

03865384

E-Synergy Limited
Report And Financial Statements
31 December 2012



E-Synergy Limited

COMPANY INFORMATION

Directors	R A Armstrong P W E Downes R D Brockbank J S Miller M J Bowman
Registered office	8-12 New Bridge Street London EC4V 6AL
Independent auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Lloyds TSB Bank plc Strand Branch Villiers House 48-49 Strand London WC2N 5LL
Registered number	03865384

DIRECTORS' REPORT
for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal 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 were

R A Armstrong
P W E Downes
R D Brockbank
J S Miller
M J Bowman (appointed 5 January 2012)

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,
- 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.

Provision of information to auditor

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 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

DIRECTORS' REPORT
for the year ended 31 December 2012

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 directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 27 March 2013 and signed on its behalf



R D Brockbank
Director



REESPOLLOCK

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 2012, set out on pages 4 to 12. 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 directors and auditor

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. 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 December 2012 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.

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.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

Simon Rees (Senior statutory auditor)

for and on behalf of

Rees Pollock, Statutory Auditor

27 March 2013

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	1	1,236,925	1 605,668
Administrative expenses		<u>(1,345,987)</u>	<u>(1,432,139)</u>
OPERATING (LOSS)/PROFIT	2	<u>(109,062)</u>	<u>173 529</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(109,062)	173,529
Tax on (loss)/profit on ordinary activities	4	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	<u><u>(109,062)</u></u>	<u><u>173 529</u></u>

The notes on pages 6 to 12 form part of these financial statements

BALANCE SHEET
as at 31 December 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	5		9 636		14,715
Investments	6		168,042		158 302
			<u>177 678</u>		<u>173,017</u>
CURRENT ASSETS					
Debtors	7	198,340		258,233	
Cash at bank and in hand		60,372		144,387	
		<u>258,712</u>		<u>402,620</u>	
CREDITORS: amounts falling due within one year	8	(314,516)		(344 701)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(55,804)</u>		<u>57 919</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>121,874</u>		<u>230,936</u>
PROVISIONS FOR LIABILITIES					
Other provisions	11		(50,700)		(50,700)
NET ASSETS			<u><u>71 174</u></u>		<u><u>180 236</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		137,576		137,576
Share premium account	15		571,702		571,702
Revaluation reserve	15		40,000		40,000
Profit and loss account	15		(678 104)		(569,042)
SHAREHOLDERS' FUNDS			<u><u>71,174</u></u>		<u><u>180,236</u></u>

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 27 March 2013

R D Brockbank

R D Brockbank
Director

The notes on pages 6 to 12 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

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 during the year, exclusive of value added tax.

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 2012

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 Government grants

The company administers an endowment grant on behalf of the Government of Northern Ireland. The funds are held in a separate designated bank account which can only be used for this purpose and are therefore not reflected in the balance sheet of the company.

1.9 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 period. Contributions of £1,013 (2011: £1,013) were outstanding at the balance sheet date.

1.10 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.

1.11 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012
2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	9 667	11,305
Auditor's remuneration	6,675	4,500
Auditor's remuneration - non-audit	20 165	12,400
Pension costs	24,317	34,953
	<u> </u>	<u> </u>

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

	2012	2011
	£	£
Number of full time equivalent administrative staff	9	14
	<u> </u>	<u> </u>

3 DIRECTORS' REMUNERATION

	2012	2011
	£	£
Aggregate emoluments	436 138	177,000
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 3 directors (2011 - NIL) in respect of defined contribution pension schemes

The emoluments above relate to 5 directors for the year ended 31 December 2012 (1 director in the year ended 31 December 2011)

Included within the above are directors' consultancy fees of £165,000 (2011 £165,000), which were payable as detailed in note 16. In addition included within the above are directors' advisory fees of £6,000 (2011 £nil) which were paid to P W E Downes during the year

4 TAXATION

	2012	2011
	£	£
UK corporation tax charge on (loss)/profit for the year	-	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

At the year end the company had unrelieved trading losses of £462,780 (2011 £359,157). The potential deferred tax asset (at 20%) of £92,336 (2011 £71,831) has not been recognised due to uncertainty over the timing of the asset's recovery.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

