

Private Investor Capital Limited

Report and Accounts
31 December 2007

**Rees Pollock
Chartered Accountants**

TUESDAY



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OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	D A Giampaolo S Oliver P S Thomas
Company Secretary	S G Geddes
Registered Office	49 St James's Street London SW1A 1JT
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Bank of Scotland London Chief Office PO Box 54873 London SW1Y 5WX
Solicitors	Taylor Wessing 50 Victoria Embankment Blackfriars London EC4Y 0DX
Registered Number	3385330

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 December 2007

Principal activities

The principal activity of the company during the year was that of a venture capital manager, investing the personal wealth of a club of successful high net worth individuals. The directors intend to continue to develop the business.

Directors

The directors who served the company during the year were as follows

D A Giampaolo

S Oliver

P S Thomas

P J Brooks

(Resigned 22 June 2007)

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts 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 accounts, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

Donations

During the year the company made the following contributions

	2007	2006
	£	£
Charitable	<u>5,874</u>	<u>3,700</u>

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Rees Pollock have expressed their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

ON BEHALF OF THE BOARD



D A Giampaolo
Director

25 April

2008



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
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Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIVATE INVESTOR CAPITAL LIMITED

We have audited the accounts of Private Investor Capital Limited for the year ended 31 December 2007 on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on page 8

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts. In addition we 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 the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion

the accounts 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 December 2007 and of its loss for the year then ended,
the accounts have been properly prepared in accordance with the Companies Act 1985, and
the information given in the Directors' Report is consistent with the accounts.

Rees Pollock
Chartered Accountants & Registered Auditors

28 April 2008

Private Investor Capital Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

	Note	2007 £	2006 £
TURNOVER	2	1,439,991	1,805,403
Administrative expenses		<u>1,684,473</u>	<u>1,929,750</u>
OPERATING LOSS	3	(244,482)	(124,347)
Interest receivable		<u>18,424</u>	<u>20,804</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(226,058)	(103,543)
Tax on loss on ordinary activities	6	<u>—</u>	<u>—</u>
LOSS FOR THE FINANCIAL YEAR		<u>(226,058)</u>	<u>(103,543)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 15 form part of these accounts

Private Investor Capital Limited

BALANCE SHEET
at 31 December 2007

	Note	£	2007 £	2006 £
FIXED ASSETS				
Tangible assets	7		24,787	28,161
Investments	8		4,403	4,403
			<u>29,190</u>	<u>32,564</u>
CURRENT ASSETS				
Debtors	9	389,246		249,588
Cash at bank and in hand		709,811		544,200
			<u>1,099,057</u>	<u>793,788</u>
CREDITORS: amounts falling due within one year	10	<u>564,488</u>		<u>636,535</u>
NET CURRENT ASSETS			<u>534,569</u>	<u>157,253</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>563,759</u>	<u>189,817</u>
CREDITORS: amounts falling due after more than one year				
	11		<u>45,000</u>	<u>45,000</u>
			<u>518,759</u>	<u>144,817</u>
CAPITAL AND RESERVES				
Called-up equity share capital	15		1,040,006	440,006
Share premium account	16		99,994	99,994
Profit and loss account	17		(621,241)	(395,183)
SHAREHOLDERS' FUNDS	18		<u>518,759</u>	<u>144,817</u>

The accounts on pages 5 to 15 were approved by the board of directors on 25 April 2008 and signed on its behalf by



D A Giampaolo
Director

The notes on pages 8 to 15 form part of these accounts

Private Investor Capital Limited

CASH FLOW STATEMENT

for the year ended 31 December 2007

	Note	£	2007 £	2006 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	19		(450,711)	7,574
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		18,424		20,804
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			18,424	20,804
TAXATION			(1,351)	(15,209)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(751)		(34,400)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(751)	(34,400)
ACQUISITIONS AND DISPOSALS				
Acquisition of shares in group undertakings		—		(2)
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS			—	(2)
CASH OUTFLOW BEFORE FINANCING			(434,389)	(21,233)
FINANCING				
Issue of equity share capital		600,000		—
NET CASH INFLOW FROM FINANCING			600,000	—
INCREASE/(DECREASE) IN CASH	20		165,611	(21,233)

