

Alchemy Venture Partners Limited

**Directors' report and financial
statements**

Registered number 3274858

30 June 2004



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 £32,526 (*30 June 2003: £26,499*).

The directors do not recommend the payment of a dividend (*30 June 2003: £nil*) and therefore the balance on the profit and loss account has been taken to reserves.

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
G Hallworth
R Hughes
G Loughrey
J Newton
D Rimmer
B Stephens
S Woodman

Gavin Loughrey and Brian Stephens resigned as directors with effect from 4th September 2004.

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

20th September 2004

Statement of directors' responsibilities

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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

Report of the independent auditors to the members of Alchemy Venture Partners Limited

We have audited the financial statements on pages 4 to 11.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

20th September 2004

Profit and loss account
for the year ended 30 June 2004

	<i>Note</i>	Year to 30 June 2004 £	Year to 30 June 2003 £
Turnover		1,927,250	1,622,000
Administrative expenses		(1,879,970)	(1,601,707)
Operating profit		47,280	20,293
Interest receivable and similar income		36	19,879
Profit on ordinary activities before taxation	2	47,316	40,172
Tax on profit on ordinary activities	4	(14,790)	(13,673)
Profit for the financial period		32,526	26,499
Retained profit brought forward		171,838	145,339
Retained profit carried forward		204,364	171,838

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

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

The notes on pages 6 to 11 form part of these financial statements

Balance sheet
at 30 June 2004

	<i>Note</i>	30 June 2004		30 June 2003	
		£	£	£	£
Fixed assets					
Tangible assets	5		<u>64,673</u>		<u>40,478</u>
Current assets					
Debtors: amounts falling due within one year	6	253,752		193,509	
Cash at bank and in hand		<u>12,689</u>		<u>70</u>	
		266,441		193,579	
Creditors: amounts falling due within one year	7	<u>(119,050)</u>		<u>(62,217)</u>	
Net current assets			147,391		131,362
Provisions for liabilities and charges	8		<u>(7,698)</u>		<u>-</u>
			204,366		171,840
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account			<u>204,364</u>		<u>171,838</u>
Equity shareholders' funds	11		<u>204,366</u>		<u>171,840</u>

These financial statements were approved by the board of directors on 20th September 2004 and were signed on its behalf by:



John Bostock
 Director

The notes on pages 6 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 2004 £	Year to 30 June 2003 £
Auditors' remuneration		
Audit	3,250	3,100
Accountancy services	12,950	12,400
Depreciation of fixed assets	30,356	36,704
Rentals under operating leases	203,885	204,067
	<hr/>	<hr/>

Notes (continued)

3 Directors and other employees

Staff costs including directors are as follows:

	Year to 30 June 2004 £	Year to 30 June 2003 £
Wages and salaries	1,100,164	877,088
Social security costs	139,255	86,965
Other pension costs	85,372	72,190
	<u>1,324,791</u>	<u>1,036,243</u>

The average number of administration staff employed by the company during the year was 15 (30 June 2003: 16).

The remuneration of the directors was as follows:

	Year to 30 June 2004 £	Year to 30 June 2003 £
Directors' emoluments		
In respect of management services	348,393	324,042
Pension costs	45,555	42,010
	<u>393,948</u>	<u>366,052</u>

The highest paid director received emoluments of £145,744 (30 June 2003: £136,207) in respect of management services and had £30,380 (30 June 2003: £29,086) 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 2004 £	Year to 30 June 2003 £
<i>UK corporation tax</i>		
Current tax on income for the period	7,092	13,673
Total current tax	<u>7,092</u>	<u>13,673</u>
<i>Deferred tax</i>		
Origination of timing differences	7,698	-
Total deferred tax	<u>7,698</u>	<u>-</u>
Tax on profit on ordinary activities	<u>14,790</u>	<u>13,673</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.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	47,316	40,172
Current tax at 30% (2003: 30%)	14,195	12,052
<i>Effects of:</i>		
Expenses not deductible for tax purposes	595	1,621
Capital allowances for period in excess of depreciation	(7,698)	-
Total current tax charge (see above)	7,092	13,673

