

Report of the Members and

Financial Statements

for the Period

11th February 2004 to 31st March 2005

for

CHANCERY (UK) LLP



CHANCERY (UK) LLP

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for the Period 11th February 2004 to 31st March 2005

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CHANCERY (UK) LLP

General Information

for the Period 11th February 2004 to 31st March 2005

<b>DESIGNATED MEMBERS:</b>	S James R Sparrow Miss E S Heesom P Nichols Mrs K A Nichols C French
<b>REGISTERED OFFICE:</b>	Moors Farm West Farndon Daventry Northamptonshire NN11 3TX
<b>REGISTERED NUMBER:</b>	OC306872 (England and Wales)
<b>AUDITORS:</b>	L W Hartwell Registered Auditor 183 Watling Street West Towcester Northamptonshire NN12 6BX
<b>BANKERS:</b>	NatWest PO Box 333 Silbury House 300 Silbury Boulevard Milton Keynes Buckinghamshire MK9 2ZF

## CHANCERY (UK) LLP

### Report of the Members for the Period 11th February 2004 to 31st March 2005

The members present their report with the financial statements of the LLP for the period 11th February 2004 to 31st March 2005.

#### **INCORPORATION**

The LLP was incorporated on 11th February 2004 and commenced trading on 1st April 2004.

#### **PRINCIPAL ACTIVITY**

The principal activity of the LLP in the period under review was that of the provision of audit, accountancy and business consulting services in the UK.

#### **REVIEW OF BUSINESS**

The results for the period and financial position of the LLP are as shown in the annexed financial statements.

#### **DESIGNATED MEMBERS**

The designated members during the period under review were:

S James  
R Sparrow  
Miss E S Heesom  
P Nichols  
Mrs K A Nichols  
C French

#### **RESULTS FOR THE PERIOD AND ALLOCATION TO MEMBERS**

The profit for the period available for division among members was £185,000.

#### **MEMBERS' INTERESTS**

The members participate fully in the firm's profit, share the risks and subscribe the firm's capital.

The capital requirements of the partnership are determined from time to time by the members. No interest is paid on capital. On leaving the partnership, a member's capital is repaid within twelve months of the leaving date together with interest from the leaving date at the limited liability partnership interest rate including any value attached to the goodwill as at the leaving date. Outgoing members are not entitled to any further capital payment in connection with their leaving as members. In the event of the limited liability partnership being wound up or put into liquidation there will be no requirement for the members to contribute any further amounts of capital.

The allocation of profits and losses to those who were members during the financial period occurs following the finalisation of the financial statements for that period. Allocated profits may not necessarily represent all the profits arising in a particular financial period if the members consider it appropriate to retain profits or to allocate profits previously retained.

The partnership's drawings policy permits each member to draw a proportion of his or her profit share in twelve monthly instalments. Members may also receive additional drawings as may be agreed in advance in writing by members, subject to the cash requirements of the business.

#### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the members 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 LLP will continue in business.

CHANCERY (UK) LLP

Report of the Members

for the Period 11th February 2004 to 31st March 2005

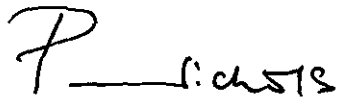
**STATEMENT OF MEMBERS' RESPONSIBILITIES - continued**

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, L W Hartwell, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE MEMBERS:**

A handwritten signature in black ink, appearing to read 'P. Nichols', with a stylized 'P' and a horizontal line extending to the right.

P Nichols - Designated Member

20th July 2005

CHANCERY (UK) LLP

Report of the Independent Auditors to the Members of  
CHANCERY (UK) LLP

We have audited the financial statements of CHANCERY (UK) LLP for the period ended 31st March 2005 on pages five to eleven. 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 LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of members and auditors**

As described on pages two and three the LLP's members are responsible for the preparation of 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 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 with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the Report of the Members is not consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

We read the Report of the Members 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 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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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 of the state of the LLP's affairs as at 31st March 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.



