

**E-Synergy Limited**  
Report And Financial Statements  
*31 December 2013*



Rees Pollock  
Chartered Accountants

COMPANY INFORMATION

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

**DIRECTORS' REPORT**  
for the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013

**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  
M J Bowman  
R D Brockbank  
P W E Downes  
J M Jarvis (appointed 20 March 2013)  
J S Miller

**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.

**Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

**DIRECTORS' REPORT**  
for the year ended 31 December 2013

**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 2014 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 2013 set out on pages 4 to 13. 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 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 December 2013 and of its profit 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 to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

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

**Rees Pollock, Statutory Auditor**

28 March 2014

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2013

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>TURNOVER</b>	<b>1</b>	<b>1,577 988</b>	<b>1,236,925</b>
Administrative expenses		<u>(1,393,543)</u>	<u>(1,345,987)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>2</b>	<b>184 445</b>	<b>(109 062)</b>
Amounts written off investments		<u>(30,700)</u>	<u>-</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>153 745</b>	<b>(109 062)</b>
Tax on profit/(loss) on ordinary activities	<b>5</b>	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>16</b>	<u><b>153 745</b></u>	<u><b>(109,062)</b></u>

The notes on pages 6 to 13 form part of these financial statements

**BALANCE SHEET**  
as at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	6		9,002		9 636
Investments	7		187 513		168 042
			<u>196,515</u>		<u>177 678</u>
<b>CURRENT ASSETS</b>					
Debtors	8	204 343		198 340	
Cash at bank and in hand		77,323		60,372	
		<u>281,666</u>		<u>258 712</u>	
<b>CREDITORS</b> , amounts falling due within one year	9	(149 861)		(314,516)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>131,805</u>		<u>(55 804)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>328 320</u>		<u>121 874</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	12		(23 401)		(50 700)
<b>NET ASSETS</b>			<u><u>304,919</u></u>		<u><u>71 174</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		257,576		137,576
Share premium account	16		571,702		571,702
Revaluation reserve	16		-		40,000
Profit and loss account	16		(524 359)		(678,104)
<b>SHAREHOLDERS' FUNDS</b>			<u><u>304,919</u></u>		<u><u>71,174</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies 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 2014



R D Brockbank  
Director

The notes on pages 6 to 13 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**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 Cash flow**

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

**1.3 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.

**1.4 Consolidated accounts**

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

**1.5 Turnover**

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of value added tax.

**1.6 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



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2013

**1 ACCOUNTING POLICIES (continued)**

**1.7 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

**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

**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 2013

**2 OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the company	7,183	9,667
Auditor's remuneration	6,675	6,675
Auditor's remuneration - non-audit	20,890	20,165
	<u>26,748</u>	<u>26,507</u>

**3 STAFF COSTS**

Staff costs including directors' remuneration, were as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	618,022	668,935
Social security costs	54,137	55,407
Other pension costs	20,831	24,317
	<u>692,990</u>	<u>748,659</u>

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

	<b>2013</b>	<b>2012</b>
	<b>No</b>	<b>No</b>
Number of administrative staff	<u>9</u>	<u>9</u>

**4 DIRECTORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Aggregate remuneration	<u>456,056</u>	<u>448,532</u>

During the year retirement benefits were accruing to 3 directors (2012 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £148,000 (2012 - £177,000)

The emoluments above relate to 5 directors for the year ended 31 December 2013 (2012 - 5)

Included within the above are directors' consultancy fees of £136,000 (2012 - £165,000), which were to Netstrike Limited, a company owned and run by R A Armstrong. At the year end, £14,454 (2012 - £32,102) was due to Netstrike Limited. In addition, included within the above are directors' advisory fees of £10,000 (2012 - £6,000) which were paid to P W E Downes during the year.

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2013

## 5 TAXATION

	2013 £	2012 £
UK corporation tax charge on profit/loss for the year	-	-

**Factors that may affect future tax charges**

At the year end the company had unrelieved trading losses of £285,555 (2012 £470,378). The potential deferred tax asset (at 20%) of £57,111 (2012 £92,336) has not been recognised due to uncertainty over the timing of the asset's recovery.

