

**Young Samuel Chambers ("YSC")  
Limited**

Report and Financial Statements

Year Ended

30 April 2004



**BDO Stoy Hayward**  
Chartered Accountants

**Young Samuel Chambers ("YSC") Limited**

**Annual report and financial statements for the year ended 30 April 2004**

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Directors

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**Directors**

D R W Young (Chairman)  
G Bains  
K Rowe  
R Sharrock  
D Anciano

**Secretary and registered office**

B Latham, 39 Craven Street, London, WC2N 5NG.

**Company number**

2402857

**Bankers**

Barclays Bank Plc, 54 Lombard Street, London, EC3V 9EX.

**Solicitors**

Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London, EC2 2HA.

**Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

## **Young Samuel Chambers ("YSC") Limited**

### **Report of the directors for the year ended 30 April 2004**

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The directors present their report together with the audited financial statements for the year ended 30 April 2004.

#### **Results and dividends**

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend a dividend for the year (2003 - £Nil). The retained profit for the financial year of £500,079 (2003 - £513,601) will be transferred to reserves.

#### **Principal activities, trading review and future developments**

The company specialises in applying business psychology to the development of people, teams and organisations.

The directors are pleased with the revenue growth of 30% for the year and expect the company to continue to build upon this performance going forward. This growth has been achieved given an uncertain economic climate. The international expansion element of the strategy has been progressed with the successful opening and growth of the Australian office in Sydney, this now services YSC's growing client base in the Asia-Pacific region. The first full year of operation for the Edinburgh office has also been successful with targets being met. Psymmetry has seen significant growth over the period with revenues up 26% and operational profitability up 400%.

In addition, YSC has strengthened its core service lines whilst building on its core strengths, so as to maintain its unique position in the market.

For the forthcoming year we look to develop our service offerings in Executive Coaching and the application of psychology to teams. Further investment will be made into developing and managing our intellectual capital in and effort to add further value to clients. In addition we are looking to accelerate our recruitment, to both firm up the management of the business and help meet existing and forecast demand from clients, both domestically and internally.

#### **Charitable and political contributions**

During the year the company made charitable contributions of £2,050 (2003 - £15,687).

#### **Post balance sheet events**

These are detailed in note 19 of the financial statements.

## Young Samuel Chambers ("YSC") Limited

### Report of the directors for the year ended 30 April 2004 (*Continued*)

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#### Directors and their interests

The directors and their interests in the company during the year were:

	Ordinary shares of 10p each (2003 - £1 each)	
	2004	2003
D R W Young (Chairman)	5,000	5,000
G Bains	90,196	100,000
K Rowe	90,196	100,000
R Sharrock	33,824	37,500
D Anciano	33,824	37,500

#### Purchase of own shares

On 10 February 2004, following the departure of two employees, the company purchased for cancellation 950 ordinary shares of 10p each in the share capital of the company for an aggregate consideration of £32,300.

#### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**Young Samuel Chambers ("YSC") Limited**

**Report of the directors for the year ended 30 April 2004 (*Continued*)**

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**Auditors**

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

**On behalf of the Board**



R Sharrock  
**Director**

Date      **1 6 FEB 2005**

## **Young Samuel Chambers ("YSC") Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Young Samuel Chambers ("YSC") Limited**

We have audited the financial statements of Young Samuel Chambers ("YSC") Limited for the year ended 30 April 2004 on pages 6 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Young Samuel Chambers ("YSC") Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

Date *16 February 2005*

**Young Samuel Chambers ("YSC") Limited**

**Profit and loss account for the year ended 30 April 2004**

	Note	2004 £	2003 £
Turnover	2	9,169,335	6,999,719
Cost of sales		(6,190,725)	(4,717,433)
<b>Gross profit</b>		<b>2,978,610</b>	<b>2,282,286</b>
Administrative expenses		(2,235,371)	(1,614,382)
<b>Operating profit</b>		<b>743,239</b>	<b>667,904</b>
Interest receivable		21,098	14,980
Interest payable	5	(7,836)	(197)
<b>Profit on ordinary activities before taxation</b>	6	<b>756,501</b>	<b>682,687</b>
Taxation on profit from ordinary activities	7	(256,422)	(169,086)
<b>Profit on ordinary activities after taxation and retained profit for the year</b>	12	<b>500,079</b>	<b>513,601</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.



