

Company Registration No. 03943980 (England and Wales)

SHARED INTELLIGENCE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

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COMPANIES HOUSE

SHARED INTELLIGENCE LIMITED

COMPANY INFORMATION

Directors

L Shostak
S Charteris
C Duffill

Secretary

E Holyhead

Company number

03943980

Registered office

1 Fitzroy Square
London
W1T 5HE

Auditors

Goodman Jones LLP
29/30 Fitzroy Square
London
W1T 6LQ

Bankers

Royal Bank of Scotland
1 Fleet St
London
EC4Y 1BD

SHARED INTELLIGENCE LIMITED

CONTENTS

	Page
<i>Directors' report</i>	1 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

We are pleased to submit our Report and Financial Statements for the year ended 31 March 2006.

Increase in Turnover and Profits

2005/06 was a significant year for Shared Intelligence. Our turnover increased to £2,429,058 and our profit before tax increased to £288,931.

The principal activities of the Company continue to be operating learning networks and providing consultancy in regeneration, economic development, evaluation, neighbourhood renewal and improvement in local and central government.

Learning Networks

On behalf of the Department of Communities and Local Government (formerly the Office of the Deputy Prime Minister) we are operating the National Network for Neighbourhood Management. An increasing proportion of our income is coming from membership and event fees. This is building on the success of LondonRenewal Net. Our joint venture with the IDEA providing a network for officials involved with Local Area Agreements is popular; income from annual membership subscriptions steadily increased over the year. We are providing learning support for the Race for Health programme. This meets the needs of health professionals seeking to promote equality of opportunity in the National Health Service. We are integrating our learning networks with our long term evaluation studies to improve the delivery of regeneration programmes across the UK.

Regeneration and Economic Development

Over the year, we completed a wide range of regeneration and economic development assignments. The demand for our services across the North East remains strong; this included working closely with four County Durham authorities to win Local Enterprise Growth Initiative funding - one of only 10 successful bids in England. We undertook many more assignments in Yorkshire and the Humber including developing a new Sustainable Communities Strategy for Hull. In the West Midlands, we continued to expand our portfolio including providing support for the Birmingham, Black Country and Coventry City Region Development Plan. We started the preparation of the Thames Gateway Interim Framework; this is providing a foundation for more work in London and the South East.

Evaluation and Neighbourhood Renewal

We completed our three year evaluation of the New Generation Initiative for the Nationwide Foundation; this featured our award winning Virtual Town methodology. Other assignments included evaluations of the national Heritage Lottery Fund's Grants programme, Yorkshire Forward's Bioscience Programme, and the North East Skills Account. We completed an evaluation of Lewisham's and Preston's Neighbourhood Renewal Fund programmes. We are part of a consortium undertaking a three year evaluation of the Government's New Deal for Communities programme.

Improvement and Capacity Building

We designed and facilitated a peer review of the Arts Council England using the bespoke methodology that we developed on behalf of the Department of Culture Media and Sport. In addition, we provided an action learning programme for scrutiny managers from eight London Boroughs and supported the London Assembly's ongoing scrutiny programme. We provided a problem-solving action learning programme for Police Commanders on behalf of the Home Office.

SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Investing in a Strong Team

Over the year, we continued to recruit experienced professionals and increased our training and staff development expenditure. We relocated our London office to 1 Fitzroy Square and moved to larger premises in York. We substantially upgraded our financial and ICT systems.

Prospects for 2006/2007

We continue to be confident that income, and profits, both from our learning networks and consultancy activities will grow. The demand for our services in each of our major markets remains buoyant. Our larger team of senior consultants places us in a stronger position to win more assignments. We expect that the average size of our contracts will continue to increase and margins will grow.

Our success, of course, will continue to depend on the talent, enthusiasm, and commitment of the staff who comprise Shared Intelligence.

Results and dividends

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

Interim dividends of £80,000 and a final ordinary dividend of £85,000 were declared for the year.

