

AVEBURY ASSET MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2009

Company Registration Number 890308

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17/07/2009
COMPANIES HOUSE

BREBNERS
Chartered Accountants & Statutory Auditors
The Quadrangle
180 Wardour Street
London
W1F 8LB

AVEBURY ASSET MANAGEMENT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

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AVEBURY ASSET MANAGEMENT LIMITED
COMPANY INFORMATION

The board of directors	M J W Daley M S Carter
Company secretary	E J Daley
Registered office	The Quadrangle 180 Wardour Street London W1F 8FY
Auditor	Brebners Chartered Accountants & Statutory Auditors The Quadrangle 180 Wardour Street London W1F 8LB
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
Solicitors	Speechly Bircham 6 St Andrew Street London EC4A 3LX

AVEBURY ASSET MANAGEMENT LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31st MARCH 2009

The directors present their report and the financial statements of the company for the year ended 31st March 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the management of global fixed income and associated currency overlay programmes and the provision of investment advice for institutional clients and regulated investment management companies.

The directors continue to refocus the company's activities to take advantage of the global demand for alternative products and to seek to manage money for other regulated investment managers who require exposure to these markets.

The company is authorised and regulated by the Financial Services Authority (FSA) in the United Kingdom and the Securities & Exchange Commission (SEC) in the United States.

Financial Key Performance Indicators

The directors consider the Financial Key Performance Indicators to be the following:

	2009	2008
Turnover	50,993	70,858
Increase/(Decrease) in turnover	(28)%	(83)%
Operating loss	(57,561)	(15,818)

Non-Financial Key Performance Indicators

The directors believe that building investment management businesses is a long term activity and that in the initial years it is difficult to achieve profits given the dynamics of the market place for investment management services (which do not favour relatively new businesses). The key values imbedded in an investment management business are the staff and the investment management performance they create; the ability of the company's processes to continually produce competitive performance and the reputation the company achieves by being fully compliant with the rules and requirements of its regulators across varying jurisdictions. The company will be judged successful if in a compliant manner it can achieve better than average investment performance for its clients while experiencing a below average turnover in its professional staff. In a company this size the directors consider there are collectively other numerous non-financial performance indicators but none individually are key.

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2009

RESULTS AND DIVIDENDS

The loss for the year amounted to £56,350. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company had no hedging arrangements at 31st March 2009.

As the company is a regulated company, management gives continuous attention to the company's financial position especially in terms of its net regulatory capital position (NRCP). The NRCP is calculated by the company annually following the annual audit, using the current rules set down by the company's regulator. In achieving NRCP compliance, the company identifies and provides for financial risks it may encounter and, for example, it seeks to allocate capital in excess of NRCP to cover exposures, if any, to illiquid assets, prepayments, foreign exchange exposures and debtors in excess of one month.

As the company's income may be denominated in foreign currency, management's normal policy is to hedge back into sterling expected future foreign exchange receivables. Such transactions are unlikely to involve sales with a tenor of more than six months. However, as foreign exchange management is a key competence of the company, management may in the light of the company's analysis of future foreign exchange movements leave receivables denominated in foreign currency un-hedged in anticipation of a fall in the external value of Sterling.

The company, pursuing its new business plan (which could extend to a further ten years) seeks to gain and retain a small number of clients and anticipates that their investment needs are likely to be similar. The company may therefore be exposed to, for example, a market-driven switch in investment product by a significant number of clients simultaneously, or alternatively, may under-perform other managers leading over time to the loss simultaneous of clients.

The company monitors all cash, debtors, creditors and foreign exchange rate fluctuations on an ongoing basis to ensure that it has sufficient cash flows and funds for its working capital requirements.

DIRECTORS

The directors who served the company during the year were as follows:

M J W Daley
A R C Taylor
M S Carter

M S Carter was appointed as a director on 31st October 2008.

A R C Taylor resigned as a director on 31st October 2008.

