLP

Chartered Accountants and Registered Auditors
24 Bevis Marks
London EC3A 7NR

13 June 2007

ICSTIS LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 March 2007

	Note	2007 £	2006 (restated) £
Turnover	1	3,789,133	6,892,214
Administrative expenses		(3,963,436)	(7,049,593)
Operating Loss	2	(174,303)	(157,379)
Interest receivable	5	228,517	203,352
Profit on Ordinary Activities before Taxation		54,214	45,973
Tax on profit on ordinary activities	6	(54,214)	(45,973)
Profit on Ordinary Activities after Taxation		-	-
Revenue Reserve brought forward		-	-
Revenue Reserve carried forward		-	-

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

There is no material difference between the reported result for 2007 and 2006 and the result for those periods as restated on an historical cost basis

ICSTIS LIMITED
**BALANCE SHEET
At 31 March 2007**

	Note	2007 £	2006 (restated) £
Tangible Fixed Assets	7	329,672	311,681
Investments	8	1	1
Current Assets			
Debtors	9	816,509	2,388,891
Cash at bank and in hand	10	4,718,617	4,448,958
		<u>5,535,126</u>	<u>6,837,849</u>
Creditors: due within one year	11	<u>(3,484,478)</u>	<u>(5,074,531)</u>
Net Current Assets		<u>2,050,648</u>	<u>1,763,318</u>
Total Assets less Current Liabilities		<u>2,380,321</u>	<u>2,075,000</u>
Creditors: amounts falling due after more than one year	12	<u>(2,380,321)</u>	<u>(2,075,000)</u>
		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Approved by the Board on 13 June 2007

R Chilton



M Tully



)
)
) Directors

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

ICSTIS LIMITED**CASH FLOW STATEMENT**
Year ended 31 March 2007

	Note	2007 £	2006 £
Net Cash Inflow/(Outflow) from Operating Activities	14	8,276	(881,408)
Returns on Investments and Servicing of Finance	15	228,517	203,352
Taxation		(45,973)	(24,619)
Capital Expenditure	15	(226,482)	(118,589)
Net Cash Outflow before Financing		(35,662)	(821,264)
Financing	15	305,321	1,200,000
Increase in Cash in the Year	16	269,659	378,736

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

Basis of Accounting

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

Turnover

Turnover represents amounts invoiced to third parties excluding VAT, as adjusted for "income received in advance" as described below

Recognition of Income

Income received in respect of services provided to the Live Conversation Services Compensation Fund is on the basis of costs incurred so that ICSTIS Limited will recover full costs with no profit

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 ICSTIS 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 ICSTIS Limited in any year, this is taken into account in setting the levy for the ensuing year so as to ensure that ICSTIS Limited continues to recover its costs.

Income received from fines and administrative charges levied is on the basis of invoices issued in the period. This is a change in accounting policy – please refer to note 1.

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 years
Furniture	- 5 years
Office equipment	- 3 years
Computer equipment	- 3 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.

Group Financial Statements

The Company is exempt from the requirement to prepare group financial statements by virtue of Section 248 of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not of its group.

1 Turnover

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

	2007	2006 (restated)
	£	£
Levy on premium rate telephone services	2,429,582	1,784,814
Administration of the live conversation services compensation fund	1,347	1,076
Administrative charges	165,445	344,084
Fines	1,101,250	4,703,782
IMCB – costs recharged	33,306	54,078
Credit charges to networks	4,813	3,123
Other	53,390	1,257
	<hr/> 3,789,133	<hr/> 6,892,214

During the year, the Directors reviewed the policy with regards to the recognition of income from fines. In prior years, income received from fines was recognized on the basis of fines received in the period. The Directors have determined that it is more appropriate to recognise fines on invoice and have restated the turnover, debtors and income in advance. The result of this change is that turnover has increased by £14,992 (2006 £463,763) after providing for doubtful debts of £56,402 (2006 £2,943,243). The impact on debtors is an increase of £14,992 (2006 £217,081). The impact on income in advance is an increase of £14,992 (2006 £217,081).

The turnover has also been restated to reclassify bad debt provisions to administration expenses as the Directors have determined that this is a more appropriate classification and is in accordance with UK GAAP. The impact is an increase in turnover and an increase in administrative expenses of £73,665 (2006 £3,056,990).

2 Operating Loss

This loss (which is covered by interest receivable) is stated after charging

Directors' remuneration	207,994	227,603
Auditors' remuneration - audit services - current year	6,000	-
Previous auditors' remuneration - audit services – previous year	3,750	4,000
- other services	16,000	11,000
Depreciation	211,044	172,160
Profit on disposal of fixed assets	(2,553)	-
Operating lease rentals on - land and buildings	200,360	200,360
- other	-	11,485
	<hr/>	<hr/>

3 Staff Costs (including Directors)

Wages and salaries	2,007,200	1,990,473
Social security costs	186,047	177,661
Pension contributions	105,454	98,479
	<hr/>	<hr/>
	2,298,701	2,266,613

3 Staff Costs (including Directors) continued**Average number of employees during the period**

	No	No
Committee - part-time	12	11
Executive - (previously Secretariat)	58	51
Appeals body - part-time	5	5
Adjudicator - part-time	1	1
	—	—
	76	68
	—	—

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

4 Directors' Remuneration

	2007 £	2006 £
Aggregate emoluments	202,369	221,003
Company pension contributions	5,625	6,600
	—	—
	207,994	227,603
	—	—

