

Company Registration No. 6447647

Exchange House Services Limited

Report and Financial Statements

30 April 2009

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Exchange House Services Limited

Report and financial statements 2009

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Exchange House Services Limited

Report and financial statements 2009

Officers and professional advisers

Directors

David Gold (appointed 31 March 2008)

David Willis (appointed 7 July 2008)

Michael Walter (appointed 31 March 2008)

Sonya Leydecker (appointed 31 March 2008)

Jason Fox (appointed 31 March 2008)

Ian Cox (appointed 7 July 2008)

Iain Rothnie (appointed 31 March 2008, resigned 7 July 2008)

Peregrine Secretarial Services Limited (appointed 7 December 2007, resigned 31 March 2008)

Secretary

Clare Wilson (appointed 31 March 2008)

Office Organization & Services Limited (appointed 7 December 2007, resigned 31 March 2008)

Registered Office

Exchange House

Primrose Street

London

EC2A 2HS

Auditors

Deloitte LLP

Chartered Accountants

London

Exchange House Services Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the period since incorporation on 7 December 2007 to 30 April 2009.

Principal activities

Exchange House Services Limited was incorporated as Precis (2745) Limited on 7 December 2007. The sole activity of the Company is as a service company, to provide Herbert Smith LLP with the services necessary for the conduct of their business.

Business review

The directors expect that the present level of activity will be sustained for the foreseeable future.

Given that the Company is solely engaged in the supply of staff and services, the Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business.

Results and dividends

The results of the Company for the period from 7 December 2007 to 30 April 2009 are set out in the profit and loss account on page 7. The directors do not recommend the payment of a dividend.

Directors

The directors, who served throughout the period except as noted, are set out on page 1.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Exchange House Services Limited

Directors' report (continued)

Auditors

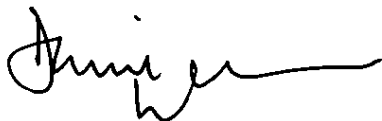
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP were appointed auditors during the period. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



.....
David Willis

Director

16 July 2009

Exchange House Services Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Exchange House Services Limited

We have audited the financial statements of Exchange House Services Limited for the period from 7 December 2007 to 30 April 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 judgments 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.

Independent auditors' report to the members of Exchange House Services Limited (continued)

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 April 2009 and of its result for the period from 7 December 2007 to 30 April 2009;
- the financial statements 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
16 July 2009

Exchange House Services Limited

Profit and loss account

Period from 7 December 2007 to 30 April 2009

	Note	Period from 7 December 2007 to 30 April 2009 £'000
Turnover		156,980
Operating expenses	2	(156,980)
Operating profit and profit on ordinary activities before taxation	2	-
Tax on profit on ordinary activities		-
Profit on ordinary activities after taxation		-

There have been no recognised gains or losses in the period other than above. Accordingly no statement of total recognised gains and losses is presented. All results arise from continuing activities.


Exchange House Services Limited

Balance sheet At 30 April 2009

	Notes	2009 £'000
Fixed assets		
Tangible assets	7	6,211
		<u>6,211</u>
Current assets		
Debtors		
– due within one year	8	10,239
		<u>10,239</u>
Creditors: Amounts falling due within one year	9	(16,450)
Net current liabilities		<u>(6,211)</u>
Total assets less current liabilities		-
Net assets		<u>-</u>
Capital and reserves		
Called-up share capital	10	-
Profit and loss account		-
Shareholders' funds		<u>-</u>

The financial statements were approved by the board of directors and authorised for issue on 16 July 2009.

They were signed on its behalf by:



David Willis

Director

16 July 2009

Exchange House Services Limited

Notes to the accounts

Period from 7 December 2007 to 30 April 2009

1. Accounting policies

Basis of accounting

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

The Company has taken advantage of the exemption available under FRS 1 not to prepare a cash flow statement on the grounds that it is wholly owned subsidiary of Herbert Smith LLP, a Limited Liability Partnership registered in England and Wales that prepares consolidated accounts that are publicly available.

Turnover

Turnover represents fees charged for the provision of services to Herbert Smith LLP, the ultimate controlling party, net of trade discounts, VAT and other sales-related taxes. All turnover is derived in the United Kingdom.

Going concern

The activity of the Company is dependent on activity levels of the ultimate parent entity, Herbert Smith LLP. In common with other businesses, the current economic conditions mean that demand for services of Herbert Smith LLP could be impacted in the short term. The Company relies on support from Herbert Smith LLP and the directors have received confirmation that the ultimate parent entity will not require the repayment of their debts within the period of 12 months from the date of approving these financial statements.

