

Financial Statements SP Market Research Limited

For the period ended 31 August 2011



Registered number: 02978667

SP Market Research Limited

Company Information

Directors	J Priest J Brod (appointed 2 September 2010)
Company number	02978667
Registered office	9400 Garsington Road Oxford Business Park North OXFORD OX4 2HN
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB

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Directors' Report

For the period ended 31 August 2011

The directors present their report and the financial statements for the period ended 31 August 2011

Principal activities and review of business

The principal activity of the Company continues to be the provision of a range of market research services to a wide range of customers

On 2 September 2010, the Company was acquired by OFT2 Limited, as part of the creation of a larger independent market research group, which now trades as SPA Future Thinking

In the period revenues increased to £7.45m (2010 £6.56m) and operating profit also increased to £0.60m (2010 £0.27m). Post period end, the Company continues to trade profitably and now, as part of the larger SPA Future Thinking group, the ability to maximise opportunities from both new and existing clients has increased

The accounting period end has been amended to 31 August to make it coterminous with the rest of the Group

Principal risks and uncertainties

Senior management are aware of their responsibility for managing risks within the business and consequently this area is reviewed at Board level to ensure that risks are identified and managed appropriately

i) Economic conditions

The Company is subject to the prevailing general economic conditions just like any other business at the current time. The commitment to providing a quality service generating valuable information to all of its clients is part of the process of ensuring client retention and development mitigates against the general risk. In addition a program within the wider Group to develop new client offerings is designed to facilitate an increased appeal to a wider potential audience

ii) Liquidity and cash flow risk

The Company maintains sufficient funds to meet its daily operations. Funding requirements are actively monitored by Group management and financing arrangements are then managed to ensure those requirements are met

iii) Interest rates

The Company has variable rate borrowings. These are monitored closely by management. No interest rate hedging is undertaken

Key Performance Indicators (KPI's)

The Board reviews KPI's throughout the group as part of its normal management process. These include

	2011	2010
	£'000s	£'000s
Revenue	7,450	6,557
Operating profit before exceptional items	603	271
Employees	51	50

Additionally, any variances to budgeted performance within both the profit and loss account and the balance sheet are reviewed

Results

The profit for the period, after taxation, amounted to £673,762 (2010 - £266,098)

Directors' Report

For the period ended 31 August 2011

Directors

The directors who served during the period were

J Priest

J Brod (appointed 2 September 2010)

R Simons (resigned 2 September 2010)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

SP Market Research Limited

Directors' Report

For the period ended 31 August 2011

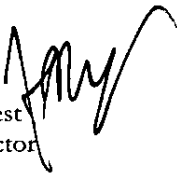
Auditor

During the year the Directors appointed Grant Thornton UK LLP as auditors to fill a casual vacancy in the office of auditor in accordance with section 485 of the Companies Act 2006. Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 April 2012

and signed on its behalf

J Priest
Director



Independent Auditor's Report to the Members of SP Market Research Limited

We have audited the financial statements of SP Market Research Limited for the period ended 31 August 2011, which comprise the profit and loss account, the balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its profit for the period 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of SP Market Research Limited

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

Grant Thornton UK LLP

Paul Creasey (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Oxford

Date *25 April 2012*

Profit and Loss Account

For the period ended 31 August 2011

	Note	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Turnover	1,2	7,450,836	6,557,100
Cost of sales		(3,698,798)	(3,114,917)
Gross profit		3,752,038	3,442,183
Administrative expenses		(3,149,189)	(3,170,894)
Operating profit	3	602,849	271,289
Interest receivable and similar income		30	-
Interest payable and similar charges	6	(1,963)	(5,191)
Profit on ordinary activities before taxation		600,916	266,098
Tax on profit on ordinary activities	7	72,846	-
Profit for the financial period	15	673,762	266,098

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 18 form part of these financial statements

Balance Sheet

As at 31 August 2011

	Note	£	31 August 2011 £	£	30 June 2010 £
Fixed assets					
Tangible assets	9		87,004		122,595
Current assets					
Debtors	10	2,272,278		2,445,132	
Cash at bank and in hand		150,038		87,519	
		<u>2,422,316</u>		<u>2,532,651</u>	
Creditors amounts falling due within one year	11	<u>(1,742,102)</u>		<u>(2,652,422)</u>	
Net current assets/(liabilities)			<u>680,214</u>		<u>(119,771)</u>
Total assets less current liabilities			<u>767,218</u>		<u>2,824</u>
Creditors: amounts falling due after more than one year	12		<u>-</u>		<u>(3,042)</u>
Net assets/(liabilities)			<u><u>767,218</u></u>		<u><u>(218)</u></u>
Capital and reserves					
Called up share capital	14		133,334		100,000
Share premium account	15		60,340		-
Profit and loss account	15		<u>573,544</u>		<u>(100,218)</u>
Shareholders' funds/(deficit)	16		<u><u>767,218</u></u>		<u><u>(218)</u></u>