Retirement benefits are accruing for one Director under a defined contribution arrangement (year ended 31 March 2006 – one)

Highest paid Director		
Aggregate emoluments	38,823	46,597
Company pension contributions	5,625	6,600
	—	—
	44,448	53,197
	—	—

5 Interest Receivable

Bank interest	228,491	203,041
Other interest	26	311
	—	—
	228,517	203,352
	—	—

6 Taxation

	2007 £	2006 £
Analysis of Charge in Year		
Current tax		
UK corporation tax on profits of the year	54,214	45,973
	<u>54,214</u>	<u>45,973</u>
Tax on profit on ordinary activities	<u>54,214</u>	<u>45,973</u>
	<u>54,214</u>	<u>45,973</u>
Factors affecting tax charge for year		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (23 7%) (period ended 31 March 2006 – 22 6%) The differences are explained below		
Profit on ordinary activities before tax	54,214	45,973
	<u>54,214</u>	<u>45,973</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 7% (period ended 31 March 2006 – 22 6%)	12,849	10,390
Effects of Permanent differences	41,365	35,583
	<u>41,365</u>	<u>35,583</u>
Current tax charge for the year	<u>54,214</u>	<u>45,973</u>

7 Tangible Fixed Assets

	Fixtures & fittings £	Furniture & Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2006	259,360	223,872	374,413	857,645
Additions	-	21,872	207,163	229,035
Disposals	-	(10,509)	(87,986)	(98,495)
	<u>259,360</u>	<u>235,235</u>	<u>493,590</u>	<u>988,185</u>
At 31 March 2007	259,360	235,235	493,590	988,185
Accumulated Depreciation				
At 1 April 2006	114,238	173,697	258,029	545,964
Charge for the period	38,690	36,299	136,055	211,044
Disposals	-	(10,509)	(87,986)	(98,495)
	<u>152,928</u>	<u>199,487</u>	<u>306,098</u>	<u>658,513</u>
At 31 March 2007	152,928	199,487	306,098	658,513
Net Book Value				
At 31 March 2007	<u>106,432</u>	<u>35,748</u>	<u>187,492</u>	<u>329,672</u>
At 31 March 2006	<u>145,122</u>	<u>50,175</u>	<u>116,384</u>	<u>311,681</u>

8 Investments

	2007	2006
	£	£
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

9 Debtors

	2007	2006
	£	(restated) £
Trade debtors (note 1)	613,955	2,182,740
Amounts due from group undertakings	516	27,714
Other debtors and prepayments	177,404	178,437
Other tax and social security costs	24,634	-
	<u>816,509</u>	<u>2,388,891</u>

10 Cash at Bank and in Hand

Current accounts	2,528	2,732
Deposit accounts	4,716,089	4,446,226
	<u>4,718,617</u>	<u>4,448,958</u>

11 Creditors: amounts falling due within one year

Trade creditors	608,876	481,914
Other tax and social security costs	-	298,089
Income received in advance (note 1)	2,583,762	3,925,486
Corporation tax payable	54,214	45,973
Other creditors	11,785	14,538
Accruals and deferred income	225,841	308,531
	<u>3,484,478</u>	<u>5,074,531</u>

12 Creditors: amounts falling due after more than one year

Contingency Creditor	1,995,000	1,575,000
Repayable Reserve Fund	385,321	500,000
	<u>2,380,321</u>	<u>2,075,000</u>

13 Obligations under Operating Leases

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

	2007 £	2006 £
Land and Buildings		
On leases expiring		
Between two and five years	200,360	200,360
	<hr/>	<hr/>
	200,360	200,360
	<hr/>	<hr/>

14. Reconciliation of Operating Loss to Operating Cash Flows

	2007 £	2006 (restated) £
Operating Loss	(174,303)	(157,379)
Depreciation Charge	211,044	172,160
(Increase)/Decrease in Debtors	1,572,382	(1,558,858)
Increase/(Decrease) in Creditors	(1,598,294)	662,669
Profit on Disposal of Fixed Assets	(2,553)	-
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Operating Activities	8,276	(881,408)
	<hr/>	<hr/>

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

Interest received	228,517	203,352
	<hr/>	<hr/>
Net cash inflow for returns on Investments and Servicing of Finance	228,517	203,352
	<hr/>	<hr/>

Capital Expenditure

Payments to Acquire Tangible Fixed Assets	(229,035)	(118,589)
Sale Proceeds on Disposal of Tangible Fixed Assets	2,553	-
	<hr/>	<hr/>
Net Cash Outflow for Capital Expenditure	(226,482)	(118,589)
	<hr/>	<hr/>

Financing

Contingency Fund	305,321	1,200,000
	<hr/>	<hr/>
Net Cash Inflow from Financing	305,321	1,200,000
	<hr/>	<hr/>

16 Analysis of Net Funds

	1 April 2006	Cash flows	31 March 2007
	£	£	£
Cash at Bank	4,448,958	269,659	4,718,617
	<u> </u>	<u> </u>	<u> </u>

17 Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 – Related Parties Disclosure available to subsidiaries which are more than 90% controlled by the parent company not to disclose transactions with other group companies

A Bud, a director of the Company is also a Director of Mblox Limited

During the year ICSTIS invoiced Mblox Limited, on its normal terms, for fines and administrative charges of £62,375 (2006 £118,231) These amounts had been settled in full by 31 March 2007