After making enquiries, the directors have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the current economic conditions and potential uncertainty over the level and timing of future revenues, having considered the Company's forecasts and projections the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing these accounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment and computers - over 3 years

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a 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 the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Exchange House Services Limited

Notes to the accounts

Period from 7 December 2007 to 30 April 2009

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting):

	2009 £'000
Depreciation of tangible fixed assets:	
– owned	4,119
Gain on disposal of fixed assets	(15)
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Auditors' remuneration of £15,000 was borne by Herbert Smith LLP.

3. Staff costs

The average monthly number of employees (including executive directors) was:

	2009 No.
Company	
Fee-earning staff	829
Other staff	661
	<hr/> <hr/>
	1,490
	<hr/> <hr/>
	£'000
Their aggregate remuneration comprised:	
Salaries	90,758
Social security costs	10,331
Pension costs	4,607
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	105,696

4. Directors' remuneration and transactions

None of the directors received any remuneration during the current period for their services to the Company.

5. Tax on profit on ordinary activities

The tax charge comprises:

	2009 £'000
Current tax	
UK corporation tax at 28%	-
	<hr/>
Deferred tax	
Timing differences, origination and reversal (see note 6)	208
Liability assumed by Herbert Smith LLP	(208)
	<hr/> <hr/>
	-

Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 28%

Exchange House Services Limited

Notes to the accounts

Period from 7 December 2007 to 30 April 2009

5. Tax on profit on ordinary activities (continued)

The differences are explained below:

	2009 £'000
Profit on ordinary activities before tax	-
Tax at 28% thereon:	-
Effects of:	
Tax on transfer pricing adjustment	3,132
Expenses not deductible for tax purposes	272
Capital allowances in excess of depreciation	644
Liability assumed by Herbert Smith LLP	(4,048)
Current tax charge for period	<u>-</u>

6. Deferred taxation

	2009 £'000
Movement on deferred taxation balance in the period	-
Opening balance	-
Credit to the profit and loss statement	(208)
Closing deferred tax asset	<u>(208)</u>

7. Tangible fixed assets

	Office equipment and computers £'000	Total £'000
Cost		
Transfers in	25,611	25,611
Additions	2,650	2,650
Disposals	(1,271)	(1,271)
At 30 April 2009	<u>26,990</u>	<u>26,990</u>
Depreciation		
Transfers in	17,918	17,918
Charge for the period	4,119	4,119
Disposals	(1,258)	(1,258)
At 30 April 2009	<u>20,779</u>	<u>20,779</u>
Net book value		
At 30 April 2009	<u>6,211</u>	<u>6,211</u>
At 30 April 2008	<u>-</u>	<u>-</u>

Exchange House Services Limited

Notes to the accounts

Period from 7 December 2007 to 30 April 2009

8. Debtors – Amounts due within one year:

	2009 £'000
Prepayments	4,164
Amounts due from group undertakings	5,091
Deferred tax asset	208
Other debtors	776
	<u>10,239</u>

9. Creditors – Amounts falling due within one year

	2009 £'000
Accruals	10,876
Corporation tax	1,848
Other creditors	3,726
	<u>16,450</u>

10. Called-up share capital

	2009 £
Authorised	<u>100</u>
100 ordinary shares of £1 each	<u>100</u>
Allotted, called-up and fully-paid	<u>2</u>
2 ordinary shares of £1 each	<u>2</u>

11. Reconciliation of movements in Group shareholders' funds

	2009 £'000
Profit for the financial period	-
New shares issued	-
Net addition to shareholders' funds	-
Opening shareholders' funds	-
Closing shareholders' funds	-

Exchange House Services Limited

Notes to the accounts

Period from 7 December 2007 to 30 April 2009

12. Related party transactions and ultimate controlling party

The Company is taking advantage of the exemption granted by paragraph 3(c) of FRS 8, 'Related Party Disclosures', not to disclose transactions with entities within the Herbert Smith LLP Group which are related parties.

Herbert Smith LLP is the immediate and ultimate parent undertaking and the ultimate controlling party of Exchange House Services Limited.

All the directors of the Company are members of Herbert Smith LLP.

Herbert Smith LLP, a Limited Liability Partnership incorporated in the United Kingdom, prepares consolidated financial statements. The address from which copies of the consolidated financial statements can be obtained is Exchange House, Primrose Street, London, EC2A 2HS.