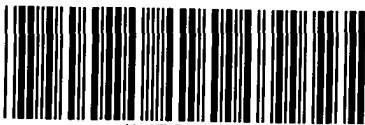


E-Synergy Limited
Report And Financial Statements
31 December 2014

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COMPANIES HOUSE

COMPANY INFORMATION

Directors

M J Bowman
R D Brockbank
P W E Downes
J M Jarvis
J S Miller

Registered office

One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

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 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

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:

M J Bowman
R D Brockbank
P W E Downes
J M Jarvis
J S Miller
R A Armstrong (resigned 9 March 2015)

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 2014

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 24 March 2015 and signed on its behalf.



R D Brockbank
Director

**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 2014, set out on pages 4 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 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 2014 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 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

27 March 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

| | Note | 2014 £ | 2013 £ |
|---|-------------|------------------------|-----------------------|
| TURNOVER | 1 | 1,036,550 | 1,577,988 |
| Administrative expenses | | <u>(1,124,870)</u> | <u>(1,393,543)</u> |
| OPERATING (LOSS)/PROFIT | 2 | (88,320) | 184,445 |
| Interest receivable and similar income | | 255 | - |
| Amounts written off investments | | <u>-</u> | <u>(30,700)</u> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (88,065) | 153,745 |
| Tax on (loss)/profit on ordinary activities | 5 | <u>-</u> | <u>-</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | 16 | <u><u>(88,065)</u></u> | <u><u>153,745</u></u> |

The notes on pages 6 to 14 form part of these financial statements.

BALANCE SHEET
as at 31 December 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|---|------|----------------|----------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 6 | | 5,929 | | 9,002 |
| Investments | 7 | | 240,849 | | 187,513 |
| | | | <u>246,778</u> | | <u>196,515</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 233,028 | | 204,343 | |
| Cash at bank and in hand | | 13,230 | | 77,323 | |
| | | <u>246,258</u> | | <u>281,666</u> | |
| CREDITORS: amounts falling due within one year | 9 | (261,881) | | (149,861) | |
| NET CURRENT (LIABILITIES)/ASSETS | | | (15,623) | | 131,805 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>231,155</u> | | <u>328,320</u> |
| PROVISIONS FOR LIABILITIES | | | | | |
| Other provisions | 12 | | (14,301) | | (23,401) |
| NET ASSETS | | | <u>216,854</u> | | <u>304,919</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 257,576 | | 257,576 |
| Share premium account | 16 | | 571,702 | | 571,702 |
| Profit and loss account | 16 | | (612,424) | | (524,359) |
| SHAREHOLDERS' FUNDS | | | <u>216,854</u> | | <u>304,919</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 24 March 2015.



R D Brockbank
Director

The notes on pages 6 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

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 the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

One of the company's subsidiaries from which it receives management fees is currently in litigation with a key customer. Should the customer be successful in the litigation this may impact the company's ability to continue as a going concern. The directors however, have reasonable grounds to believe that the company will be successful and that this customer will continue to meet its commitments. No provision has been made in respect of this litigation.

The directors have prepared budgets through to 2017 which show that the company will have sufficient resources to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of these financial statements. Consequently, the directors believe that the going concern basis is appropriate and the accounts have been prepared on this basis. No estimate has been made of the effect should this assumption prove to be incorrect.

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 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 | - | 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 2014

1. ACCOUNTING POLICIES (continued)

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.

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.

1.7 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.

1.8 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 period.

1.9 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.

1.10 Investments

Investments held as fixed assets are shown at the Board's valuation as permitted by the alternative accounting rules of the Companies Act 2006.

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 2014

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 5,071 | 7,183 |
| Auditor's remuneration | 6,850 | 6,675 |
| Auditor's remuneration - non-audit | 18,275 | 20,890 |
| | <u> </u> | <u> </u> |

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 2014 | 2013 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 607,405 | 618,022 |
| Social security costs | 49,784 | 54,137 |
| Other pension costs | 18,290 | 20,831 |
| | <u> </u> | <u> </u> |
| | <u>675,479</u> | <u>692,990</u> |

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

| | 2014 | 2013 |
|--------------------------------|-------------------|-------------------|
| | No. | No. |
| Number of administrative staff | 9 | 9 |
| | <u> </u> | <u> </u> |

4. DIRECTORS' REMUNERATION

| | 2014 | 2013 |
|------------------------|-------------------|-------------------|
| | £ | £ |
| Aggregate remuneration | 456,479 | 456,056 |
| | <u> </u> | <u> </u> |

During the year retirement benefits were accruing to 3 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £157,725 (2013 - £148,000).

The emoluments above relate to 5 directors for the year ended 31 December 2014 (2013: 5).