L W Hartwell  
Registered Auditor  
183 Watling Street West  
Towcester  
Northamptonshire  
NN12 6BX

20th July 2005

CHANCERY (UK) LLP

Profit and Loss Account

for the Period 11th February 2004 to 31st March 2005

	Notes	£
<b>TURNOVER</b>		581,805
Cost of sales		<u>230,028</u>
<b>GROSS PROFIT</b>		351,777
Administrative expenses		<u>165,854</u>
		185,923
Other operating income		<u>1,845</u>
<b>OPERATING PROFIT</b>		187,768
Interest payable and similar charges	3	<u>2,768</u>
<b>PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>	10	185,000
Salaried remuneration of members	4	<u>-</u>
<b>PROFIT FOR THE FINANCIAL PERIOD AVAILABLE FOR DIVISION AMONG MEMBERS</b>	10	<u><u>185,000</u></u>

**CONTINUING OPERATIONS**

None of the LLP's activities were acquired or discontinued during the current period.

**TOTAL RECOGNISED GAINS AND LOSSES**

The LLP has no recognised gains or losses other than the profit for the current period.

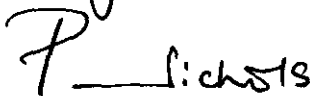
CHANCERY (UK) LLP

Balance Sheet  
31st March 2005

	Notes	£
<b>CURRENT ASSETS</b>		
Stocks	5	2,000
Debtors	6	<u>648,261</u>
		650,261
<b>CREDITORS</b>		
Amounts falling due within one year	7	<u>582,539</u>
<b>NET CURRENT ASSETS</b>		<u>67,722</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		67,722
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	9	<u>10,000</u>
<b>NET ASSETS</b>		<u>57,722</u>
<b>MEMBERS' OTHER INTERESTS</b>		
Capital accounts	10	<u>57,722</u>
		<u>57,722</u>
<b>TOTAL MEMBERS' INTERESTS</b>		
Loans and other debts due to members	9	10,000
Members' other interests	10	<u>57,722</u>
		<u>67,722</u>

**ON BEHALF OF THE MEMBERS OF THE LLP:**

  
S James - Designated member

  
P Nichols - Designated member

Approved by the members on 20th July 2005



CHANCERY (UK) LLP

Cash Flow Statement

for the Period 11th February 2004 to 31st March 2005

	Notes	£	£
<b>Net cash outflow from operating activities</b>	1		(223,829)
<b>Returns on investments and servicing of finance</b>	2		(2,768)
<b>Transactions with members</b>	2		(117,278)
			(343,875)
<b>Financing</b>	2		<u>190,969</u>
<b>Decrease in cash in the period</b>			<u>(152,906)</u>

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**Reconciliation of net cash flow  
to movement in net debt**

	3		
Decrease in cash in the period		(152,906)	
Cash inflow from increase in debt		<u>(190,969)</u>	
Change in net debt resulting from cash flows			(343,875)
<b>Movement in net debt in the period</b>			(343,875)
<b>Net debt at 11th February</b>			<u>-</u>
<b>Net debt at 31st March</b>			<u>(343,875)</u>

Notes to the Cash Flow Statement

for the Period 11th February 2004 to 31st March 2005

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	187,768
Increase in stocks	(2,000)
Increase in debtors	(648,261)
Increase in creditors	<u>238,664</u>
Net cash outflow from operating activities	<u>(223,829)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest paid	<u>(2,768)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(2,768)</u>

Transactions with members	
Payments to members	(176,129)
Contributions by members	<u>58,851</u>
Net cash outflow from transactions with members	<u>(117,278)</u>

Financing	
New loans in year	200,000
Loan repayments in year	<u>(9,031)</u>
Net cash inflow from financing	<u>190,969</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 11.2.04 £	Cash flow £	At 31.3.05 £
Net cash:			
Cash at bank and in hand	-	-	-
Bank overdraft	<u>-</u>	<u>(152,906)</u>	<u>(152,906)</u>
	<u>-</u>	<u>(152,906)</u>	<u>(152,906)</u>
Debt:			
Debts falling due within one year	<u>-</u>	<u>(190,969)</u>	<u>(190,969)</u>
	<u>-</u>	<u>(190,969)</u>	<u>(190,969)</u>
Total	<u>-</u>	<u>(343,875)</u>	<u>(343,875)</u>