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

23 April 2012

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J Priest
 Director

The notes on pages 8 to 18 form part of these financial statements

Notes to the Financial Statements

For the period ended 31 August 2011

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

In respect of long term contracts and contracts for on-going services, turnover represents the value of work done in the period, including estimates of amounts not invoiced (estimated by reference to the stage of completion)

1.3 Going concern

The directors have prepared trading and cash flow forecasts for a period of twelve months from the date the accounts are approved, taking into account reasonably possible changes in trading performance, which show that, during this period, the company will be able to operate within the level of its current facilities

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

1.4 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.5 Intangible fixed assets and amortisation

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, was amortised evenly over its estimated useful life of 4 years

1.6 Tangible fixed assets and depreciation

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

Leasehold improvements	-	over the term of the lease
Computer equipment	-	25% straight line
Motor vehicles	-	25% reducing balance
Fixtures, fittings and equipment	-	25% reducing balance

Notes to the Financial Statements

For the period ended 31 August 2011

1. Accounting Policies (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives, are depreciated over the same period. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Notes to the Financial Statements

For the period ended 31 August 2011

1. Accounting Policies (continued)

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

1.13 Share-based payments

The company has issued share options to certain directors and employees. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of options was estimated at the date of grant using an option-pricing model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

2. Turnover

The whole of the turnover is attributable to market research consultancy services

A geographical analysis of turnover is as follows

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
United Kingdom	6,408,817	5,920,358
Overseas	1,042,019	636,742
	<u>7,450,836</u>	<u>6,557,100</u>

Notes to the Financial Statements

For the period ended 31 August 2011

3. Operating profit

The operating profit is stated after charging/(crediting)

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Depreciation of tangible fixed assets		
- owned by the company	57,867	45,388
Auditors' remuneration	9,000	10,000
Operating lease rentals		
- plant and machinery	43,219	36,142
- other assets	178,183	196,035
Difference on foreign exchange	2,740	29,707
Research and development expenditure written off	-	64,472
(Profit)/loss on sale of tangible assets	(2,326)	3,019

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Wages and salaries	2,268,071	1,989,915
Social security costs	270,088	213,127
Other pension costs	1,738	13,175
	2,539,897	2,216,217

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

	14 Months ended 31 August 2011 No	Year ended 30 June 2010 No
Management, administration and executives	51	50

Notes to the Financial Statements

For the period ended 31 August 2011

5. Directors' remuneration

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Emoluments	216,774	286,744
Company pension contributions to defined contribution pension schemes	1,738	9,831

During the period retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £208,351 (2010 - £218,750)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,258

6. Interest payable

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
On bank overdraft	-	1,381
On finance leases and hire purchase contracts	1,963	3,810
	1,963	5,191

7. Taxation

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Analysis of tax charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on profit for the period/year	44,131	-
Deferred tax (see note 13)		
Origination and reversal of timing differences	(116,977)	-
Tax on profit on ordinary activities	(72,846)	-

Notes to the Financial Statements

For the period ended 31 August 2011

7. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26% (2010 - 21%) The differences are explained below

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Profit on ordinary activities before tax	600,916	266,098
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 21%)	156,238	55,881
Effects of		
Expenses not deductible for tax purposes	7,128	8,226
Capital allowances for period/year in excess of depreciation	(3,184)	(5,793)
Utilisation of tax losses	(25,336)	-
Adjustments to tax charge in respect of prior periods	44,131	-
Tax deduction arising from exercise of employee options	(207,627)	-
Unrelieved tax losses carried forward	72,781	-
Other differences leading to an increase (decrease) in the tax charge	-	(58,314)
Current tax charge for the period/year (see note above)	44,131	-

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2010 and 31 August 2011	985,000
Amortisation	
At 1 July 2010 and 31 August 2011	985,000
Net book value	
At 31 August 2011	-
At 30 June 2010	-

Notes to the Financial Statements

For the period ended 31 August 2011

9. Tangible fixed assets

	Leasehold Improv'ts £	Computer equipment £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 July 2010	8,546	248,462	98,239	133,324	488,571
Additions	-	32,002	-	7,823	39,825
Disposals	-	(9,649)	(57,680)	-	(67,329)
At 31 August 2011	8,546	270,815	40,559	141,147	461,067
Depreciation					
At 1 July 2010	7,315	188,015	56,950	113,696	365,976
Charge for the period	997	40,151	10,703	6,016	57,867
On disposals	-	(9,358)	(40,422)	-	(49,780)
At 31 August 2011	8,312	218,808	27,231	119,712	374,063
Net book value					
At 31 August 2011	234	52,007	13,328	21,435	87,004
At 30 June 2010	1,231	60,447	41,289	19,628	122,595

