

Alchemy Venture Partners Limited

**Directors' report and financial
statements**

Registered number 3274858

30 June 2006



Directors' report and financial statements

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Directors' report

Principal activities

The principal activity of the company is that of a services company. The directors are satisfied with the company's results for the period.

Results and dividends

The profit for the period after taxation amounted to £40,357 (30 June 2005: £52,203).

The directors declared and paid a dividend of £200,000 during the year (30 June 2005: £nil).

Directors and interests in shares

The directors of the company who held office throughout the year, unless otherwise stated, were:

R Barnes
S Bodger
J Bostock
P Casey
R Hughes (resigned 8 December 2005)
J Newton
D Rimmer
S Woodman

Robert Barnes held a beneficial interest in the shares in the company at the beginning and end of the year in his role as a member of Alchemy Partners LLP.

Accounts

Advantage has been taken in preparing the above report of special provisions of Part VII of the Companies Act 1985 relating to small companies.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



Susan Woodman
Secretary

20 Bedfordbury
London
WC2N 4BL

18 September 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Alchemy Venture Partners Limited

We have audited the financial statements of Alchemy Venture Partners Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the 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 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 auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Independent auditors' report to the members of Alchemy Venture Partners Limited
(continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

18 September 2006

Profit and loss account
for the year ended 30 June 2006

	<i>Note</i>	Year to 30 June 2006 £	Year to 30 June 2005 £
Turnover		2,411,000	2,173,000
Administrative expenses		(2,353,524)	(2,120,253)
Operating profit		57,476	52,747
Interest receivable and similar income		512	223
Profit on ordinary activities before taxation	2	57,988	52,970
Tax on profit on ordinary activities	4	(17,631)	(767)
Profit for the financial year		40,357	52,203

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical equivalents.

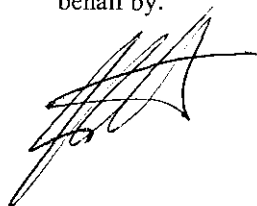
There were no recognised gains or losses other than those passing through the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements

Balance sheet
at 30 June 2006

	<i>Note</i>	30 June 2006	30 June 2005
		£	£
Fixed assets			
Tangible assets	5	53,749	81,698
		<hr/>	<hr/>
Current assets			
Debtors: amounts falling due within one year	6	151,649	314,094
		<hr/>	<hr/>
		151,649	314,094
Creditors: amounts falling due within one year	7	(108,472)	(139,223)
		<hr/>	<hr/>
Net current assets		43,177	174,871
		<hr/>	<hr/>
		96,926	256,569
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		96,924	256,567
		<hr/>	<hr/>
Shareholders' funds	10	96,926	256,569
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18 September 2006 and were signed on its behalf by:



John Bostock
Director

The notes on pages 7 to 11 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting convention

Accounting convention

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

Turnover

Turnover represents the amounts receivable for services provided, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Fixtures and fittings	-	25%
Leasehold improvements	-	over the period of the lease
Computer equipment	-	50%

Deferred taxation

Deferred taxation is calculated using the full provision basis in accordance with FRS 19.

Pension contributions

The company makes payments to a defined contribution pension scheme on behalf of certain of its employees. The amount charged against profits represents the contributions paid or payable in respect of the accounting period.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year to 30 June 2006 £	Year to 30 June 2005 £
Auditors' remuneration		
Audit	19,000	18,000
Depreciation of fixed assets	50,381	51,218
Rentals under operating leases	205,372	205,457
	<hr/>	<hr/>

Notes (continued)

3 Directors and other employees

Staff costs including directors are as follows:

	Year to 30 June 2006 £	Year to 30 June 2005 £
Wages and salaries	1,423,886	1,238,397
Social security costs	193,063	141,538
Other pension costs	101,025	90,864
	<u>1,717,974</u>	<u>1,470,799</u>

The average number of administration staff employed by the company during the year was 16 (30 June 2005: 15).

The remuneration of the directors was as follows:

	Year to 30 June 2006 £	Year to 30 June 2005 £
Directors' emoluments		
In respect of management services	447,316	454,619
Pension costs	49,232	46,568
Amounts paid to third parties in respect of directors' services	5,000	3,333
	<u>491,548</u>	<u>504,520</u>

The highest paid director received emoluments of £194,224 (30 June 2005: £194,488) in respect of management services and had £31,782 (30 June 2005: £30,381) paid into a personal pension plan during the year.

Two of the other directors had contributions paid into a personal pension plan during the year.