## 6 TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures & fittings £	Leasehold improvements £	Total £
<b>Cost or valuation</b>				
At 1 January 2013	64,801	34,996	28,038	127,835
Additions	4,645	1,904	-	6,549
At 31 December 2013	69,446	36,900	28,038	134,384
<b>Depreciation</b>				
At 1 January 2013	56,105	34,056	28,038	118,199
Charge for the year	6,547	636	-	7,183
At 31 December 2013	62,652	34,692	28,038	125,382
<b>Net book value</b>				
At 31 December 2013	6,794	2,208	-	9,002
At 31 December 2012	8,696	940	-	9,636

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**7 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Unlisted investments £	Investment in joint venture £	Total £
<b>Cost or valuation</b>				
At 1 January 2013	999	319 323	7 500	327,822
Additions	-	72,983	17,188	90,171
At 31 December 2013	999	392 306	24 688	417 993
<b>Impairment</b>				
At 1 January 2013	-	159 780	-	159,780
Charge for the year	-	68,200	2 500	70,700
At 31 December 2013	-	227 980	2 500	230,480
<b>Net book value</b>				
At 31 December 2013	999	164 326	22,188	187 513
At 31 December 2012	999	159 543	7,500	168 042

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

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

The aggregate of the share capital and reserves as at 31 December 2013 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	-
E-Synergy NI General Partner Limited	(214)	(60)

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

## 7 FIXED ASSET INVESTMENTS (continued)

### 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

	2013	2012
	£	£
<b>Share of assets</b>		
Fixed assets	3 554	5,560
Current assets	37 698	36,641
	<u>41,252</u>	<u>42,201</u>
<b>Share of liabilities</b>		
Due within one year or less	(30,915)	(22,378)
Due after more than one year	-	(15,966)
	<u>(30,915)</u>	<u>(38,344)</u>
<b>Share of net assets</b>	<u>10,337</u>	<u>3,857</u>

## 8 DEBTORS

	2013	2012
	£	£
Trade debtors	151,096	144,986
Other debtors	53,247	53,354
	<u>204,343</u>	<u>198,340</u>

## 9 CREDITORS

### Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	48,408	125,234
Amounts owed to group undertakings	999	999
Amounts owed to participating interest	1	1
Other taxation and social security	62 107	68,943
Accruals and deferred income	38,346	119,339
	<u>149 861</u>	<u>314,516</u>

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2013
**10 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 £20,831 (2012 £24,317) was charged to the profit and loss account. Contributions of £1,013 (2012 £1,013) were outstanding at the year end.

**11 OPERATING LEASE COMMITMENTS**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
<b>Expiry date</b>		
Within 1 year	27,035	18,875

**12 PROVISIONS**

	<b>Provisions £</b>
At 1 January 2013	50,700
Amounts used	(27,299)
At 31 December 2013	23,401

**Provisions**

Directors' fees of £23,401 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').

**13 RELATED PARTY TRANSACTIONS**

During the year the company received £74,291 (2012 £160,520) in respect of management and advisory fees from the East Midlands Early Growth Fund Limited, an entity under common control, £501,688 (2012 £352,500) in respect of management fees from E-Synergy NI General Partner Limited, a 100% owned subsidiary of the company and £22,000 (2012 £22,319) in respect of management and advisory fees from Rivers Capital Partners Limited, a joint venture between E-Synergy Limited and Pario Au Limited. At 31 December 2013, a subordinated loan of £17,188 was issued to Rivers Capital Partners Limited by E-Synergy Limited. The loan is interest free and repayable in 5 years time. During the year, the company also received £70,349 (2012 £nil) in respect of management fees from InvestingZone Limited, an entity under common control.

At the year end, £13,025 (2012 £14,853) was due from East Midlands Early Growth Fund Limited, £22,300 (2012 £26,287) was due from Rivers Capital Partners Limited and £640 (2012 £nil) was due from InvestingZone Limited.

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013
**14 SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
257 576 (2012 - 137 576) Ordinary shares of £1 each	257 576	137 576

During the year 120,000 £1 ordinary shares were issued at par and are fully paid at the year-end

**15 SHARE OPTIONS**

In 2012, 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.

**16 RESERVES**

	<b>Share premium account £</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 January 2013	571,702	40,000	(678,104)
Profit for the financial year	-	-	153,745
Impairment of fixed asset investments	-	(40,000)	-
At 31 December 2013	571,702	-	(524,359)

**17 CONTROLLING PARTY**

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