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Company Registration No 03943980 (England and Wales)

SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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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

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SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

We are pleased to submit our Report and Financial Statements for the year ended 31 March 2007

Principal activities
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 (CLG) we continued to operate the National Network for Neighbourhood Management under a three year contract In line with the network business plan, the proportion of income coming from membership and event fees is steadily increasing Over 175 organisations are full subscribing members and a further 125 organisations participate in network activities Membership of LAA net is also growing This network is providing advice and support to officials responsible for Local Area Agreements We are extending our work on health inequalities and the Race for Health programme is now in its fifth year of operation This network supports practitioners in primary care trusts across the UK to promote race equality in the delivery of care

All three of these networks are focused on matters of particular interest to Government They play an essential role in national and regional performance improvement activities During the year, over 3,500 people participated in events sponsored by these three networks

Evaluation and Neighbourhood Renewal
We are continuing to undertake a wide range of consultancy assignments and evaluation studies which harness our skills and knowledge developed through our learning networks We undertook a study of community planning partnerships for Communities Scotland and reviewed the Connecting with Communities programme for CLG in order to update IDEA's web based practice resources

During the year, we commenced an evaluation of mixed communities as part of a multi-practice team working for CLG We undertook a programme evaluation for the Bridge New Deal for Communities programme in London We completed SRB programme evaluations in Burnley and in Woodberry Down, Stamford Hill, London We completed an evaluation of business support programmes for Yorkshire Forward and adult skills programmes for One NorthEast

Public Policy and Partnership Development
We are extending and deepening our public policy work across the UK providing more leadership support to improve efficiency and strengthen accountability to local communities

We piloted and established 'Progress through Partnerships,' a regional capacity building service, this is delivered jointly with South East Employers on behalf of all local authorities and the Government Office for the region

On behalf of Northumberland County Council and the Leadership Centre for Local Government we have piloted devolved government to improve local accountability These strengthen the "belonging communities" in the county We have commenced work on the Pathfinder initiative to promote greater efficiency for Suffolk councils We are working with several councils as they establish new administrations We have developed learning materials that support innovative approaches to scrutiny in LB Southwark and Lewisham and have completed reviews of local strategic partnerships in Haringey, Coventry and Richmond

Regeneration, Economic Development and Enterprise
Our regeneration, economic development and enterprise consultancy work continued to expand We completed the Thames Gateway Interim Plan for CLG, this led to a series of further assignments in Thames Gateway Essex In London, we prepared the Regeneration Delivery Plan for the London Borough of Lambeth

We supported the Black Country Consortium with their efforts to secure amendments to their regional spatial strategy Also in the West Midlands, we prepared the proposals for their City Strategy Employment Pilot We also worked with Nottinghamshire County Council to develop a forward strategy for their Economic Regeneration Service - this was one of SI's first commissions in the East Midlands and should open up further opportunities in the Region

The demand for SI services in the North East remains strong Key projects included the Regional Economic Strategy Action Plan for ONE North East and the Tees Valley Investment Plan We continued to work with several North East local authorities to develop their economic strategies and investment plans, including Easington and Wear Valley District Councils and Durham County Council

Results and dividends
The results for the year are set out on page 7 Our turnover increased by 14% to £2,779 942 Our profit before tax was £207,556

Dividends paid during the year totalled £218,000 (2006 £80,000) This includes £85,000 paid in respect of a final dividend declared in the previous financial year, in line with the requirements of Financial Reporting Standard 21 (Events After the Balance Sheet Date)

Investing in a Strong Team
We continued to recruit talented young professionals to strengthen our teams in London and York We have deliberately strengthened our senior management team Further senior appointments will be made during 2007/08 We made significant investments in improving our web sites, human resources, finance and ICT systems and staff learning and development

During the year, started establishing an Employee Benefits Trust and an Enterprise Management Incentive Scheme We envisage that share options will be granted to key senior staff during 2007

Prospects for 2007/2008
Revenue and profits, both from our learning networks and consultancy activities are likely to increase Membership of our networks is likely to continue to grow and we propose to launch at least two new networks It appears likely that demand for our consultancy activities will remain strong and our team is well placed to win larger and longer term contracts

Our talented, skilled and enthusiastic staff will continue to drive the success of Shared Intelligence

Directors
The following directors have held office since 1 April 2006

L Shostak
S Charteris
C Duffill

SHARED INTELLIGENCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Goodman Jones LLP be reappointed as auditors of the company will be put to the 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

5 Sept 07

SHARED INTELLIGENCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHARED INTELLIGENCE LIMITED

We have audited the financial statements of Shared Intelligence Limited on pages 6 to 12 for the year ended 31 March 2007 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 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 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

SHARED INTELLIGENCE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF SHARED INTELLIGENCE LIMITED

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 2007 and of its profit for the year then ended,
- 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