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2009

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 year. 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 those financial statements, the directors are required to:

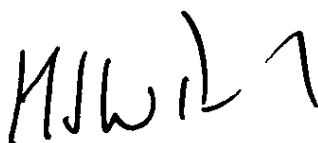
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the directors



M J W Daley
Director

Approved by the directors on 7th July 2009

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED
YEAR ENDED 31st MARCH 2009

We have audited the financial statements of Avebury Asset Management Limited for the year ended 31st March 2009 on pages 7 to 15, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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.

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED *(continued)*

YEAR ENDED 31st MARCH 2009

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 31st March 2009 and of its loss 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



The Quadrangle
180 Wardour Street
London
W1F 8LB

14th July 2009

BREBNERS
Chartered Accountants
& Statutory Auditors

AVEBURY ASSET MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2009

	Note	2009 £	2008 £
TURNOVER	2	50,993	70,858
Administrative expenses		108,554	86,676
OPERATING LOSS	3	(57,561)	(15,818)
Interest receivable	6	1,211	3,734
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(56,350)	(12,084)
Tax on loss on ordinary activities	7	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(56,350)</u>	<u>(12,084)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 15 form part of these financial statements.

AVEBURY ASSET MANAGEMENT LIMITED

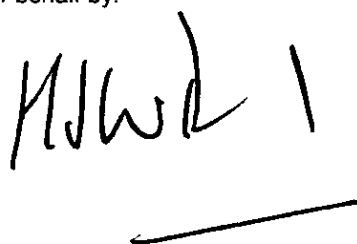
BALANCE SHEET

31st MARCH 2009

	Note	2009 £	£	2008 £	£
FIXED ASSETS					
Tangible assets	8		2,301		1,817
CURRENT ASSETS					
Debtors	9	16,918		64,169	
Cash at bank		65,863		72,233	
		82,781		136,402	
CREDITORS: Amounts falling due within one year	10	16,776		13,563	
NET CURRENT ASSETS			66,005		122,839
TOTAL ASSETS LESS CURRENT LIABILITIES			68,306		124,656
CAPITAL AND RESERVES					
Called-up equity share capital	12		195,140		195,140
Share premium account	13		1,678		1,678
Profit and loss account	14		(128,512)		(72,162)
SHAREHOLDERS' FUNDS	15		68,306		124,656

These financial statements were approved by the directors and authorised for issue on 7th July 2009, and are signed on their behalf by:

M J W Daley
Director



AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

1. ACCOUNTING POLICIES**Basis of accounting**

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

Going concern

The profit and loss account for the year shows a loss of £56,350 and the group balance sheet shows shareholders funds of £68,306. The company has £65,863 cash at bank and no bank borrowings. The company finances its activities via the support of M J W Daley (director/shareholder) who has confirmed his continued support.

Avebury Asset Management Limited is regulated by the FSA and has complied and continues to comply with the FSA's funding requirements.

The directors continue to refocus the company's activities to take advantage of the global demand for alternative products and to seek to manage money for other regulated investment managers who require exposure to these markets.

The company maintains positive cash balances to enable it to meet its liabilities as they fall due. The directors continue to seek further opportunities in its regulated market and has reduced its overheads to enable it to continue to trade for the foreseeable future. The directors do not expect to have to renegotiate any bank facilities or extend support from the directors in the forthcoming 12 months and as a consequence they believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents management performance fees received and receivable on portfolios managed and investment advisory services provided during the year. All amounts are stated net of attributable value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixtures & Fittings - 25 - 33.3% straight line

Pension costs

Pension costs charged against profits represent the amount of the contributions payable to employee pension schemes in respect of the accounting period.

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

1. ACCOUNTING POLICIES (continued)**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or an agreed forward contract rate. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009	2008
	£	£
United Kingdom	45,833	1,508
USA	5,160	69,350
	<u>50,993</u>	<u>70,858</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2009	2008
	£	£
Depreciation of owned fixed assets	1,353	1,425
Net (profit)/loss on foreign currency translation	(3,312)	2,076
Auditor's remuneration - audit of the financial statements	4,500	4,500
Auditor's remuneration - other fees	<u>16,165</u>	<u>25,826</u>

