

**Smith Melzack Pepper Angliss (Services) Limited**

**Company No. 1128017**

**Financial Statements**

**For the year ended**

**30 September 2006**

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COMPANIES HOUSE

# **Smith Melzack Pepper Angliss (Services) Limited**

## **Company Information**

### **Directors**

S Sandler FRICS  
I A Fass FRICS  
R M J Franks  
L M Bonney  
A Kleinman  
C Povey MRICS  
C H Orman FRICS  
P Vernon-Smith

### **Secretary**

S Sandler FRICS

### **Registered Office**

7-10 Chandos Street  
London  
W1G 9AJ

### **Auditors**

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Smith Melzack Pepper Angliss (Services) Limited

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# Smith Melzack Pepper Angliss (Services) Limited

## Directors' Report For the year ended 30 September 2006

The directors present their report and financial statements for the year ended 30 September 2006

### Principal activities and review of the business

The principal activity of the company throughout the year was the provision of management and administration services to professional firms and commercial organisations

### Results and dividends

The results for the year are set out on page 4

The directors do not recommend the payment of a dividend

### Future developments

The directors are of the opinion that the company will continue to trade in the foreseeable future

### Directors

The following directors have held office since 1 October 2005

S Sandler FRICS  
I A Fass FRICS  
R M J Franks  
L M Bonney  
A Kleinman  
C Povey MRICS  
C H Orman FRICS  
P Vernon-Smith

### Directors' interests

The directors who served the company during the year had no beneficial interest in the company's shares during the period  
The interests of R M Franks, A Kleinman, C H Orman, S Sandler, P Vernon-Smith and C Povey in the ultimate parent undertaking are reflected in those accounts

	Ordinary Shares of £1 each	
	30 September 2006	1 October 2005
I A Fass FRICS	-	-
R M J Franks	-	-
L M Bonney	-	-
A Kleinman	-	-
C Povey MRICS	-	-
C H Orman FRICS	-	-
S Sandler FRICS	-	-
P Vernon-Smith	-	-

### Auditors

On 1 May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the provision of section 26(5) of the Companies Act 1989. Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

# Smith Melzack Pepper Angliss (Services) Limited

## Directors' Report (continued) For the year ended 30 September 2006

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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,
- 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 directors are responsible for keeping proper accounting records which 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 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.

### Statement of disclosure to auditor

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



L M Bonney

Director

3/4/07

# Smith Melzack Pepper Angliss (Services) Limited

## Independent Auditors' Report To the Shareholders of Smith Melzack Pepper Angliss (Services) Limited

We have audited the financial statements of Smith Melzack Pepper Angliss (Services) Limited for the year ended 30 September 2006 set out on pages 4 to 12. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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.

### Basis of audit opinion

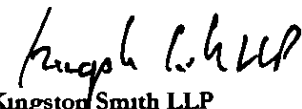
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

### Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
Kingston Smith LLP  
Chartered Accountants  
Registered Auditors

Date 31/10/07

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Smith Melzack Pepper Angliss (Services) Limited

## Profit And Loss Account For the year ended 30 September 2006

		Year ended 30 September 2006 £	9 Month period ended 30 September 2005 £
	Notes		
<b>Turnover</b>	2	2,395,000	1,420,000
Administrative expenses		(2,389,171)	(1,405,830)
<b>Operating profit</b>	3	5,829	14,170
Other interest receivable and similar income	4	-	7
Interest payable and similar charges	5	(2,428)	(1,758)
<b>Profit on ordinary activities before taxation</b>		3,401	12,419
Tax on profit on ordinary activities	6	-	-
<b>Profit for the year</b>	12	3,401	12,419

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


# Smith Melzack Pepper Angliss (Services) Limited

## Balance Sheet As at 30 September 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	7		53,083		54,067
<b>Current assets</b>					
Debtors	8	121,083		142,367	
Cash at bank and in hand		13,851		44,158	
		<u>134,934</u>		<u>186,525</u>	
<b>Creditors' amounts falling due within one year</b>	9	<u>(160,959)</u>		<u>(216,935)</u>	
<b>Net current liabilities</b>			(26,025)		(30,410)
<b>Total assets less current liabilities</b>			<u>27,058</u>		<u>23,657</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	12		26,958		23,557
<b>Shareholders' funds</b>	13		<u>27,058</u>		<u>23,657</u>

Approved by the Board and authorised for issue on

3/4/07



S Sandler FRICS

Director



# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements For the year ended 30 September 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### 1.2 Changes in accounting policies

The financial statements are prepared under the historical cost convention

#### 1.3 Turnover

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

#### 1.4 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

Land and buildings Leasehold	Over remaining life of the lease
Plant and machinery	10% - 33 1/3% per annum on cost
Computer equipment	33% per annum on cost
Fixtures, fittings & equipment	10%-20% per annum on cost

#### 1.5 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

#### 1.6 Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	Year ended 30 September 2006 £	Period ended 30 September 2005 £
Operating profit is stated after charging:		
Depreciation of tangible assets	26,611	21,475
Auditors' remuneration	7,000	5,500
Remuneration of auditors for non-audit work	-	1,450

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amount to 9 (2005: 6)