5 TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures & fittings £	Leasehold improvements £	Total £
Cost or valuation				
At 1 January 2012	60,443	34,766	28,038	123,247
Additions	4,358	230	-	4,588
At 31 December 2012	64,801	34,996	28,038	127,835
Depreciation				
At 1 January 2012	48,018	32,476	28,038	108,532
Charge for the year	8,087	1,580	-	9,667
At 31 December 2012	56,105	34,056	28,038	118,199
Net book value				
At 31 December 2012	8,696	940	-	9,636
At 31 December 2011	12,425	2,290	-	14,715

6 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Investment in joint venture £	Total £
Cost or valuation				
At 1 January 2012	999	309,583	7,500	318,082
Additions	-	9,740	-	9,740
At 31 December 2012	999	319,323	7,500	327,822
Impairment				
At 1 January 2012 and 31 December 2012	-	159,780	-	159,780
Net book value				
At 31 December 2012	999	159,543	7,500	168,042
At 31 December 2011	999	149,803	7,500	158,302

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
E-Synergy Management Limited	Ordinary	100 %

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012
6 FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
E-Synergy Management Limited	919	-

Joint venture

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

	2012 £	2011 £
Trade debtors	144 986	231 093
Other debtors	53 354	27 140
	<u>198,340</u>	<u>258,233</u>

8 CREDITORS

Amounts falling due within one year

	2012 £	2011 £
Trade creditors	125,234	41,521
Amounts owed to group undertakings	999	999
Amounts owed to participating interest	1	1
Social security and other taxes	68 943	166,163
Accruals and deferred income	119,339	136,017
	<u>314,516</u>	<u>344,701</u>

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 £24,317 (2011 £34,953) was charged to the profit and loss account. Contributions of £1,013 (2011 £1,013) were outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012
10 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012	2011
	£	£
Expiry date		
Within 1 year	18,875	17,345

11 PROVISIONS

	Provisions
	£
At 1 January 2012 and 31 December 2012	50,700

Provisions

Directors' fees of £50,700, which become payable when certain conditions relating to the company's performance are met, have been provided for at year end. 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').

12 RELATED PARTY TRANSACTIONS

During the year the company received £160,520 (2011: £258,728) in respect of management and advisory fees from the East Midlands Early Growth Fund Limited, an entity under common control, and £22,319 (2011: £22,692) 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, East Midlands Early Growth Fund Limited owed £14,853 (2011: owed £14,907) and £26,287 (2011: £26,287) was due from Rivers Capital Partners Limited.

13. SHARE CAPITAL

	2012	2011
	£	£
Allotted, called up and fully paid		
137,576 Ordinary shares of £1 each	137,576	137,576

14 SHARE OPTIONS

During the year, 9,600 options were granted to directors of the company to subscribe to ordinary shares of the company. The exercise price per share is £2.50. The options are valid until 31 December 2016, after which date they expire. The expiry date may be extended at the discretion of the Board. The options lapse immediately if the director ceases to be an employee of the company, or one of its subsidiary companies, or if the director is under notice of termination of employment. The options may be exercised in blocks of no less than 1,000 shares.

The directors have taken advantage of the exemption in the FRSSE from providing a charge in accordance with FRS20.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

15 RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2012	571 702	40,000	(569 042)
Loss for the year	-	-	(109,062)
At 31 December 2012	<u>571,702</u>	<u>40,000</u>	<u>(678,104)</u>

16 DIRECTORS' BENEFITS ADVANCES, CREDIT AND GUARANTEES

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

	2012 £	2011 £
Netstrike Limited	165,000	165,000

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

Netstrike Limited	R A Armstrong
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At the year end the following amounts were owed to/(due from) the above by the company

	2012 £	2011 £
Netstrike Limited	32,102	(362)

17 POST BALANCE SHEET EVENTS

The company is planning a share issue for an additional £120,000 which has been fully subscribed at the date of signing of these financial statements

18 CONTROLLING PARTY

J Moulton is the majority shareholder and thus the ultimate controlling party of the company