

Alchemy Venture Partners Limited

**Directors' report and financial
statements**

Registered number 3274858
For the Year Ended 30 June 2008

TUESDAY



A1OJR5BP

A57

02/12/2008

15

COMPANIES HOUSE

Directors' report and financial statements

| | |
|---|----|
| Directors' report | 1 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 2 |
| Independent auditor's report to the members of Alchemy Venture Partners Limited | 3 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7 |
| Unaudited detailed profit and loss account | 13 |

Directors' report

Principal activities and business review

The principal activity of the company is that of a services company.

The Directors are satisfied with the results for the year, being in line with expectations. As planned, services provided to group companies continued to increase during the year as the group diversified. This was the first year in which a full year's contribution was received from the Special Opportunities investment management business, and the Directors look forward to growth in this area in the coming years.

Results and dividends

The profit for the year after taxation amounted to £68,604 (*30 June 2007: £53,253*).

The directors declared and paid a dividend of £65,000 during the year (*30 June 2007: £40,000*).

Directors and interests in shares

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

S Bodger
J Bostock (resigned 21 December 2007)
P Casey (resigned 30 September 2007)
T Morgan (appointed 1 July 2007; resigned 8 May 2008)
G Loughrey (appointed 25 June 2008)
J Newton
D Rimmer
J Rowland (appointed 10 December 2007)
S Woodman

Auditors

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

Disclosure of information to auditors

The directors who held office at the date of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Susan Woodman
Secretary

25 Bedford Street
London
WC2E 9ES
22 September 2008

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 and applicable law (UK Generally Accepted Accounting Practice).

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 auditor's 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 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 auditor's 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 2008 and of its profit 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 September 2008

Profit and loss account
for the year ended 30 June 2008

| | <i>Note</i> | Year to 30 June 2008 £ | Year to 30 June 2007 £ |
|--|-------------|---------------------------------------|---------------------------------------|
| Turnover | | 4,383,254 | 3,294,322 |
| Administrative expenses | | (4,277,200) | (3,212,905) |
| Operating profit | | 106,054 | 81,417 |
| Interest receivable and similar income | | 918 | 145 |
| Profit on ordinary activities before taxation | 2 | 106,972 | 81,562 |
| Tax on profit on ordinary activities | 4 | (38,368) | (28,309) |
| Profit for the financial year | | 68,604 | 53,253 |

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.

All of the results shown in the above profit and loss account are from continuing operations.

The notes on pages 7 to 12 form part of these financial statements

Balance sheet
at 30 June 2008

| | <i>Note</i> | 30 June 2008 | 30 June 2007 |
|---|-------------|--------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 5 | 403,785 | 47,131 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 6 | 943,088 | 478,635 |
| Cash at bank and in hand | | 99,618 | - |
| | | <u>1,042,706</u> | <u>478,635</u> |
| Creditors: amounts falling due within one year | 7 | <u>(1,322,810)</u> | <u>(415,587)</u> |
| Net current assets | | <u>(280,104)</u> | <u>63,048</u> |
| Total assets less current liabilities | | <u>123,681</u> | <u>110,179</u> |
| Provisions for liabilities and charges | 8 | <u>(9,898)</u> | <u>-</u> |
| Net assets | | <u>113,783</u> | <u>110,179</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 2 | 2 |
| Profit and loss account | | 113,781 | 110,177 |
| Shareholders' funds | 11 | <u>113,783</u> | <u>110,179</u> |

These financial statements were approved by the board of directors on 22 September 2008 and were signed on its behalf by:



John Rowland
 Director

The notes on pages 7 to 12 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

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 tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Financial instruments

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled. Gains or losses on financial assets and liabilities are recognised in the profit and loss account.

Liabilities are recognised at inception at fair value of the proceeds received, net of directly attributable transaction costs, and are carried at amortised cost using the effective interest method. Finance costs are recognised in the profit and loss account.