Directors

The following directors have held office since 1 April 2005:

L Shostak
S Charteris
C Duffill

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary class 'A' of £ 1 each	
	31 March 2006	1 April 2005
L Shostak	-	-
S Charteris	300	300
C Duffill	-	-
	Ordinary class 'B' of £ 1 each	
	31 March 2006	1 April 2005
L Shostak	300	300
S Charteris	-	-
C Duffill	-	-
	Ordinary class 'C' of £ 1 each	
	31 March 2006	1 April 2005
L Shostak	-	-
S Charteris	-	-
C Duffill	100	100

SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

On 1 June 2005 Goodman Jones, the company's auditors, transferred its business to Goodman Jones LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly, Goodman Jones resigned as auditors on 21 July 2005 and the directors appointed Goodman Jones LLP as its successor. A resolution to reappoint Goodman Jones LLP as auditors will be proposed at the next Annual General Meeting.

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;
- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



31/1/2007.

SHARED INTELLIGENCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHARED INTELLIGENCE LIMITED

We have audited the financial statements of Shared Intelligence Limited for the year ended 31 March 2006 set out on pages 5 to 13. These financial statements have been prepared in accordance with 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 3 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. 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 or 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.

Basis of audit opinion

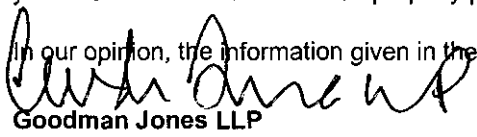
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the information given in the directors' report is consistent with the financial statements.


Goodman Jones LLP
Chartered Accountants
Registered Auditor

9/1/07
.....
29/30 Fitzroy Square
London
W1T 6LQ

SHARED INTELLIGENCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover	2	2,429,058	2,140,995
Cost of sales		(1,504,332)	(1,426,741)
Gross profit		924,726	714,254
Administrative expenses		(642,684)	(450,403)
Operating profit	3	282,042	263,851
Other interest receivable and similar income	4	6,889	7,047
Interest payable and similar charges	5	-	(210)
Profit on ordinary activities before taxation		288,931	270,688
Tax on profit on ordinary activities	6	(53,515)	(62,543)
Profit for the year	14	235,416	208,145

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.

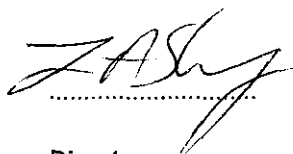
SHARED INTELLIGENCE LIMITED

BALANCE SHEET AS AT 31 MARCH 2006

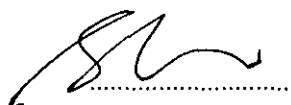
	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	8		82,180		33,088
Current assets					
Debtors	9	660,973		485,669	
Cash at bank and in hand		366,656		409,186	
		1,027,629		894,855	
Creditors: amounts falling due within one year	10	(677,263)		(650,813)	
Net current assets			350,366		244,042
Total assets less current liabilities			432,546		277,130
Capital and reserves					
Called up share capital	12		700		700
Share premium account	13		22,634		22,634
Profit and loss account	13		409,212		253,796
Shareholders' funds - equity interests	14		432,546		277,130

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved and authorised to be issued by the Board on 31/12/2007



Director



Director

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. All Turnover is attributable to the United Kingdom.

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:

Database development	25% p.a. straight line
Computer equipment	50% p.a. straight line
Fixtures, fittings & equipment	20% p.a. straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 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.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

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

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

3	Operating profit	2006	2005
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	30,179	56,528
	Auditors' remuneration	6,180	6,750
	Remuneration of auditors for non-audit work	290	275
		<u> </u>	<u> </u>
4	Investment income	2006	2005
		£	£
	Bank interest	6,889	7,047
		<u> </u>	<u> </u>
5	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts	-	36
	Hire purchase interest	-	174
		<u> </u>	<u> </u>
		-	210
		<u> </u>	<u> </u>