**Young Samuel Chambers ("YSC") Limited**

**Balance sheet at 30 April 2004**

	Note	2004 £	2004 £	2003 £	2003 £
<b>Fixed assets</b>					
Tangible assets	8		287,155		285,062
<b>Current assets</b>					
Debtors	9	2,694,954		2,151,750	
Cash at bank and in hand		2,547,022		499,367	
		<u>5,241,976</u>		<u>2,651,117</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>4,032,709</u>		<u>1,483,282</u>	
<b>Net current assets</b>			<u>1,209,267</u>		<u>1,167,835</u>
<b>Total assets less current liabilities</b>			<u>1,496,422</u>		<u>1,452,897</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>575,720</u>		<u>-</u>
<b>Net assets</b>			<u><u>920,702</u></u>		<u><u>1,452,897</u></u>
<b>Capital and reserves</b>					
Called up share capital	11		33,590		33,685
Capital redemption reserve	12		16,410		16,315
ESOP reserve	13		(999,974)		-
Profit and loss account	12		1,870,676		1,402,897
<b>Equity shareholders' funds</b>	15		<u><u>920,702</u></u>		<u><u>1,452,897</u></u>

The financial statements were approved by the Board on **16 FEB 2005**

R Sharrock  
Director



The notes on pages 9 to 17 form part of these financial statements.

**Young Samuel Chambers ("YSC") Limited**

**Cash flow statement for the year ended 30 April 2004**

	Note	2004 £	2004 £	2003 £	2003 £
<b>Net cash inflow from operating activities</b>	16		2,467,883		43,943
<b>Returns on investments and servicing of finance</b>					
Interest received		21,098		14,783	
Interest paid		(7,836)		-	
			13,262		14,783
<b>Taxation</b>					
UK corporation tax paid		(159,917)		(243,838)	
US taxes paid		(17,993)		(20,086)	
			(177,910)		(263,924)
<b>Capital expenditure</b>					
Payments to acquired tangible fixed assets			(138,450)		(196,059)
<b>Equity dividends paid</b>			-		(505,275)
<b>Cash inflow/(outflow) before financing</b>			2,164,785		(906,532)
<b>Management of liquid resources and financing</b>					
New borrowings		1,000,000		-	
Repayment of loan		(84,856)		-	
Share capital purchased for cancellation		(32,300)		-	
Purchase of ESOP shares		(999,974)		-	
			(117,130)		-
<b>Increase/(decrease) in cash</b>	17		2,047,655		(906,532)

The notes on pages 9 to 17 form part of these financial statements.

## Young Samuel Chambers ("YSC") Limited

### Notes forming part of the financial statements for the year ended 30 April 2004

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

In preparing these financial statements the company has adopted UITF Abstracts 17 (Revised 2003) 'Employee Share Schemes' and 38 'Accounting for ESOP Trusts' for the first time. Further details are given below under the accounting policy for 'Employee Share Ownership Plans'.

The following principal accounting policies have been applied:

##### *Turnover*

Turnover, which excludes value added tax, represents the invoiced value of services supplied in the year.

Income is recognised in the profit and loss account, at the point at which the client receives the benefit of the service.

##### *Tangible fixed assets*

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so to write off the cost of tangible fixed assets less their estimated residual value on a straight line basis over the expected useful economic lives of the assets concerned. It is calculated at the following rates:

Office equipment	-	33⅓% per annum
Furniture	-	12½% per annum
Fixtures and fittings	-	10% per annum

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

##### *Operating leases*

Rental costs in respect of operating leases are charged on a straight line basis over the term of the lease.

##### *Foreign currencies*

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

## Young Samuel Chambers ("YSC") Limited

### Notes forming part of the financial statements for the year ended 30 April 2004 (*Continued*)

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#### 1 Accounting policies (*Continued*)

##### *Pension costs*

The company contributes to personal pension schemes on behalf of certain employees. The cost of these contributions is charged to the profit and loss account in the period to which they relate.

##### *Employee share ownership plan*

The cost of the company's shares held by the EBT is deducted from shareholders' funds in the company balance sheet. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the company.

##### *Research and development*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the group starts to benefit from the expenditure.

