

Company Registration No. 2829340 (England and Wales)

**Paxton & Associates Limited**

**Director's Report and Financial Statements**

**For The Year Ended 30 September 2005**



# PAXTON & ASSOCIATES LIMITED

## COMPANY INFORMATION

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Director	T Paxton
Secretary	S Paxton
Company number	2829340
Registered office	2 Victoria Road Harpenden Hertfordshire AL5 4EA
Auditors	Johnston Carmichael Strathdeveron House Steven Road Huntly AB54 8SX
Business address	Whitestones House Rothiemay Huntly Aberdeenshire AB54 7JQ
Bankers	Adam & Company 22 Charlotte Square Edinburgh EH2 4DF  Standard Life Bank 1 Conference Square Edinburgh EH3 8RA

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# PAXTON & ASSOCIATES LIMITED

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# PAXTON & ASSOCIATES LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

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The director presents his report and financial statements for the year ended 30 September 2005.

### Principal activities and review of the business

The principal activity of the company is that of the provision of financial advice to financial institutions in all aspects of derivatives and risk management. The company also provides consultancy and support in computer systems related to these areas, in addition to bookkeeping services.

The director is of the opinion that the state of the company's affairs at 30 September 2005 was satisfactory.

The company is authorised and regulated by the Financial Services Authority.

### Results and dividends

The results for the year are set out on page 5.

The trading loss of the company for the year after taxation was £7,416 (2004 - £9,978).

No dividends (2004 - nil) have been paid on any of the issued shares during the year. The director does not propose any final dividends.

### Future developments

The company aims to trade profitably in the future.

### Director

The following director has held office since 1 October 2004:

T Paxton

### Director's interests

The director's interest in the shares of the company was as stated below:

	"A" ordinary voting shares of £ 1 each	
	30 September 2005	1 October 2004
T Paxton	10,000	10,000

	"B" ordinary non-voting shares of £ 1 each	
	30 September 2005	1 October 2004
T Paxton	14,000	14,000

	"C" ordinary non-voting shares of £ 1 each	
	30 September 2005	1 October 2004
T Paxton	5,000	5,000

### Auditors

During the year Hillier Hopkins LLP resigned as auditors of the company. There were no circumstances in connection with their resignation that require to be disclosed.

A resolution to re-appoint Johnston Carmichael as auditors will be put to the members at the Annual General Meeting.

# PAXTON & ASSOCIATES LIMITED

## DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

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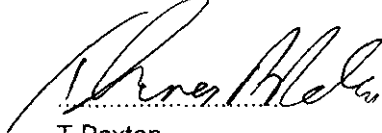
### Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



T Paxton

Director

16/12/05

# **PAXTON & ASSOCIATES LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAXTON & ASSOCIATES LIMITED**

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We have audited the financial statements of Paxton & Associates Limited on pages 5 to 13 for the year ended 30 September 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the director and auditors**

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 director's 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 director's remuneration and transactions with the company is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 14 to the financial statements.

# PAXTON & ASSOCIATES LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF PAXTON & ASSOCIATES LIMITED

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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 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Johnston Carmichael*

**Johnston Carmichael**

*14/12/05*.....

Chartered Accountants and  
Registered Auditor

Strathdeveron House  
Steven Road  
Huntly  
AB54 8SX

# PAXTON & ASSOCIATES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	62,270	78,050
Administrative expenses		(72,012)	(89,096)
<b>Operating loss</b>	<b>3</b>	<b>(9,742)</b>	<b>(11,046)</b>
Loss on sale of tangible assets		-	(945)
<b>Loss on ordinary activities before interest</b>		<b>(9,742)</b>	<b>(11,991)</b>
Other interest receivable and similar income		2,326	2,013
<b>Loss on ordinary activities before taxation</b>		<b>(7,416)</b>	<b>(9,978)</b>
Tax on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after taxation</b>	<b>9</b>	<b>(7,416)</b>	<b>(9,978)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

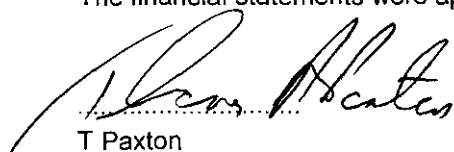


# PAXTON & ASSOCIATES LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	5		4,034		5,215
<b>Current assets</b>					
Debtors	6	3,007		18,166	
Cash at bank and in hand		51,063		69,118	
		<u>54,070</u>		<u>87,284</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(4,416)</u>		<u>(31,395)</u>	
<b>Net current assets</b>			49,654		55,889
<b>Total assets less current liabilities</b>			<u>53,688</u>		<u>61,104</u>
<b>Capital and reserves</b>					
Called up share capital	8		29,000		29,000
Share premium account	9		16,000		16,000
Profit and loss account	9		8,688		16,104
<b>Shareholders' funds - equity interests</b>	10		<u>53,688</u>		<u>61,104</u>

The financial statements were approved by the Board on 16/12/05



T Paxton  
Director

# PAXTON & ASSOCIATES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

	£	2005 £	£	2004 £
Net cash outflow from operating activities		(16,770)		(7,187)
Returns on investments and servicing of finance				
Interest received	2,326		2,013	
Net cash inflow for returns on investments and servicing of finance		2,326		2,013
Taxation		-		4,935
Capital expenditure				
Payments to acquire tangible assets	(3,611)		-	
Receipts from sales of tangible assets	-		250	
Net cash (outflow)/inflow for capital expenditure		(3,611)		250
Net cash (outflow)/inflow before management of liquid resources and financing		(18,055)		11
(Decrease)/increase in cash in the year		(18,055)		11