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

<b>4</b>	<b>Investment income</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank interest	-	7
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>Year ended</b>	<b>Period ended</b>
		<b>30 September</b>	<b>30 September</b>
		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	2,428	1,758
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>Year ended</b>	<b>Period ended</b>
		<b>30 September</b>	<b>30 September</b>
		<b>2006</b>	<b>2005</b>
	<b>Current tax charge</b>	-	-
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	3,401	12,419
		<u>          </u>	<u>          </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	1,020	3,726
		<u>          </u>	<u>          </u>
	Effects of		
	Non deductible expenses	15,067	5,898
	Depreciation add back	7,983	6,442
	Capital allowances	(6,593)	(4,297)
	Other tax adjustments	(17,477)	(11,769)
		<u>          </u>	<u>          </u>
		(1,020)	(3,726)
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	-	-
		<u>          </u>	<u>          </u>

There is no tax liability arising in the year (2005 £nil) due to profits being offset by group relief

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

### 7 Tangible fixed assets

	Land and buildings Leasehold	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2005	7,792	67,175	278,661	353,628
Additions	-	7,796	17,831	25,627
At 30 September 2006	7,792	74,971	296,492	379,255
<b>Depreciation</b>				
At 1 October 2005	498	32,340	266,723	299,561
Charge for the year	1,558	9,968	15,085	26,611
At 30 September 2006	2,056	42,308	281,808	326,172
<b>Net book value</b>				
At 30 September 2006	5,736	32,663	14,684	53,083
At 30 September 2005	7,294	34,835	11,938	54,067

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
<b>Net book values</b>	
At 30 September 2006	-
At 30 September 2005	4,999
<b>Depreciation charge for the year</b>	
At 30 September 2006	4,999
At 30 September 2005	7,499

The net book value of other tangible fixed assets includes £nil (2005 £4,999) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £4,999 (2005 £7,499) for the year.

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

8 Debtors	2006 £	2005 £
Trade debtors	42	592
Other debtors	121,041	141,775
	<u>121,083</u>	<u>142,367</u>

9 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	-	36,182
Net obligations under finance leases	-	6,561
Trade creditors	73,789	77,954
Amounts owed to parent and fellow subsidiary undertakings	7,674	20,813
Taxes and social security costs	53,650	43,482
Other creditors	25,846	31,943
	<u>160,959</u>	<u>216,935</u>

The bank overdraft and loans are secured by a fixed and floating charge over the undertaking of all property and assets, present and future

### Net obligations under finance leases

Repayable within one year	-	6,561
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## 10 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2006 £	2005 £
Directors' contributions	17,292	7,717
Other staff contributions	32,106	8,392
	<u>49,398</u>	<u>16,109</u>

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

<b>11 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100 Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>

<b>12 Statement of movements on profit and loss account</b>	<b>Profit and loss account</b>
	<b>£</b>
Balance at 1 October 2005	23,557
Profit for the period	3,401
	<hr/>
Balance at 30 September 2006	26,958
	<hr/>

<b>13 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	3,401	12,419
Opening shareholders' funds	23,657	11,238
	<hr/>	<hr/>
Closing shareholders' funds	27,058	23,657
	<hr/>	<hr/>

### 14 Contingent liabilities

An omnibus letter of guarantee and set off is in place between the following members of Mercury Group plc - Mercury Group plc, Smith Melzack Pepper Angliss Limited, Smith Melzack Pepper Angliss (Professional Services) Limited, Smith Melzack Pepper Angliss (Management) Limited, Smith Melzack Pepper Angliss (Croydon) Limited and Smith Melzack Pepper Angliss (Services) Limited and Telco Solutions Limited. At the year end the group had utilised £90,440 (2005 £262,678) of the £300,000 facility under guarantee.

The Smith Melzack Pepper Angliss Limited group has a group VAT registration in place. The company is included within this group registration and so is jointly and severally liable for the total group VAT due.

The difference between the total group VAT liability and what has been provided in these accounts for VAT is £104,254 (2005 £112,182).

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

### 15 Financial commitments

At 30 September 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	2006	Other 2005
	£	£
Operating leases which expire		
Within one year	14,698	14,248
Between two and five years	14,201	7,224
	<u>28,899</u>	<u>21,472</u>

### 16 Directors' emoluments

	Year ended 30 September 2006	Period ended 30 September 2005
	£	£
Remuneration	712,938	443,924
Pensions to directors	17,292	7,717
	<u>730,230</u>	<u>451,641</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	85,732	61,150
Company pension contributions to money purchase schemes	2,597	1,458
	<u>88,329</u>	<u>62,608</u>

# Smith Melzack Pepper Angliss (Services) Limited

## Notes To The Financial Statements (continued) For the year ended 30 September 2006

### 17 Employees

#### Number of employees

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

2006 Number	2005 Number
35	31

#### Employment costs

	2006 £	2005 £
Wages and salaries	1,482,972	849,088
Social security costs	163,609	97,576
Other pension costs	49,398	16,109
	<u>1,695,979</u>	<u>962,773</u>

### 18 Control

The company regards Smith Melzack Pepper Angliss (Professional Services) Limited as its immediate parent company by virtue of their 100% share holding. The ultimate parent company is Mercury Group Plc, by virtue of their 100% share holding in the immediate parent of Smith Melzack Pepper Angliss (Professional Services) Limited - Smith Melzack Pepper Angliss Limited. Mercury Group Plc accounts are available from John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London, EC2A 2AH.

### 19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.