Goodman Jones LLP

10 September 2007

Chartered Accountants
Registered Auditor

29/30 Fitzroy Square
London
W1T 6LQ

SHARED INTELLIGENCE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover		2,779,942	2,429,058
Cost of sales		(1,812,931)	(1,504,332)
Gross profit		967,011	924,726
Administrative expenses		(765,207)	(642,684)
Operating profit	2	201,804	282,042
Other interest receivable and similar income	3	7,967	6,889
Interest payable and similar charges		(2,215)	-
Profit on ordinary activities before taxation		207,556	288,931
Tax on profit on ordinary activities	4	(38,080)	(53,515)
Profit for the year		169,476	235,416

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 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	6		71,079		82,180
Current assets					
Debtors	7	787,043		660,973	
Cash at bank and in hand		312,484		366,656	
		1,099,527		1,027,629	
Creditors amounts falling due within one year	8	(786,584)		(677,263)	
Net current assets			312,943		350,366
Total assets less current liabilities			384,022		432,546
Capital and reserves					
Called up share capital	10		700		700
Share premium account			22,634		22,634
Profit and loss account			360,688		409,212
Shareholders' funds	12		384,022		432,546

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

Approved by the Board and authorised for issue on 5-9-07

L Shostak
Director

S Charteris
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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	33 3% p a straight line
Fixtures, fittings & equipment	20% p a straight line

1 5 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 6 Pensions
The company contributes directly to the personal pension funds of its employees Contributions payable are charged to the profit and loss account in the year they are payable

1 7 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 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	35,541	30,179
Loss on disposal of tangible assets	149	-
Auditors' remuneration	6,500	6,180
Directors' emoluments	348,000	212,322

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

3 Investment income	2007 £	2006 £
Bank interest	7,967	6,889

4 Taxation	2007 £	2006 £
Domestic current year tax		
U K corporation tax	38,080	53,515
Current tax charge	38,080	53,515
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	207,556	288,931
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19 00% (2006 - 19 00%)	39,436	54,897
Effects of		
Non deductible expenses	(2,013)	1,333
Depreciation add back	6,753	5,734
Capital allowances	(6,096)	(8,449)
	(1,356)	(1,382)
Current tax charge	38,080	53,515

5 Dividends	2007 £	2006 £
Ordinary interim re 2006 paid 28 November 2005	-	40,000
Ordinary interim re 2006 paid 19 January 2006	-	40,000
Ordinary final re 2006 paid 25 April 2006	85,000	-
Ordinary interim re 2007 paid 5 May 2006	48,000	-
Ordinary interim re 2007 paid 7 December 2006	85,000	-
	218,000	80,000

The total dividends paid in the year were split as £93,429 for ordinary class 'A' shares, £93,429 for ordinary class 'B' shares and £31,142 for ordinary class 'C' shares

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

6 Tangible fixed assets

	Database development	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2006	146,330	92,746	58,954	298,030
Additions	-	24,788	-	24,788
Disposals	-	(898)	-	(898)
At 31 March 2007	146,330	116,636	58,954	321,920
Depreciation				
At 1 April 2006	134,418	69,356	12,076	215,850
On disposals	-	(549)	-	(549)
Charge for the year	6,972	17,114	11,454	35,540
At 31 March 2007	141,390	85,921	23,530	250,841
Net book value				
At 31 March 2007	4,940	30,715	35,424	71,079
At 31 March 2006	11,912	23,390	46,878	82,180

7 Debtors

	2007	2006
	£	£
Trade debtors	566,034	407,361
Amounts recoverable on long term contracts	132,879	168,227
Other debtors	88,130	85,385
	787,043	660,973

8 Creditors amounts falling due within one year

	2007	2006
	£	£
Trade creditors	80,632	77,965
Taxation and social security	221,584	182,845
Payments received on account	87,750	109,885
Other creditors	396,618	306,568
	786,584	677,263

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

9 Pension costs

Defined contribution

The company contributes directly to the personal pension funds of its employees The pension cost charge represents contributions payable by the company to the employees' funds

	2007 £	2006 £
Contributions payable by the company for the year	65,779	50,777
Contributions payable at the year end and included in creditors	(776)	(152)

10 Share capital

	2007 £	2006 £
Authorised		
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
	1,000	1,000
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
	700	700

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

Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2006	22,634	409,212
Profit for the year	-	169,476
Dividends paid	-	(218,000)
Balance at 31 March 2007	22,634	360,688

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

12 Reconciliation of movements in shareholders' funds	2007 £	2006 £
Profit for the financial year	169,476	235,416
Dividends	(218,000)	(80,000)
Net (depletion in)/addition to shareholders' funds	(48,524)	155,416
Opening shareholders' funds	432,546	277,130
Closing shareholders' funds	384,022	432,546

13 Control

The company is controlled by L Shostak and S Charteris