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005

1	<b>Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Operating loss	(9,742)	(11,046)
	Depreciation of tangible assets	4,792	7,490
	Decrease/(increase) in debtors	15,159	(2,739)
	Decrease in creditors within one year	(26,979)	(892)
	<b>Net cash outflow from operating activities</b>	<b>(16,770)</b>	<b>(7,187)</b>

2	<b>Analysis of net funds</b>	<b>1 October 2004</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>30 September 2005</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:				
	Cash at bank and in hand	69,118	(18,055)	-	51,063
	<b>Net funds</b>	<b>69,118</b>	<b>(18,055)</b>	<b>-</b>	<b>51,063</b>

3	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	(Decrease)/increase in cash in the year	(18,055)	11
	<b>Movement in net funds in the year</b>	<b>(18,055)</b>	<b>11</b>
	Opening net funds	69,118	69,107
	<b>Closing net funds</b>	<b>51,063</b>	<b>69,118</b>

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 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 less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	- 25% straight line
Fixtures, fittings & equipment	- 25% straight line

#### 1.4 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 1.5 Pensions

The company operates a defined contribution pension scheme. The company's contribution to the scheme are charged to the profit and loss account when incurred in accordance with the rules of the scheme.

### 2 Turnover and loss on ordinary activities before taxation

Class of business	Turnover	
	2005 £	2004 £
Consultancy	49,801	69,805
Accountancy	10,827	6,540
Computer consultancy	1,642	1,705
	<u>62,270</u>	<u>78,050</u>

### 3 Operating loss

	2005 £	2004 £
Operating loss is stated after charging:		
Depreciation of tangible assets	4,792	7,490
Auditors' remuneration	2,000	3,100
	<u></u>	<u></u>

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

4	Taxation	2005 £	2004 £
	Current tax charge	-	-
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(7,416)	(9,978)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 19.00%)	(1,409)	(1,896)
	Effects of:		
	Non deductible expenses	62	99
	Depreciation add back	910	1,423
	Capital allowances	(731)	(391)
	Rate difference	(442)	-
	Unrelieved losses	1,610	585
	Other tax adjustments	-	180
		1,409	1,896
	<b>Current tax charge</b>	-	-

The company has estimated tax losses of £7,657 (2004 - £3,033) available for carry forward against future trading profits. The related deferred tax asset of £1,455 (2004 - £576) and a deferred tax asset of £1,485 (2004 - £575) in respect of deferred capital allowances have not been recognised due to the uncertainty of the availability of future applicable trading profits.

Due to taxable losses for the year, no provision has been made for corporation tax.

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 5 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 October 2004	29,363	13,193	42,556
Additions	3,451	160	3,611
Disposals	(6,244)	(8,576)	(14,820)
At 30 September 2005	26,570	4,777	31,347
<b>Depreciation</b>			
At 1 October 2004	24,500	12,841	37,341
On disposals	(6,244)	(8,576)	(14,820)
Charge for the year	4,401	391	4,792
At 30 September 2005	22,657	4,656	27,313
<b>Net book value</b>			
At 30 September 2005	3,913	121	4,034
At 30 September 2004	4,863	352	5,215

### 6 Debtors

	2005	2004
	£	£
Trade debtors	444	14,834
Prepayments and accrued income	2,563	3,332
	3,007	18,166

### 7 Creditors: amounts falling due within one year

	2005	2004
	£	£
Taxes and social security costs	295	6,405
Director's current accounts	1,420	1,266
Accruals and deferred income	2,701	23,724
	4,416	31,395

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

<b>8</b>	<b>Share capital</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	20,000 "A" ordinary voting shares of £1 each	20,000	20,000
	20,000 "B" ordinary non-voting shares of £1 each	20,000	20,000
	10,000 "C" ordinary non-voting shares of £1 each	10,000	10,000
		<u>50,000</u>	<u>50,000</u>
	<b>Allotted, called up and fully paid</b>		
	10,000 "A" ordinary voting shares of £1 each	10,000	10,000
	14,000 "B" ordinary non-voting shares of £1 each	14,000	14,000
	5,000 "C" ordinary non-voting shares of £1 each	5,000	5,000
		<u>29,000</u>	<u>29,000</u>
<b>9</b>	<b>Statement of movements on reserves</b>		
		<b>Share premium account</b>	<b>Profit and loss account</b>
		<b>£</b>	<b>£</b>
	Balance at 1 October 2004	16,000	16,104
	Retained loss for the year	-	(7,416)
		<u>16,000</u>	<u>8,688</u>
	Balance at 30 September 2005	16,000	8,688
<b>10</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Loss for the financial year	(7,416)	(9,978)
	Opening shareholders' funds	61,104	71,082
		<u>53,688</u>	<u>61,104</u>
	Closing shareholders' funds	53,688	61,104
<b>11</b>	<b>Director's emoluments</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Emoluments for qualifying services	28,000	41,000

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004 - 1).

# PAXTON & ASSOCIATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

### 12 Transactions with directors

Included in other creditors is the director's current account balance of £1,420 (2004 - £1,266). The balance has no specific repayment terms and does not accrue interest.

### 13 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Consultants	2	2
Employment costs	2005 £	2004 £
Wages and salaries	46,000	57,750
Social security costs	4,449	6,333
	50,449	64,083

### 14 Auditors

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

### 15 Control

During the year the company was controlled by Mr T A Paxton.