The notes on pages 8 to 15 form part of these accounts

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts

Related parties transactions

The company is a wholly owned subsidiary of P1 Capital (Holdings) Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the P1 Capital (Holdings) Limited group

Turnover

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures and fittings	– over 5 years
Equipment	– over 3 years

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

2. TURNOVER

The turnover and operating loss for the year was derived from the company's principal continuing activity which was carried out wholly in the UK

3. OPERATING LOSS

Operating loss is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	4,125	17,763
Auditor's remuneration		
– as auditor	6,000	6,750
Operating lease costs		
– land and buildings	<u>61,652</u>	<u>63,849</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Number of administrative staff	<u>7</u>	<u>9</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	577,575	711,098
Social security costs	<u>69,773</u>	<u>85,323</u>
	<u>647,348</u>	<u>796,421</u>

5. DIRECTORS' EMOLUMENTS

	2007	2006
	£	£
Emoluments	<u>269,706</u>	<u>354,344</u>

Emoluments of highest paid director

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	<u>128,570</u>	<u>176,770</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

6. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax for small companies in the UK of 19% (2006 – 19%)

	2007 £	2006 £
Loss on ordinary activities before taxation	(226,058)	(103,543)
Loss on ordinary activities multiplied by rate of tax	(42,951)	(19,673)
Expenditure disallowed for tax purposes	28,292	22,706
Timing differences on fixed assets	(983)	625
Movement in unprovided deferred tax asset relating to tax losses	15,642	–
Group relief claimed	–	(3,658)
Total current tax	–	–

7. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Equipment £	Total £
Cost			
At 1 January 2007	68,955	66,215	135,170
Additions	751	–	751
At 31 December 2007	69,706	66,215	135,921
Depreciation			
At 1 January 2007	45,115	61,894	107,009
Charge for the year	2,181	1,944	4,125
At 31 December 2007	47,296	63,838	111,134
Net book value			
At 31 December 2007	22,410	2,377	24,787
At 31 December 2006	23,840	4,321	28,161

8. INVESTMENTS

	Investments in subsidiaries £	Other investments £	Total £
Cost			
At 1 January 2007 and 31 December 2007	2	4,401	4,403
Net book value			
At 31 December 2007	2	4,401	4,403
At 31 December 2006	2	4,401	4,403

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

8. INVESTMENTS *(continued)*

Details of investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Subsidiary undertakings	Country of incorporation	Holding	Proportion held	Nature of business	
P1 Capital Partners 1 Limited	England	Ordinary shares	100%	General partner	
P1 Capital Partners 2 Limited	England	Ordinary shares	100%	General partner	
				2007	2006
				£	£
Aggregate capital and reserves					
P1 Capital Partners 1 Limited			(67,366)		17,220
P1 Capital Partners 2 Limited			8,581		(656)
Profit and (loss) for the year					
P1 Capital Partners 1 Limited			(84,585)		17,219
P1 Capital Partners 2 Limited			9,237		(657)

Under the provisions of section 228 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so. Therefore the accounts show information about the company as an individual entity.

9. DEBTORS

	2007	2006
	£	£
Trade debtors	135,966	145,916
Amounts owed by group undertakings	125,291	99
Amounts owed by related parties	—	14,866
Corporation tax repayable	1,351	—
VAT recoverable	19,614	—
Other debtors	30,000	32,805
Prepayments and accrued income	77,024	55,902
	<u>389,246</u>	<u>249,588</u>

The debtors above include the following amounts falling due after more than one year

	2007	2006
	£	£
Other debtors	—	<u>30,000</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

10. CREDITORS: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	10,575	19,722
Amounts owed to group undertakings	42,304	101,328
VAT	—	22,282
Other creditors	17,495	14,870
Accruals and deferred income	494,114	478,333
	<u>564,488</u>	<u>636,535</u>

11. CREDITORS amounts falling due after more than one year

	2007	2006
	£	£
Redeemable preference shares (see note 15)	<u>45,000</u>	<u>45,000</u>

12. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows

	2007	2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	996	1,979
Tax losses available	<u>15,647</u>	<u>—</u>
	<u>16,643</u>	<u>1,979</u>

The deferred tax asset has not been recognised on the grounds that it is not material to the accounts

13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & buildings	Other items	Land & buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	15,413	17,160	—	—
Within 2 to 5 years	<u>—</u>	<u>2,680</u>	<u>61,650</u>	<u>21,400</u>
	<u>15,413</u>	<u>19,840</u>	<u>61,650</u>	<u>21,400</u>

14. RELATED PARTY TRANSACTIONS

During the year the company paid expenses of £nil on behalf of Pi Capital Co-Investment Fund Limited Partnership, an entity in which the directors have an interest. At the year-end, the amount outstanding was £nil (2006 £14,866)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

15. SHARE CAPITAL

Authorised share capital

	2007	2006
	£	£
1,000 Ordinary shares of £0.01 each	10	10
2,000,000 Ordinary shares of £1 each	2,000,000	500,000
45,000 Preference shares of £1 each	45,000	45,000
	<u>2,045,010</u>	<u>545,010</u>

Allotted and called up

	2007		2006	
	No	£	No	£
Ordinary shares of £0.01 each	600	6	600	6
Ordinary shares of £1 each	1,040,000	1,040,000	440,000	440,000
Preference shares of £1 each	45,000	45,000	45,000	45,000
	<u>1,085,600</u>	<u>1,085,006</u>	<u>485,600</u>	<u>485,006</u>

Equity shares

Ordinary shares of £0.01 each	600	6	600	6
Ordinary shares of £1 each	1,040,000	1,040,000	440,000	440,000
	<u>1,040,600</u>	<u>1,040,006</u>	<u>440,600</u>	<u>440,006</u>

Shares classed as financial liabilities

Preference shares of £1 each	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>
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During the year the company increased the authorised share capital by the creation of 1,500,000 ordinary shares of £1 each. 600,000 of these shares were then issued at par.

The ordinary shares rank *pari passu* in all respects.

The cumulative redeemable convertible preference shares confer upon their holders the rights to receive fixed cumulative preferential dividends of 12.5% per year. These dividends have been waived to date. In the event of winding up of the company, the preference shares have priority over ordinary shares. The preference shares are redeemable at par on demand at the shareholder's option and are classified as a liability under FRS 25.

16. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

17. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	(395,183)	(291,640)
Loss for the financial year	(226,058)	(103,543)
Balance carried forward	<u>(621,241)</u>	<u>(395,183)</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Loss for the financial year	(226,058)	(103,543)
New ordinary share capital subscribed	600,000	—
Net addition/(reduction) to shareholders' funds	373,942	(103,543)
Opening shareholders' funds	144,817	248,360
Closing shareholders' funds	<u>518,759</u>	<u>144,817</u>

19. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating loss	(244,482)	(124,347)
Depreciation	4,125	17,763
(Increase)/decrease in debtors	(138,307)	27,299
(Decrease)/increase in creditors	(72,047)	86,859
Net cash (outflow)/inflow from operating activities	<u>(450,711)</u>	<u>7,574</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Increase/(decrease) in cash in the period	165,611	(21,233)
Movement in net funds in the period	<u>165,611</u>	<u>(21,233)</u>
Net funds at 1 January 2007	499,200	520,433
Net funds at 31 December 2007	<u>664,811</u>	<u>499,200</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2007

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2007 £	Cash flows £	At 31 Dec 2007 £
Net cash			
Cash in hand and at bank	544,200	165,611	709,811
Debt			
Debt due after 1 year	(45,000)	–	(45,000)
Net funds	<u>499,200</u>	<u>165,611</u>	<u>664,811</u>

22. ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is P1 Capital (Holdings) Limited, incorporated in the United Kingdom. Consolidated accounts are available from Companies House.

In the opinion of the directors the ultimate controlling party of the company are the directors of P1 Capital (Holdings) Limited by virtue of the fact that no single shareholder exerts dominant influence over that company.