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E-Synergy Limited

Report And Financial Statements

31 December 2010

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COMPANIES HOUSE

Rees Pollock
Chartered Accountants

COMPANY INFORMATION

Director	R A Armstrong
Company secretary	C J Hart
Registered office	8-12 New Bridge Street London EC4V 6AL
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Lloyds TSB Bank plc London WC2E 7JB
Company number	03865384

DIRECTOR'S REPORT
for the year ended 31 December 2010

The director presents his report and the financial statements for the year ended 31 December 2010

Principal activities

The principle activity of the company during the year was that of management services to support the growth of new and early stage companies

Directors

The directors who served during the year was

R A Armstrong
J C White (resigned 8 December 2010)
R A Brook (resigned 8 December 2010)

Statement of director's responsibilities

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006 He is 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

Provision of information to auditor

The director at the time when this Director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

DIRECTOR'S REPORT
for the year ended 31 December 2010

Auditor

The auditor, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 19 April 2011 and signed on its behalf

R A Armstrong
Director

REES POLLOCK

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF E-SYNERGY LIMITED

We have audited the financial statements of E-Synergy Limited for the year ended 31 December 2010, set out on pages 5 to 14 The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 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 director and auditor
As explained more fully in the Statement of director's responsibilities, the director is 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 director, and the overall presentation of the financial statements

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 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Fundamental uncertainty
In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of dialogue with HMRC on the company's taxation position as detailed in note 11 to the accounts The conclusion of this dialogue could result in additional taxation liabilities not reflected in the accounts

In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
E-SYNERGY LIMITED

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's report

Simon Rees (Senior statutory auditor)
for and on behalf of
Rees Pollock (Statutory auditor)

21 April 2011

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	1	1,655,983	1,544,330
Administrative expenses		(1,885,869)	(1,667,819)
OPERATING LOSS	2	(229,886)	(123,489)
Interest receivable and similar income		4	-
Amounts written off investments		(91,000)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(320,882)	(123,489)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR	14	(320,882)	(123,489)

The notes on pages 8 to 14 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	2010 £	2009 £
LOSS FOR THE FINANCIAL YEAR	(320,882)	(123,489)
Unrealised surplus on revaluation of fixed asset investments	-	40,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(320,882)	(83,489)

The notes on pages 8 to 14 form part of these financial statements

E-Synergy Limited
Registered number 03865384

BALANCE SHEET
as at 31 December 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	5		17,448		22,590
Investments	6		158,302		241,802
			175,750		264,392
CURRENT ASSETS					
Debtors	7	402,412		624,147	
Cash at bank and in hand		125,826		766	
		528,238		624,913	
CREDITORS: amounts falling due within one year	8	(646,581)		(561,716)	
NET CURRENT (LIABILITIES)/ASSETS			(118,343)		63,197
TOTAL ASSETS LESS CURRENT LIABILITIES			57,407		327,589
PROVISIONS FOR LIABILITIES					
Other provisions	11		(50,700)		-
NET ASSETS			6,707		327,589
CAPITAL AND RESERVES					
Called up share capital	13		137,576		137,576
Share premium account	14		571,702		571,702
Revaluation reserve	14		40,000		40,000
Profit and loss account	14		(742,571)		(421,689)
SHAREHOLDERS' FUNDS			6,707		327,589

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2011

R A Armstrong
Director

The notes on pages 8 to 14 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Going concern

The directors have prepared budgets that show that the company will have sufficient resources to meet its liabilities as they fall due for a period of at least twelve months from the signing of these accounts Consequently the directors believe that the going concern basis is appropriate and the accounts have been prepared under that assumption No estimate has been prepared of the effect should this assumption prove to be incorrect

1 3 Consolidated accounts

The company has taken advantage of the exemption available to small companies from producing consolidated accounts

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of VAT

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	over the life of the lease
Fixtures & fittings	-	over 5 years
Office equipment	-	over 3 years

1 6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

1. **ACCOUNTING POLICIES (continued)**

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.8 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

1 9 Investments

Investments held as fixed assets are shown at the Board's valuation

The valuations of investments are conducted by the Board In valuing investments the Board applies guidelines issued by the British Venture Capital Association (BVCA) The following valuation methodology has been used in reaching the fair value of investments, all of which are in early stage companies

Investments are valued at cost, unless there has been a significant round of new equity finance in which case the investment is valued at the price paid by an independent third-party Where subsequent events or changes to circumstances indicate that impairment may have occurred, the carrying value is reduced to reflect the estimated extent of impairment

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the company is carried out Therefore in accordance with Financial Reporting Standard 9 'Associates and Joint Ventures', they are not accounted for as associates

2 **OPERATING LOSS**

The operating loss is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	14,387	20,635
Auditors' remuneration	4,500	9,350
Auditors' remuneration - non-audit	47,121	9,785
Pension costs	28,854	30,163

The average number of full time equivalent employees, including directors, during the year was as follows

