

**The Merlin Venture Limited**

Directors' report and financial statements

For the year ended 31 March 2015



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**The Merlin Venture Limited**  
**(A company limited by guarantee)**

**Company Information**

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<b>Directors</b>	Ian Good - Chair Peter Daniels Martyn Collin (appointed 6 August 2015) Rourke James Major Holmes (removed 25 September 2014) Andrew Lane Roger Hand Stephen Rawlins
<b>Company secretary</b>	Ian Good
<b>Registered number</b>	03615422
<b>Registered office</b>	Tiggy Winkles Chivenor House Drem Croft Birmingham B35 7HY
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
<b>Bankers</b>	Barclays Bank PLC PO Box 3650 Erdington Birmingham B23 6XU

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**The Merlin Venture Limited**  
**(A company limited by guarantee)**

**Directors' report**  
**For the year ended 31 March 2015**

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The directors present their report and the audited financial statements for the year ended 31 March 2015.

**Principal activities and review of business**

The principal activity of the company was designed to tackle the following issues directly and at a local level to complement national, regional and citywide policies:

- Job creation and access
- Social and economic exclusion
- Local jobs for local people
- Social and economic capacity building
- Local services for local people

The Merlin Venture Limited has operated as:

An employment business with social objectives

A direct employer while sub contracting work from the public, private and voluntary sectors

A provider of local services

A developer and manager of social enterprises

An incubator and holding company for businesses and community businesses

A community development company dedicated to identifying and securing local jobs for local people

The level of business was such that the projects that were operational during the year were:

Tiggy Winkles Day Nurseries – one 55 place and one 36 place day nursery catering for 0-5 year olds

Merlin Employment and Training Advice – helping local unemployed people find jobs and/or training

Merlin Training – a range of vocational training courses for young and unemployed people

Following a detailed review of the company's business, it was decided to close the training centre and wind down our employment support activities so that we could concentrate on continuing to grow our Tiggy Winkles daycare nursery business.

The training centre closed in February 2015, and the final employment and training support programme was completed in May 2015, so Merlin's activities are currently the management and development of Tiggy Winkles Day Nurseries.

**Results**

The loss for the year, after taxation, amounted to £121,009 (2014 - £134,158).

**Directors**

The directors who served during the year were:

Ian Good - Chair

Peter Daniels

Rourke James Major Holmes (resigned 25 September 2014)

Andrew Lane

Roger Hand

Stephen Rawlins

### **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 accounting 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;
- 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.

### **Qualifying third party indemnity provisions**

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company. Appropriate directors' and officers liability insurance cover is in place in respect of all company's directors.

### **Disclosure of information to auditors**

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 auditors are 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 relevant audit information and to establish that the company's auditors are aware of that information.

**The Merlin Venture Limited**  
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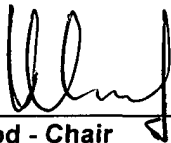
**Directors' report**  
**For the year ended 31 March 2015**

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**Auditors**

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2015 and signed on its behalf.

  
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**Ian Good - Chair**  
Director

**Independent auditors' report to the members of The Merlin Venture Limited**

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We have audited the financial statements of The Merlin Venture Limited for the year ended 31 March 2015, 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 Auditors' 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 explained more fully in the Directors' responsibilities statement, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 March 2015 and of its loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

**The Merlin Venture Limited**  
**(A company limited by guarantee)**

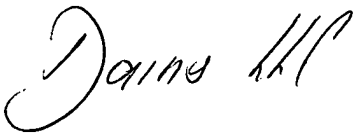
**Independent auditors' report to the members of The Merlin Venture Limited**

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**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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of  
**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

24 September 2015



**The Merlin Venture Limited**  
**(A company limited by guarantee)**

**Profit and loss account**  
**For the year ended 31 March 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Turnover</b>	1,2	<b>1,199,537</b>	1,173,324
Administrative expenses		<b>(1,320,845)</b>	(1,308,976)
<b>Operating loss</b>	3	<b>(121,308)</b>	(135,652)
Interest receivable and similar income		<b>299</b>	1,494
<b>Loss on ordinary activities before taxation</b>		<b>(121,009)</b>	(134,158)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	11	<b>(121,009)</b>	(134,158)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

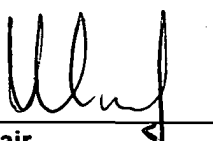
The notes on pages 8 to 13 form part of these financial statements.

**The Merlin Venture Limited**  
**(A company limited by guarantee)**  
**Registered number: 03615422**

**Balance sheet**  
**As at 31 March 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	6		100,275		109,496
<b>Current assets</b>					
Debtors	7	79,188		125,091	
Cash at bank and in hand		190,266		307,139	
		<u>269,454</u>		<u>432,230</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(141,640)</u>		<u>(182,878)</u>	
<b>Net current assets</b>			<u>127,814</u>		<u>249,352</u>
<b>Total assets less current liabilities</b>			<u>228,089</u>		<u>358,848</u>
<b>Creditors: amounts falling due after more than one year</b>	9		<u>(78,000)</u>		<u>(87,750)</u>
<b>Net assets</b>			<u><u>150,089</u></u>		<u><u>271,098</u></u>
<b>Capital and reserves</b>					
Profit and loss account	11		<u>150,089</u>		<u>271,098</u>
	12		<u><u>150,089</u></u>		<u><u>271,098</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2015.