Included within the above are directors' consultancy fees of £146,625 (2013: £136,000) payable to Netstrike Limited, a company owned and run by R A Armstrong. At the year end, £29,872 (2013: £14,454) was due to Netstrike Limited. In addition, included within the above are directors' advisory fees of £17,500 (2013: £10,000) which were paid to P W E Downes during the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

5. TAXATION

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| UK corporation tax charge on (loss)/profit for the year | - | - |

Factors that may affect future tax charges

At the year end the company had unrelieved trading losses of £367,224 (2013: £285,555). The potential deferred tax asset (at 20%) of £73,445 (2013: £57,111) 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 £ |
|-----------------------|--------------------------|-----------------------------|--------------------------------|------------|
| Cost | | | | |
| At 1 January 2014 | 69,446 | 36,900 | 28,038 | 134,384 |
| Additions | 1,998 | - | - | 1,998 |
| Disposals | - | - | (28,038) | (28,038) |
| At 31 December 2014 | 71,444 | 36,900 | - | 108,344 |
| Depreciation | | | | |
| At 1 January 2014 | 62,652 | 34,692 | 28,038 | 125,382 |
| Charge for the year | 4,579 | 492 | - | 5,071 |
| On disposals | - | - | (28,038) | (28,038) |
| At 31 December 2014 | 67,231 | 35,184 | - | 102,415 |
| Net book value | | | | |
| At 31 December 2014 | 4,213 | 1,716 | - | 5,929 |
| At 31 December 2013 | 6,794 | 2,208 | - | 9,002 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

7. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ | Unlisted investments £ | Investment in joint venture £ | Total £ |
|--------------------------|---|------------------------------|-------------------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2014 | 999 | 392,306 | 24,688 | 417,993 |
| Additions | - | 53,336 | - | 53,336 |
| Disposals | - | (118,780) | - | (118,780) |
| At 31 December 2014 | 999 | 326,862 | 24,688 | 352,549 |
| Impairment | | | | |
| At 1 January 2014 | - | 227,980 | 2,500 | 230,480 |
| Impairment on disposals | - | (118,780) | - | (118,780) |
| At 31 December 2014 | - | 109,200 | 2,500 | 111,700 |
| Net book value | | | | |
| At 31 December 2014 | 999 | 217,662 | 22,188 | 240,849 |
| At 31 December 2013 | 999 | 164,326 | 22,188 | 187,513 |

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 2014 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 | (274) | (60) |

Joint venture

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

7. FIXED ASSET INVESTMENTS (continued)

The following joint venture accounted for in excess of 25% of the company's gross assets, gross liabilities, turnover or (on a three year average) operating results:

Rivers Capital Partners LLP

| | 2014 | | 2013 | |
|----------------------------------|-------------|----------|-------------|----------|
| | £ | £ | £ | £ |
| Share of turnover | | 265,010 | | 200,790 |
| Share of profit before tax | | 12,978 | | (8,883) |
| Share of taxation | | - | | - |
| Share of profit after tax | | 12,978 | | (8,883) |
| Share of assets | | | | |
| Fixed assets | 3,199 | | 3,554 | |
| Current assets | 84,557 | | 37,698 | |
| | | 87,756 | | 41,252 |
| Share of liabilities | | | | |
| Due within one year or less | (63,643) | | (30,915) | |
| Due after more than one year | (14,286) | | - | |
| | | (77,929) | | (30,915) |
| Share of net assets | | 9,827 | | 10,337 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014
8. DEBTORS

| | 2014 | 2013 |
|---------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 108,768 | 151,096 |
| Other debtors | 124,260 | 53,247 |
| | <u>233,028</u> | <u>204,343</u> |

9. CREDITORS:

Amounts falling due within one year

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Trade creditors | 96,912 | 48,408 |
| Amounts owed to group undertakings | 999 | 999 |
| Amounts owed to participating interest | 1 | 1 |
| Other taxation and social security | 58,114 | 62,107 |
| Other creditors | 105,855 | 38,346 |
| | <u>261,881</u> | <u>149,861</u> |

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 £18,290 (2013: £20,831) was charged to the profit and loss account. Contributions of £1,013 (2013: £1,013) were outstanding at the year end.

11. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

| | 2014 | 2013 |
|---------------------|----------|---------------|
| | £ | £ |
| Expiry date: | | |
| Within 1 year | <u>-</u> | <u>27,035</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014
12. PROVISIONS

| | Provisions £ |
|---------------------|-------------------------|
| At 1 January 2014 | 23,401 |
| Amounts used | (9,100) |
| | <hr/> |
| At 31 December 2014 | 14,301 |
| | <hr/> |

Provisions

Directors' fees of £14,301, 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 £77,520 (2013: £74,291) in respect of management and advisory fees from the East Midlands Early Growth Fund Limited, an entity under common control, £331,250 (2013: £501,688) in respect of management fees from E-Synergy NI General Partner Limited, a 100% owned subsidiary of the company and £5,500 (2013: £22,000) in respect of management and advisory fees from Rivers Capital Partners Limited, a joint venture between E-Synergy Limited and Pario Au Limited. During the year, the company also received £155,022 (2013: £70,349) in respect of management fees from InvestingZone Limited, an entity under common control.

At the year end, £2,111 was owed to (2013: £13,025 due from) East Midlands Early Growth Fund Limited, £28,900 (2013: £22,300) was due from Rivers Capital Partners Limited and £17,065 (2013: £640) was due from InvestingZone Limited.

14. SHARE CAPITAL

| | 2014 £ | 2013 £ |
|---|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 257,576 Ordinary shares of £1 each | 257,576 | 257,576 |
| | <hr/> | <hr/> |

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 from the exemption in FRS 20 for companies adopting the FRSSE and accordingly no share based payment charge is recognised in these accounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

16. RESERVES

| | Share premium account £ | Profit and loss account £ |
|-----------------------------|--|--|
| At 1 January 2014 | 571,702 | (524,359) |
| Loss for the financial year | - | (88,065) |
| At 31 December 2014 | <u>571,702</u> | <u>(612,424)</u> |

17. CONTROLLING PARTY

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