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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | Year to 30 June 2008 £ | Year to 30 June 2007 £ |
|--------------------------------|------------------------------|------------------------------|
| Auditor's remuneration: | | |
| Audit | 15,750 | 15,000 |
| Tax | 5,250 | 5,000 |
| Depreciation of fixed assets | 42,184 | 36,196 |
| Rentals under operating leases | 323,135 | 268,298 |
| | <u> </u> | <u> </u> |

3 Directors and other employees

Staff costs including directors are as follows:

| | Year to 30 June 2008 £ | Year to 30 June 2007 £ |
|-----------------------|------------------------------|------------------------------|
| Wages and salaries | 2,327,556 | 1,974,639 |
| Social security costs | 291,305 | 247,285 |
| Other pension costs | 124,225 | 128,718 |
| | <u> </u> | <u> </u> |
| | 2,743,086 | 2,350,642 |
| | <u> </u> | <u> </u> |

The average number of administration staff employed by the company during the year was 21 (2007: 16).

The remuneration of the directors was as follows:

| | Year to 30 June 2008 £ | Year to 30 June 2007 £ |
|---|------------------------------|------------------------------|
| Directors' emoluments | | |
| In respect of management services | 494,739 | 541,813 |
| Pension costs | 65,933 | 75,475 |
| Amounts paid to third parties in respect of directors' services | 1,250 | 5,000 |
| | <u> </u> | <u> </u> |

Directors emoluments are only shown for the period for which they held office. The highest paid director received emoluments of £179,641 (2007: £209,244) in respect of management services and had £48,438 (2007: £56,275) paid into a personal pension plan during the year.

Three of the other directors had contributions paid into personal pension plans during the year.

Notes (continued)

4 Tax on profit on ordinary activities

Analysis of charge in period

| | Year to 30 June 2008 | | Year to 30 June 2007 | |
|--|-------------------------|--------|-------------------------|---------|
| | £ | £ | £ | £ |
| <i>UK corporation tax</i> | | | | |
| Current tax on income for the period | 12,812 | | 30,699 | |
| Adjustment in respect of prior periods | 1,882 | | (35) | |
| | | | | |
| Total current tax | | 14,694 | | 30,664 |
| <i>Deferred tax</i> | | | | |
| Origination of timing differences | 23,674 | | (2,355) | |
| | | | | |
| Total deferred tax | | 23,674 | | (2,355) |
| | | | | |
| Tax on profit on ordinary activities | | 38,368 | | 28,309 |

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 (28%; 2007: 30%).
The differences are explained below.

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 106,972 | 81,562 |
| | | |
| Current tax at 28% (2007: 30%) | 29,952 | 24,469 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 5,835 | 2,891 |
| Capital allowances for period in excess of depreciation | (20,200) | (333) |
| Other timing differences | (3,427) | 3,637 |
| Profits arising pre 1 April 2008 being taxed at 30% | 652 | - |
| | | |
| Total current tax charge (see above) | 12,812 | 30,669 |

Notes (continued)

5 Tangible fixed assets

| | Fixtures, fittings and leasehold improvements £ | Computer equipment £ | Total £ |
|---------------------------------|---|----------------------------|----------------|
| <i>Cost</i> | | | |
| At 30 June 2007 | 179,523 | 183,807 | 363,330 |
| Additions | 330,608 | 68,229 | 398,837 |
| Disposals | - | (721) | (721) |
| | <u>510,131</u> | <u>251,315</u> | <u>761,446</u> |
| <i>Accumulated depreciation</i> | | | |
| At 30 June 2007 | 158,025 | 158,174 | 316,199 |
| Charge for the year | 11,993 | 30,191 | 42,184 |
| Disposals | - | (721) | (721) |
| | <u>170,018</u> | <u>187,644</u> | <u>357,662</u> |
| <i>Net book value</i> | | | |
| 30 June 2008 | <u>340,113</u> | <u>63,672</u> | <u>403,785</u> |
| 30 June 2007 | <u>21,498</u> | <u>25,633</u> | <u>47,131</u> |

6 Debtors: Amounts falling due within one year

| | 30 June 2008 £ | 30 June 2007 £ |
|-------------------------------------|-------------------|-------------------|
| Amounts due from Group undertakings | 575,770 | 290,318 |
| Trade debtors | 5,633 | 12,480 |
| Other debtors | 138,012 | 23,094 |
| Deferred tax asset | - | 13,776 |
| Taxation and social security | 1,445 | - |
| Prepayments and accrued income | 222,228 | 138,967 |
| | <u>943,088</u> | <u>478,635</u> |

7 Creditors: Amounts falling due within one year

| | 30 June 2008 £ | 30 June 2007 £ |
|-----------------------------------|-------------------|-------------------|
| Bank loans and overdrafts | - | 127,688 |
| Amounts due to Group undertakings | 242,302 | - |
| Trade creditors | 561,207 | 44,491 |
| Taxation and social security | 51,064 | 88,134 |
| Accruals and deferred income | 468,237 | 155,274 |
| | <u>1,322,810</u> | <u>415,587</u> |

Notes (continued)

8 Provisions for liabilities and charges

| | 30 June 2008 £ | 30 June 2007 £ |
|------------------------|-------------------|-------------------|
| Deferred tax liability | 9,898 | - |

The deferred tax liability relates to capital allowances claimed in excess of depreciation charged.