	2010 £	2009 £
Number of full time equivalent administrative staff	15	14

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

3 DIRECTORS' REMUNERATION

	2010	2009
	£	£
Aggregate emoluments	232,911	314,967

Included within the above are directors' consultancy fees of £188,832 (2009 £278,657), which were payable as detailed in note 15

4 TAXATION

	2010	2009
	£	£
UK corporation tax charge on loss for the year	-	-

Factors that may affect future tax charges

At the year end the company had unrelieved trading losses of £463,222 (2009 £451,254) The potential deferred tax asset (at 21%) of £97,277 (2009 £94,763) has not been recognised due to uncertainty over the timing of the asset's recovery

5 TANGIBLE FIXED ASSETS

	Office equipment	Fixtures & fittings	Leasehold improvements	Total
	£	£	£	£
Cost or valuation				
At 1 January 2010	43,089	34,442	28,038	105,569
Additions	9,011	234	-	9,245
At 31 December 2010	52,100	34,676	28,038	114,814
Depreciation				
At 1 January 2010	32,110	25,131	25,738	82,979
Charge for the year	8,088	3,999	2,300	14,387
At 31 December 2010	40,198	29,130	28,038	97,366
Net book value				
At 31 December 2010	11,902	5,546	-	17,448
At 31 December 2009	10,979	9,311	2,300	22,590

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Investment in joint ventures £	Total £
Cost or valuation				
At 1 January 2010	999	309,583	-	310,582
Additions	-	-	7,500	7,500
At 31 December 2010	999	309,583	7,500	318,082
Impairment				
At 1 January 2010	-	68,780	-	68,780
Charge for the year	-	91,000	-	91,000
At 31 December 2010	-	159,780	-	159,780
Net book value				
At 31 December 2010	999	149,803	7,500	158,302
At 31 December 2009	999	240,803	-	241,802

The investment in joint venture represents the company's 50% non-controlling interest, acquired on 25 February 2010, in Rivers Capital Partners Limited, a company incorporated in the United Kingdom

7 DEBTORS

	2010 £	2009 £
Trade debtors	333,450	456,407
Other debtors	68,962	167,740
	402,412	624,147

8. CREDITORS

Amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	-	29,763
Trade creditors	127,318	306,596
Amounts owed to group undertakings	999	999
Amounts owed to participating interest	1	1
Social security and other taxes	27,525	33,389
Other creditors	490,738	190,968
	646,581	561,716

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

9 PENSION COMMITMENTS

The company makes contributions to employees' personal pension plans Payments into these are charged to the profit and loss account as they arise During the year £28,854 (2009 £30,163) was charged to the profit and loss account No payments were outstanding at the year end

10 OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£	£
Expiry date		
Within 1 year	-	13,851

11 PROVISIONS

	Provisions
	£
At 1 January 2010	-
Additions	50,700
At 31 December 2010	50,700

Directors' fees of £50,700, which become payable when certain conditions relating to the company's performance are met, have been provided for The directors consider that it is sufficiently certain that these conditions will be met and therefore a liability has been recognised under Financial Reporting Standard No 12 ('FRS 12')

The company has also recognised a provision in relation to additional amounts that will be payable to HMRC on conclusion of discussions with them In accordance with paragraph 97 of FRS 12, the company has not disclosed the information usually required by that standard, on the grounds that the disclosure could be expected to seriously prejudice the position of the company in the resolution of this issue

12 RELATED PARTY TRANSACTIONS

During the year the company received £293,822 (2009 £278,307) in respect of management and advisory fees from the East Midlands Early Growth Fund Limited, an entity under common control, and £49,000 (2009 £nil) in respect of management and advisory fees from Rivers Capital Partners Limited, a joint venture between E-Synergy Limited and Pario Au Limited

At the year end, £nil (2009 £5,750) was due from E-Synergy Early Growth Fund Limited, an entity under common control, East Midlands Early Growth Fund Limited was due £23,469 (2009 was owed £38,013) and £54,656 (2009 £nil) was due from Rivers Capital Partners Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

13 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
137,576 Ordinary shares of £1 each	137,576	137,576

14 RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2010	571,702	40,000	(421,689)
Loss for the year	-	-	(320,882)
At 31 December 2010	571,702	40,000	(742,571)

15 DIRECTOR'S BENEFITS: ADVANCES, CREDIT AND GUARANTEES

During the year the company engaged the services of, and incurred costs from, the following businesses

	2010 £	2009 £
Netstrike Limited	63,713	34,514
John White Limited	79,860	80,583
Merribrook Limited	45,259	41,610

In each case the businesses are owned and run by directors who served in the year as follows

Netstrike Limited	R A Armstrong
John White Limited	J White
Merribrook Limited	R Brook

At the year end the following amounts were owed to the above by the company

	2010 £	2009 £
Netstrike Limited	28,148	20,640
John White Limited	21,008	71,175
Merribrook Limited	16,690	20,546

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

16 CONTROLLING PARTY

On 8 December 2010, J Moulton became the majority shareholder and thus has since been the ultimate controlling party of the company

Until this date, the directors considered themselves to be the ultimate controlling party of the company, by virtue of the fact that no single shareholder exerted dominant influence over the company