5 Tangible fixed assets

	Fixtures, fittings and leasehold improvements £	Computer equipment £	Total £
<i>Cost</i>			
At 30 June 2003	178,314	136,361	314,675
Additions	1,102	53,449	54,551
Disposals	-	(38,559)	(38,559)
	179,416	151,251	330,667
<i>Accumulated depreciation</i>			
At 30 June 2003	161,108	113,089	274,197
Charge for the year	8,695	21,661	30,356
Disposals	-	(38,559)	(38,559)
	169,803	96,191	265,994
<i>Net book value</i>			
30 June 2004	9,613	55,060	64,673
30 June 2003	17,206	23,272	40,478

Notes (continued)

6 Debtors

Amounts falling due within one year	30 June 2004 £	30 June 2003 £
Amounts due from parent undertaking	173,374	109,860
Other debtors	13,966	14,826
Prepayments and accrued income	66,412	68,823
	<u>253,752</u>	<u>193,509</u>

7 Creditors

Amounts falling due within one year	30 June 2004 £	30 June 2003 £
Bank loans and overdrafts	-	10,131
Trade creditors	18,782	6,423
Taxation and social security	33,361	26,852
Accruals and deferred income	66,907	18,811
	<u>119,050</u>	<u>62,217</u>

8 Provision for liabilities and charges

The elements of deferred taxation are as follows:

	2004 £	2003 £
Difference between accumulated depreciation and capital allowances	7,698	-
Deferred tax liability	<u>7,698</u>	<u>-</u>

Notes (continued)

9 Operating leases

The company has annual commitments under non-cancellable operating leases relating to land and buildings as set out below:

	30 June 2004 £	30 June 2003 £
Operating lease which expires: Over five years	<u>203,885</u>	<u>203,885</u>

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

10 Called up share capital

	30 June 2004 £	30 June 2003 £
<i>Authorised</i> 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i> 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Reconciliation of movements in shareholders' funds

	30 June 2004 £	30 June 2003 £
Profit for the financial period	<u>32,526</u>	<u>26,499</u>
Net addition to shareholders' funds	32,526	26,499
Opening shareholders' funds	<u>171,840</u>	<u>145,341</u>
Closing shareholders' funds	<u>204,366</u>	<u>171,840</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 no outstanding contributions at the balance sheet date (*30 June 2003: £nil*). Pension costs charged in the period were £85,372 (*30 June 2003: £72,190*).

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 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 2004

	Year to 30 June 2004		Year to 30 June 2003	
	£	£	£	£
Administration charge income		1,927,250		1,622,000
Administration charges				
Wages	751,771		553,046	
Other staff costs	7,384		4,587	
Directors' remuneration	348,393		324,042	
Employers NIC	139,255		86,965	
Pension costs	85,372		72,190	
Staff recruitment costs	-		8,000	
Staff training	13,023		10,023	
Rent and rates	264,677		258,245	
Service charges	48,627		50,742	
Insurance	7,174		5,657	
Light and heat	4,497		4,286	
Catering	30,335		29,862	
Repairs	264		7,898	
Maintenance contracts	3,365		4,121	
Printers and computer equipment	28,617		26,811	
Postage and delivery	18,429		17,641	
Stationery, printing and reproduction	31,003		29,623	
Publications and subscriptions	1,256		1,205	
Telephone	22,209		18,699	
Cleaning	8,624		8,615	
Travel and entertaining	15,010		19,910	
Audit, accountancy etc	17,972		17,147	
Legal and professional fees	910		3,861	
Bank charges	617		647	
Miscellaneous	526		1,002	
Depreciation	30,356		36,704	
Bank interest received	(36)		(19,879)	
Bank interest paid	304		178	
Total administration charges		(1,879,934)		(1,581,828)
Net profit		47,316		40,172