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

6	Taxation	2006 £	2005 £
	Domestic current year tax		
	U.K. corporation tax	53,515	65,060
	Current tax charge	53,515	65,060
	Deferred tax		
	Deferred tax charge/credit current year	-	(2,517)
		53,515	62,543
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	288,931	270,688
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 30.00%)	54,897	81,206
	Effects of:		
	Non deductible expenses	1,333	7,223
	Depreciation add back	5,734	16,958
	Capital allowances	(8,449)	(7,603)
	Other tax adjustments	-	(32,724)
		(1,382)	(16,146)
	Current tax charge	53,515	65,060
7	Dividends	2006 £	2005 £
	Ordinary interim paid 31 October 2004	-	24,669
	Ordinary interim paid 31 January 2005	-	24,670
	Ordinary interim paid 31 March 2005	-	93,333
	Ordinary interim paid 28 November 2005	40,000	-
	Ordinary interim paid 19 January 2006	40,000	-
		80,000	142,672

A dividend of £85,000 will be proposed at the next annual meeting of the company.

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Tangible fixed assets

	Database development	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2005	146,330	68,533	3,896	218,759
Additions	-	24,213	55,058	79,271
At 31 March 2006	146,330	92,746	58,954	298,030
Depreciation				
At 1 April 2005	125,683	57,326	2,662	185,671
Charge for the year	8,735	12,030	9,414	30,179
At 31 March 2006	134,418	69,356	12,076	215,850
Net book value				
At 31 March 2006	11,912	23,390	46,878	82,180
At 31 March 2005	20,647	11,207	1,234	33,088

9 Debtors

	2006 £	2005 £
Trade debtors	407,361	418,188
Amounts recoverable on long term contracts	168,227	52,195
Prepayments and accrued income	85,385	15,286
	660,973	485,669

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Payments received on account	109,885	124,468
Trade creditors	77,965	104,229
Corporation tax	53,515	65,060
Other taxes and social security costs	129,330	138,541
Other creditors	68,615	61,750
Accruals and deferred income	237,953	156,765
	677,263	650,813

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

11 Pension costs

Defined contribution

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 £
Contributions payable by the company for the year	50,777	22,874
Contributions payable to the fund at the year end and included in creditors	(152)	(216)

12 Share capital

Authorised

	2006 £	2005 £
300 Ordinary class 'A' of £1 each	300	300
300 Ordinary class 'B' of £1 each	300	300
400 Ordinary class 'C' of £1 each	400	400
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

300 Ordinary class 'A' of £1 each	300	300
300 Ordinary class 'B' of £1 each	300	300
100 Ordinary class 'C' of £1 each	100	100
	<u>700</u>	<u>700</u>

Each class of share ranks pari passu with the other classes of share.

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2005	22,634	253,796
Profit for the year	-	235,416
Dividends paid	-	(80,000)
Balance at 31 March 2006	<u>22,634</u>	<u>409,212</u>

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

14 Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit for the financial year	235,416	208,145
Dividends	(80,000)	(142,672)
Net addition to shareholders' funds	155,416	65,473
Opening shareholders' funds	277,130	211,657
Closing shareholders' funds	432,546	277,130
15 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	212,322	209,990
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	82,925	80,000

16 Transactions with directors

During the year the Company incurred rent totalling £15,500 (2005 : £42,000) on the property occupied by the Company and owned by L Shostak and S Charteris. The amounts were charged on an arms length basis. At the year end £nil (2005 : £nil) was owed to them for the rent of this building.

SHARED INTELLIGENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

17 Employees

Number of employees

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

	2006 Number	2005 Number
Administration	6	4
Sales	25	24
	<u>31</u>	<u>28</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,100,263	877,210
Social security costs	112,540	87,727
Other pension costs	50,777	22,874
	<u>1,263,580</u>	<u>987,811</u>

18 Control

The company is controlled by L. Shostak and S. Charteris.