9 Operating leases

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

| | 2008 Land and buildings £ | Other £ | 2007 Land and buildings £ | Other £ |
|--|------------------------------------|------------|------------------------------------|--------------|
| Operating leases which expire: | | | | |
| Within one year | 18,942 | - | - | - |
| In the second to fifth years inclusive | - | - | - | 1,486 |
| Over five years | - | - | 266,812 | - |
| | <u>18,942</u> | <u>-</u> | <u>266,812</u> | <u>1,486</u> |

10 Called up share capital

| | 30 June 2008 £ | 30 June 2007 £ |
|---|-------------------|-------------------|
| <i>Authorised</i> | | |
| 100,000 ordinary shares of £1 each | 100,000 | 100,000 |
| <i>Allotted, called up and fully paid</i> | | |
| 2 ordinary shares of £1 each | 2 | 2 |

11 Reconciliation of movements in shareholders' funds

| | 30 June 2008 £ | 30 June 2007 £ |
|-------------------------------------|-------------------|-------------------|
| Profit for the financial period | 68,604 | 53,253 |
| Dividend paid | (65,000) | (40,000) |
| Net addition to shareholders' funds | <u>3,604</u> | <u>13,253</u> |
| Opening shareholders' funds | 110,179 | 96,926 |
| Closing shareholders' funds | <u>113,783</u> | <u>110,179</u> |

Notes (continued)

12 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 £nil (30 June 2007: £12,240) of contributions outstanding at the balance sheet date. Pension costs charged in the period were £124,225 (2007: £128,718).

13 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.

14 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.

15 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 25 Bedford Street, London, WC2E 9ES.

Alchemy Partners LLP is the company's controlling and ultimate controlling party.

Unaudited detailed profit and loss account
for the year ended 30 June 2008

| | Year to 30 June 2008 | | Year to 30 June 2007 | |
|---------------------------------------|----------------------|-------------|----------------------|-------------|
| | £ | £ | £ | £ |
| Administration charge income | | 4,383,254 | | 3,294,322 |
| Administration charges | | | | |
| Wages | 1,831,567 | | 1,427,827 | |
| Other staff costs | 43,021 | | 16,262 | |
| Directors' remuneration | 495,989 | | 546,813 | |
| Employers NIC | 291,305 | | 247,285 | |
| Pension costs | 124,225 | | 128,718 | |
| Staff recruitment costs | 323,542 | | 61,453 | |
| Staff training | 11,611 | | 13,588 | |
| Rent and rates | 429,052 | | 324,331 | |
| Service charges | 83,422 | | 83,684 | |
| Insurance | 11,256 | | 9,251 | |
| Light and heat | 7,738 | | 5,174 | |
| Catering | 36,373 | | 34,956 | |
| Repairs | 9,153 | | 1,074 | |
| Maintenance contracts | 2,801 | | 2,364 | |
| Printers and computer equipment | 171,403 | | 82,984 | |
| Postage and delivery | 6,218 | | 18,229 | |
| Stationery, printing and reproduction | 49,123 | | 42,490 | |
| Advertising/PR | 6,726 | | - | |
| Publications and subscriptions | 97,373 | | 11,906 | |
| Telephone | 40,117 | | 29,523 | |
| Cleaning | 9,701 | | 9,185 | |
| Travel and entertaining | 56,592 | | 22,857 | |
| Audit, accountancy etc | 73,347 | | 52,922 | |
| Legal and professional fees | 20,243 | | 1,496 | |
| Bank charges | 851 | | 769 | |
| Miscellaneous | 2,172 | | 1,136 | |
| Depreciation | 42,184 | | 36,196 | |
| Bank interest received | (918) | | (145) | |
| Bank interest paid | 97 | | 342 | |
| Total administration charges | | (4,276,281) | | (3,212,760) |
| Net profit before taxation | | 106,972 | | 81,562 |