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

**Turnover**

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration in exchange for its performance under these contracts.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Pensions**

The LLP operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

2. **EMPLOYEE INFORMATION**

	£
Wages and salaries	82,612
Social security costs	8,119
Other pension costs	<u>1,357</u>
	<u>92,088</u>

The average monthly number of employees during the period was as follows:

5

3. **INTEREST PAYABLE AND SIMILAR CHARGES**

	£
Bank loan interest	<u>2,768</u>

4. **INFORMATION IN RELATION TO MEMBERS**

The average number of members during the period was

6

5. **STOCKS**

	£
Stocks	<u>2,000</u>

CHANCERY (UK) LLP

Notes to the Financial Statements

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Trade debtors	157,923
Amounts recoverable on contracts	58,554
Other debtors	14,388
Amounts due from Chancery Independent Advisers Limited	15,325
Amounts due from Chancery Partnership Limited	13,187
Amounts due from Chancery Tax LLP	<u>388,884</u>
	<u>648,261</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Bank loans and overdrafts (see note 8)	343,875
Trade creditors	11,785
Social security and other taxes	2,655
VAT	41,526
Payments on account	24,606
Accruals and deferred income	<u>158,092</u>
	<u>582,539</u>

**8. LOANS**

An analysis of the maturity of loans is given below:

	£
Amounts falling due within one year or on demand:	
Bank overdrafts	152,906
Bank loans - less than 1 yr	<u>190,969</u>
	<u>343,875</u>

**9. LOANS AND OTHER DEBTS DUE TO MEMBERS**

	£
Amounts owed to members in respect of profits	<u>10,000</u>
Falling due within one year	<u>10,000</u>

## CHANCERY (UK) LLP

### Notes to the Financial Statements

#### 10. MEMBERS' INTERESTS

	Members' other interests			Loans and other debts due to members	
	Members' capital £	Reserves £	Total £	£	Total £
Amount due to members				-	
Amount due from members				-	
Members' interests at 11th February 2004	-	-	-	-	-
Profit for the financial year available for division among members		185,000	185,000		185,000
Members' interests after profit for the year	-	185,000	185,000	-	185,000
Allocated profit		(185,000)	(185,000)	185,000	
Introduced by members	58,851		58,851		58,851
Repayments of capital	(1,129)		(1,129)		(1,129)
Drawings				(175,000)	(175,000)
Amount due to members				10,000	
Amount due from members				-	
Members' interests at 31st March 2005	57,722	-	57,722	10,000	67,722

#### 11. RELATED PARTY DISCLOSURES

The members of the limited liability partnership with the exception of C French, are also directors of Chancery Partnership Limited. Furthermore the members of the limited liability partnership with the exception of Miss E Heesom, are also directors of Chancery Independent Advisors Limited.

The members of the limited liability partnership, with the exception of Miss E Heesom and R Sparrow are also members of Chancery Tax LLP.

At 1st April 2004 net assets of £45,050 were transferred to the limited liability partnership from Chancery Partnership Limited. At this date the limited liability partnership took over the majority of the audit, accountancy and business consultancy related activities of the company.

During the year the limited liability partnership, Chancery Tax LLP, Chancery Independent Advisors Limited and Chancery Partnership Limited have paid expenses and transferred funds on behalf of each other to aid their respective cash flows. In addition the limited liability partnership was invoiced £142,478 by Chancery Tax LLP in respect of management charges.

The overall effect of these transactions has led to Chancery Tax LLP owing the limited liability partnership £388,884, and Chancery Independent Advisors Limited owing £15,325. These balances are included within debtors. In addition the limited liability partnership owed Chancery Partnership Limited a balance of £6,813 which is included within creditors. These balances are unsecured and no interest is charged on outstanding amounts.