#### 2 Turnover

An analysis of turnover by destination is given below:

	2004 £	2003 £
United Kingdom	7,257,343	5,985,532
Rest of Europe	610,608	410,043
USA	830,124	340,623
Middle East	92,323	73,928
Rest of World	204,786	124,536
Asia Pacific	174,151	65,057
	<hr/>	<hr/>
	9,169,335	6,999,719
	<hr/>	<hr/>

## Young Samuel Chambers ("YSC") Limited

Notes forming part of the financial statements for the year ended 30 April 2004 (*Continued*)

### 3 Employees

	2004 £	2003 £
Staff costs consist of:		
Wages and salaries and other benefits	5,437,436	4,205,646
Social security costs	416,364	360,232
Other pension costs	165,721	178,444
	<u>6,019,521</u>	<u>4,744,322</u>

Included in wages and salaries were bonuses payable to staff of £1,945,009 (2003 - £1,573,758).

	2004 Number	2003 Number
The average number of employees, including executive directors, during the year was:		
Consultants	33	30
Administration	28	21
	<u>61</u>	<u>51</u>

### 4 Directors

	2004 £	2003 £
Directors' emoluments consist of:		
Aggregate emoluments (including benefits in kind)	1,252,813	1,208,655
Consideration paid to a third party for services of director	25,000	25,000
Company pension contributions to money purchase schemes in respect of 4 (2003 - 4) directors	51,300	29,750
	<u>1,329,113</u>	<u>1,263,405</u>
Highest paid director:		
Aggregate emoluments	<u>407,206</u>	<u>396,862</u>
Company pension contributions to money purchase schemes	<u>-</u>	<u>-</u>

# Young Samuel Chambers ("YSC") Limited

Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)

## 5 Interest payable

	2004 £	2003 £
Bank interest payable	7,836	197

## 6 Profit on ordinary activities before taxation

	2004 £	2003 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	136,357	72,577
Operating lease - property	315,420	201,329
Auditors' remuneration - for audit services	17,400	16,000
- non audit services	106,000	62,500
Research and development costs	86,379	242,640
Office refurbishment expenses	126,762	-

## 7 Taxation

	2004 £	2003 £
The taxation charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax	249,000	149,000
Underprovision in respect of prior years	7,422	-
Overseas tax	-	20,086
	256,422	169,086

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	756,501	682,687
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	226,950	204,806
Effects of:		
Expenses not deductible for tax purposes	39,946	13,570
Deferred tax not provided for	11,906	(7,695)
Research and development credit	(12,957)	(36,396)
Marginal relief	(16,845)	(25,285)
Current tax charge for year	249,000	149,000

**Young Samuel Chambers ("YSC") Limited**

Notes forming part of the financial statements for the year ended 30 April 2004 (*Continued*)

**8 Tangible assets**

	Office equipment £	Furniture, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 May 2003	275,804	286,768	562,572
Additions	124,144	14,306	138,450
Disposal	(13,712)	-	(13,712)
	<hr/>	<hr/>	<hr/>
At 30 April 2004	<b>386,236</b>	<b>301,074</b>	<b>687,310</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 May 2003	184,563	92,947	277,510
Charge for the year	104,623	31,734	136,357
Eliminated on disposal	(13,712)	-	(13,712)
	<hr/>	<hr/>	<hr/>
At 30 April 2004	<b>275,474</b>	<b>124,681</b>	<b>400,155</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 2004	<b>110,762</b>	<b>176,393</b>	<b>287,155</b>
	<hr/>	<hr/>	<hr/>
At 30 April 2003	<b>91,241</b>	<b>193,821</b>	<b>285,062</b>
	<hr/>	<hr/>	<hr/>

**9 Debtors**

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	1,718,161	1,587,514
Other debtors	187,291	80,392
Prepayments and accrued income	789,502	483,844
	<hr/>	<hr/>
	<b>2,694,954</b>	<b>2,151,750</b>
	<hr/>	<hr/>

# **Young Samuel Chambers ("YSC") Limited**

Notes forming part of the financial statements for the year ended 30 April 2004 (*Continued*)

## **10 Creditors: amounts falling due within one year**

	2004 £	2003 £
Bank loan (secured)	339,424	-
Trade creditors	175,184	137,494
Corporation tax	261,066	164,561
Other taxation and social security costs	767,006	736,802
Accruals and deferred income	2,473,116	444,425
Other creditors	16,913	-
	<u>4,032,709</u>	<u>1,483,282</u>

## **Creditors: amounts falling due after more than one year**

Bank loan (secured)	<u>575,720</u>	<u>-</u>
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The bank loan is held by the Employee Benefit Trust and included in the liabilities of the company in accordance with UITF 17. The bank loan is secured on the assets of the company, Young Samuel Chambers ("YSC") Limited.