4 Tax on profit on ordinary activities

Analysis of charge in period

	Year to 30 June 2006 £	Year to 30 June 2005 £
<i>UK corporation tax</i>		
Current tax on income for the period	22,570	14,947
Total current tax	<u>22,570</u>	<u>14,947</u>
<i>Deferred tax</i>		
Origination of timing differences	(4,939)	1,633
Deferred tax asset not recognised in prior periods	-	(15,813)
Total deferred tax	<u>(4,939)</u>	<u>(14,180)</u>
Tax on profit on ordinary activities	<u>17,631</u>	<u>767</u>

Notes (continued)

4 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	57,988	52,970
Current tax at 30% (2005: 30%)	17,396	15,891
<i>Effects of:</i>		
Expenses not deductible for tax purposes	760	689
Capital allowances for period in excess of depreciation	4,414	(1,633)
Total current tax charge (see above)	22,570	14,947

5 Tangible fixed assets

	Fixtures, fittings and leasehold improvements £	Computer equipment £	Total £
<i>Cost</i>			
At 30 June 2005	174,094	164,164	338,258
Additions	-	22,432	22,432
Disposals	-	(24,377)	(24,377)
	174,094	162,219	336,313
<i>Accumulated depreciation</i>			
At 30 June 2005	131,899	124,661	256,560
Charge for the year	13,555	36,826	50,381
Disposals	-	(24,377)	(24,377)
	145,454	137,110	282,564
<i>Net book value</i>			
30 June 2006	28,640	25,109	53,749
30 June 2005	42,195	39,503	81,698

Notes (continued)

6 Debtors

Amounts falling due within one year	30 June 2006 £	30 June 2005 £
Amounts due from parent undertaking	46,262	211,690
Other debtors	8,173	12,620
Deferred tax	11,421	6,482
Prepayments and accrued income	85,793	83,302
	<u>151,649</u>	<u>314,094</u>

7 Creditors: Amounts falling due within one year

	30 June 2006 £	30 June 2005 £
Bank loans and overdrafts	12,709	10,812
Trade creditors	14,471	15,800
Taxation and social security	59,058	53,152
Accruals and deferred income	22,234	59,459
	<u>108,472</u>	<u>139,223</u>

8 Operating leases

The company has annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	1,486	-	1,486
Over five years	203,886	-	203,886	-
	<u>203,886</u>	<u>1,486</u>	<u>203,886</u>	<u>1,486</u>

The lease of land and buildings is subject to rent reviews in March 2007 and March 2012.

Notes (continued)

9 Called up share capital

	30 June 2006 £	30 June 2005 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

10 Reconciliation of movements in shareholders' funds

	30 June 2006 £	30 June 2005 £
Profit for the financial period	40,357	52,203
Dividend paid	(200,000)	-
Net addition to shareholders' funds	(159,643)	52,203
Opening shareholders' funds	256,569	204,366
Closing shareholders' funds	96,926	256,569

11 Pensions

The company provides pension contributions to certain of its employees' individual personal pension schemes. Contributions are charged in the accounts as stated in note 1 and there were no outstanding contributions at the balance sheet date (30 June 2005: £nil). Pension costs charged in the period were £101,025 (30 June 2005: £90,864).

12 Cash flow statement

As permitted by Financial Reporting Standard No.1 (revised), the company is exempt from the requirement to prepare a cash flow statement by virtue of the fact it is 100% owned by a Group undertaking that produces a consolidated cash flow statement.

13 Related party transactions

Under Financial Reporting Standard No 8, the company is exempt from disclosing transactions within the Group as it is wholly owned by that Group whose consolidated financial statements, which include the company's results, are publicly available.

14 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Alchemy Partners LLP; a limited liability partnership incorporated in Great Britain and registered in England and Wales. The consolidated Group accounts of Alchemy Partners LLP are available to the public and may be obtained from 20 Bedfordbury, London, WC2N 4BL.

Unaudited detailed profit and loss account
for the year ended 30 June 2006

	Year to 30 June 2006		Year to 30 June 2005	
	£	£	£	£
Administration charge income		2,411,000		2,173,000
Administration charges				
Wages	971,569		780,445	
Other staff costs	4,765		5,113	
Directors' remuneration	452,316		457,952	
Employers NIC	193,063		141,538	
Pension costs	101,025		90,864	
Staff recruitment costs	24,680		52,757	
Staff training	13,574		17,562	
Rent and rates	260,827		264,615	
Service charges	80,313		49,172	
Insurance	6,589		7,553	
Light and heat	5,081		4,586	
Catering	32,403		30,547	
Repairs	462		7,616	
Maintenance contracts	3,273		1,680	
Printers and computer equipment	30,320		26,777	
Postage and delivery	21,073		19,067	
Stationery, printing and reproduction	35,458		33,358	
Publications and subscriptions	1,471		1,249	
Telephone	18,898		20,517	
Cleaning	8,489		9,667	
Travel and entertaining	13,184		19,290	
Audit, accountancy etc	20,844		20,014	
Legal and professional fees	1,728		5,053	
Bank charges	699		751	
Miscellaneous	1,007		1,276	
Depreciation	50,381		51,218	
Bank interest received	(512)		(223)	
Bank interest paid	32		16	
Total administration charges		(2,353,012)		(2,120,030)
Net profit		57,988		52,970