**Ian Good - Chair**  
Director

The notes on pages 8 to 13 form part of these financial statements.

**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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**1.2 Going concern**

On the basis of their assessment of the company's financial position and current year forecasts, the company directors' have a reasonable expectation that the company will be able 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.

**1.3 Cash flow**

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**1.4 Turnover**

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

Training and Nursery turnover is recognised as earned (that is, as the services are provided).

Grant funding is received subject to specific performance conditions. Grant funding included in this category is recognised where there is entitlement, certainty of receipt and the amount can be measured reliably.

**1.5 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	-	straight line over period of lease
Plant and machinery	-	3 years straight line
Motor vehicles	-	3 years straight line
Fixtures and fittings	-	3 years straight line

**1.6 Operating leases**

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

**1.7 Capital grants**

Capital grants received are treated as deferred credits and released to the profit and loss account over the estimated useful life of the relevant fixed assets.

**1. Accounting policies (continued)**

**1.8 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 year.

**2. Turnover**

All turnover arose within the United Kingdom.

**3. Operating loss**

The operating loss is stated after charging:

	<b>2015</b>	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	13,212	38,480
Auditors' remuneration	3,750	3,750
Operating lease rentals:		
- other operating leases	63,375	49,750
	<u>13,212</u>	<u>38,480</u>
	<u>3,750</u>	<u>3,750</u>
	<u>63,375</u>	<u>49,750</u>

During the year, no director received any emoluments (2014 - £NIL).

**4. Staff costs**

Staff costs were as follows:

	<b>2015</b>	2014
	£	£
Wages and salaries	944,871	934,551
Social security costs	65,169	64,428
Other pension costs	15,138	7,626
	<u>944,871</u>	<u>934,551</u>
	<u>65,169</u>	<u>64,428</u>
	<u>15,138</u>	<u>7,626</u>
	<u>1,025,178</u>	<u>1,006,605</u>

The average number of employees, including the directors, during the year was as follows:

	<b>2015</b>	2014
	No.	No.
Managerial	5	5
Administration	4	4
Operatives	53	57
	<u>5</u>	<u>5</u>
	<u>4</u>	<u>4</u>
	<u>53</u>	<u>57</u>
	<u>62</u>	<u>66</u>

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**Notes to the financial statements**  
**For the year ended 31 March 2015**

**5. Taxation**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(121,009)</u>	<u>(134,158)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	(24,202)	(26,832)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	51	1,750
Capital allowances for year in excess of depreciation	1,844	4,291
Release of general provision	(1,000)	-
Removal of capital income	(1,950)	-
Unrelieved tax losses carried forward	25,257	20,791
	<u>-</u>	<u>-</u>
<b>Current tax charge for the year (see note above)</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The company has estimated losses of £2,197,204 (2014 - £2,070,921) available for carry forward against future trading profits.

The asset that would arise in respect of these amounts to £439,000 (2014 - £414,000) has not been recognised as the directors are unable to satisfy themselves that it is more likely than not that sufficient taxable profits will arise in the next accounting period.

**The Merlin Venture Limited**  
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**Notes to the financial statements**  
**For the year ended 31 March 2015**

**6. Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 April 2014	282,890	80,034	1,750	33,060	397,734
Additions	-	2,610	-	1,380	3,990
Disposals	(67,888)	(37,092)	-	(25,931)	(130,911)
At 31 March 2015	215,002	45,552	1,750	8,509	270,813
<b>Depreciation</b>					
At 1 April 2014	177,138	76,451	1,750	32,899	288,238
Charge for the year	9,614	2,746	-	851	13,211
On disposals	(67,888)	(37,092)	-	(25,931)	(130,911)
At 31 March 2015	118,864	42,105	1,750	7,819	170,538
<b>Net book value</b>					
At 31 March 2015	96,138	3,447	-	690	100,275
At 31 March 2014	105,752	3,583	-	161	109,496

**7. Debtors**

	2015 £	2014 £
Trade debtors	2,348	83,860
Prepayments and accrued income	76,840	41,231
	<b>79,188</b>	<b>125,091</b>

**8. Creditors:**  
**Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	12,557	7,308
Other taxation and social security	18,550	19,533
Other creditors	5,828	2,895
Accruals and deferred income	104,705	153,142
	<b>141,640</b>	<b>182,878</b>

**The Merlin Venture Limited**  
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**Notes to the financial statements**  
**For the year ended 31 March 2015**

**9. Creditors:**  
**Amounts falling due after more than one year**

	2015 £	2014 £
Accruals and deferred income	<u>78,000</u>	<u>87,750</u>

**10. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

**11. Reserves**

	Profit and loss account £
At 1 April 2014	271,098
Loss for the financial year	(121,009)
At 31 March 2015	<u>150,089</u>

**12. Reconciliation of movement in members' funds**

	2015 £	2014 £
Opening members' funds	271,098	405,256
Loss for the financial year	(121,009)	(134,158)
Closing members' funds	<u>150,089</u>	<u>271,098</u>

**13. Pension commitments**

The company operates a defined contribution scheme for employees, the assets of which are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £15,138 (2014 - £7,626) for the year. As at the year end contributions were outstanding of £2,302 (2014 - £Nil).

**14. Operating lease commitments**

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	<b>3,000</b>	42,250
After more than 5 years	<b>7,500</b>	7,500
	<b><u>7,500</u></b>	<b><u>49,750</u></b>

**15. Controlling party**

There is no one controlling party.