## **11 Share capital**

	2004 Number	Authorised 2003 Number	2004 £	2003 £
Ordinary shares of 10p each	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
	<b>Allotted, called up and fully paid</b>			
	2004 Number	2003 Number	2004 £	2003 £
Ordinary shares of 10p each	<u>335,900</u>	<u>336,850</u>	<u>33,590</u>	<u>33,685</u>

On 10 February 2004, the company purchased for cancellation 950 ordinary shares of 10p each in the capital of the company for an aggregate consideration of £32,300.



# Young Samuel Chambers ("YSC") Limited

## Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)

### 11 Share capital (Continued)

#### EMI share option scheme

At 30 April 2004 the following share option was outstanding in respect of the ordinary shares:

Date of grant	Number of shares	Period of option	Price per share
16 July 2002	16,650	July 2002 – July 2012	£7.50
3 March 2004	23,840	January 2004 – January 2014	£34.00

### 12 Reserves

	ESOP reserve £	Capital redemption reserve £	Profit and loss account £
At 1 May 2003	-	16,315	1,402,897
Retained profit for year	-	-	500,079
Shares purchased for cancellation	-	95	(32,300)
Purchase of ESOP shares	(999,974)	-	-
At 30 April 2004	<u>(999,974)</u>	<u>16,410</u>	<u>1,870,676</u>

### 13 ESOP

The Employee Benefit Trust (EBT) was established in 2003 to provide for the future obligations of the company for shares awarded under the Share Ownership Plans detailed in note 11. Under the scheme the trustees purchase the company's ordinary shares in the open market using a £1,000,000 bank facility guaranteed by Young Samuel Chambers ("YSC") Limited which meets the net financing costs. At 30 April 2004 29,411 (2003 - Nil) shares held by the EBT are under option to employees.

#### ESOP shares

	2004	2003
Number of shares held	<u>29,411</u>	<u>-</u>
Market value held	<u>1,000,000</u>	<u>-</u>

At 30 April 2004 £92,692 (2003 - £Nil) had been loaned by the company to meet the repayments of the £1,000,000 loan (2003 - £Nil) which had been drawn down under the bank facility. In accordance with the UITF Abstract 38, these bank borrowings have been included in the company's balance sheet.

## Young Samuel Chambers ("YSC") Limited

### Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)

#### 14 Commitments under operating leases

As at 30 April 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	2004 £	2003 £
Property:		
Expiring within - one year	69,700	-
- two to five years	212,875	196,000

#### 15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	1,452,897	939,296
Profit for the financial year	500,079	513,601
Purchase of ESOP shares	(999,974)	-
Shares purchased for cancellation	(32,300)	-
Closing shareholders' funds	920,702	1,452,897

#### 16 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	743,239	667,904
Depreciation	136,357	72,577
Loss on disposal of fixed assets	-	4,577
Increase in debtors	(525,211)	(465,557)
Increase/(decrease) in creditors	2,113,498	(235,558)
Net cash inflow from operating activities	2,467,883	43,943

**Young Samuel Chambers ("YSC") Limited**

**Notes forming part of the financial statements for the year ended 30 April 2004 (Continued)**

**17 Reconciliation of net cash outflow to movement in net funds**

	2004 £	2003 £
Increase/(decrease) in cash in the year	2,047,655	(906,532)
Cash inflow from changes in debt	(915,144)	-
Net funds at 1 May 2003	499,367	1,405,899
	<hr/>	<hr/>
Net funds at 30 April 2004	1,631,878	499,367
	<hr/>	<hr/>

**18 Movement in net debt**

	At 1 May 2003 £	Cash flow £	At 30 April 2004 £
Cash at bank and in hand	499,367	2,047,655	2,547,022
Debt due within one year	-	(339,424)	(339,424)
Debt due after one year	-	(575,720)	(575,720)
	<hr/>	<hr/>	<hr/>
	499,367	1,132,511	1,631,878
	<hr/>	<hr/>	<hr/>

**19 Post balance sheet events**

After the year end, the company signed a rent agreement for new office premises. As part of the commitment to these new premises the directors anticipate committing £1,500,000 to the securing of and refurbishment of the premises.