10. Debtors

	31 August 2011 £	30 June 2010 £
Trade debtors	1,004,449	2,027,133
Amounts owed by group undertakings	699,710	-
Other debtors	16,804	24,471
Prepayments and accrued income	434,338	189,937
Corporation tax	-	203,591
Deferred tax asset (see note 13)	116,977	-
	<u>2,272,278</u>	<u>2,445,132</u>

Notes to the Financial Statements

For the period ended 31 August 2011

11. Creditors:

Amounts falling due within one year

	31 August 2011	30 June 2010
	£	£
Bank loans and overdrafts	47,539	223,816
Net obligations under finance leases and hire purchase contracts	2,659	17,778
Trade creditors	681,376	784,072
Amounts owed to group undertakings	114,014	-
Corporation tax	-	1,692
Social security and other taxes	221,415	233,248
Other creditors	91,734	9,817
Accruals and deferred income	583,365	1,381,999
	<u>1,742,102</u>	<u>2,652,422</u>

The overdraft is secured by a debenture over the assets of the company

The hire purchase creditors are secured by the assets to which they relate

12. Creditors:

Amounts falling due after more than one year

	31 August 2011	30 June 2010
	£	£
Net obligations under finance leases and hire purchase contracts	-	3,042

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	31 August 2011	30 June 2010
	£	£
Between one and five years	-	3,042

13. Deferred taxation

	31 August 2011	30 June 2010
	£	£
At beginning of period/year	-	-
Released during period/year	116,977	-
At end of period/year	<u>116,977</u>	<u>-</u>

Notes to the Financial Statements

For the period ended 31 August 2011

13. Deferred taxation (continued)

The deferred taxation balance is made up as follows

	31 August 2011	30 June 2010
	£	£
Tax losses carried forward	116,977	-

14. Share capital

	31 August 2011	30 June 2010
	£	£
Allotted, called up and fully paid		
11,708,672 (2010 - 10,000,000) Ordinary shares of £0 01 each	117,087	100,000
1,624,662 Ordinary A shares of £0 01 each	16,247	-
	<u>133,334</u>	<u>100,000</u>

On 2 September 2010 the following share options were exercised on the sale of the company to OFT 2 Limited

908,000 options over Ordinary shares with an exercise price of £0 05
 800,672 options over Ordinary shares with an exercise price of £0 04
 1,624,662 options over A Ordinary shares with an exercise price of £0 01

All remaining options lapsed on this date

15. Reserves

	Share premium account	Profit and loss account
	£	£
At 1 July 2010	-	(100,218)
Profit for the period	-	673,762
Premium on shares issued during the period	60,340	-
	<u>60,340</u>	<u>573,544</u>
At 31 August 2011		

Notes to the Financial Statements

For the period ended 31 August 2011

16. Reconciliation of movement in shareholders' funds

	31 August 2011 £	30 June 2010 £
Opening shareholders' deficit	(218)	(186,316)
Profit for the period/year	673,762	266,098
Dividends (Note 17)	-	(80,000)
Shares issued during the period	33,334	-
Share premium on shares issued	60,340	-
Closing shareholders' funds/(deficit)	<u>767,218</u>	<u>(218)</u>

17. Dividends

	14 Months ended 31 August 2011 £	Year ended 30 June 2010 £
Dividends paid on equity capital	<u>-</u>	<u>80,000</u>

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,915 (2010 - £13,175).

19. Operating lease commitments

At 31 August 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31 August 2011 £	30 June 2010 £	31 August 2011 £	30 June 2010 £
Expiry date:				
Within 1 year	-	-	-	4,581
Between 2 and 5 years	165,300	165,300	22,205	22,205
Total	<u>165,300</u>	<u>165,300</u>	<u>22,205</u>	<u>26,786</u>

Notes to the Financial Statements

For the period ended 31 August 2011

20. Related party transactions

As a wholly-owned subsidiary of OFT 2 Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by OFT 2 Limited

The following directors had interest free loans outstanding at the prior year end. These were fully repaid in the period

	2011	2010	Maximum in period
	£	£	£
J Priest	-	5,328	5,328
R Simons	-	1,440	1,440

During the period the company paid rent of £6,000 (2010 £36,000) to J Priest and R Simons, being directors of the company, in respect of premises owned by them and used by the company

21. Ultimate parent undertaking and controlling party

The company is controlled by OFT 2 Limited. The company's ultimate controlling party is Next Wave Partners GP Ltd, a company incorporated in England and Wales, through its role as general partner of Next Wave Fund 1 LP and Next Wave Partners 1B LP who, in aggregate, own a majority shareholding in OFT 2 Limited. The smallest and largest group under which the company's results are consolidated is OFT 2 Limited.