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

	2009	2008
	£	£
Auditor's remuneration - audit of the financial statements	<u>4,500</u>	<u>4,500</u>
Auditor's remuneration - other fees:		
- Taxation services	3,865	2,500
- Accountancy	11,300	22,326
- Other services	1,000	1,000
	<u>16,165</u>	<u>25,826</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	No	No
Number of management staff	<u>2</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	6,500	11,767
Social security costs	598	1,128
Other pension costs	-	636
	<u>7,098</u>	<u>13,531</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2009	2008
	£	£
Emoluments receivable	6,500	-
Value of company pension contributions to money purchase schemes	-	192
	<u>6,500</u>	<u>192</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2009	2008
	No	No
Money purchase schemes	<u>-</u>	<u>1</u>

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

6. INTEREST RECEIVABLE

	2009 £	2008 £
Bank interest receivable	<u>1,211</u>	<u>3,734</u>

7. TAXATION ON ORDINARY ACTIVITIES**Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2008 - 20%).

	2009 £	2008 £
Loss on ordinary activities before taxation	<u>(56,350)</u>	<u>(12,084)</u>
Loss on ordinary activities by rate of tax	(11,834)	(2,417)
Expenses not deductible for tax purposes	12,529	64
Depreciation in excess of capital allowances	(32)	132
Unutilised current year losses	-	2,189
Brought forward tax losses utilised	(410)	-
Group relief	<u>(253)</u>	<u>32</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has available tax losses of £50,993 (2008: £52,943) to carry forward against future trading profits.

No deferred tax has been provided on the above tax losses due to the uncertainty of the timing of the recovery of these losses.

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1st April 2008	21,234
Additions	1,837
Disposals	(3,993)
At 31st March 2009	<u>19,078</u>
DEPRECIATION	
At 1st April 2008	19,417
Charge for the year	1,353
On disposals	(3,993)
At 31st March 2009	<u>16,777</u>
NET BOOK VALUE	
At 31st March 2009	<u>2,301</u>
At 31st March 2008	<u>1,817</u>

9. DEBTORS

	2009 £	2008 £
Amounts owed by group undertakings	13,940	58,123
Other debtors	2,262	4,545
Prepayments and accrued income	716	1,501
	<u>16,918</u>	<u>64,169</u>

The debtors above include the following amounts falling due after more than one year:

	2009 £	2008 £
Amounts owed by group undertakings	<u>13,940</u>	<u>58,123</u>

10. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	2,311	6,385
Other creditors	1,971	1,912
Directors' current accounts	136	84
Accruals and deferred income	12,358	5,182
	<u>16,776</u>	<u>13,563</u>

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

11. RELATED PARTY TRANSACTIONS

Included within debtors is an amount of £Nil (2008: £50,392) due from Avebury Asset Management Group Limited, the immediate parent undertaking. During the year an amount of £53,383 was provided for against this debtor balance.

Included within debtors is an amount of £13,940 (2008: £7,731) due from Strategic Value Management Limited, the ultimate parent undertaking.

Included within creditors is an amount of £136 (2008: £84) due to M J W Daley, director. During the year this loan account was overdrawn to a maximum of £1,864.

During the year the company received services from Avebury Asset Management Group Limited amounting to £Nil (2008: £6,000).

An amount of £5,368 due in respect of Avebury Asset Management (Bermuda) Limited and Avebury Asset Management LLC has been written off as these fellow group companies were struck-off subsequent to the year end.

Control

Control of the company vests with the immediate parent undertaking as disclosed in note 16 and ultimate control vests with M J W Daley, director.

12. SHARE CAPITAL**Authorised share capital:**

	2009 £	2008 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
Ordinary shares of £1 each	<u>195,140</u>	<u>195,140</u>	<u>195,140</u>	<u>195,140</u>

13. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

14. PROFIT AND LOSS ACCOUNT

	2009 £	2008 £
Balance brought forward	(72,162)	(60,078)
Loss for the financial year	(56,350)	(12,084)
Balance carried forward	<u>(128,512)</u>	<u>(72,162)</u>

AVEBURY ASSET MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2009

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(56,350)	(12,084)
Opening shareholders' funds	<u>124,656</u>	<u>136,740</u>
Closing shareholders' funds	<u>68,306</u>	<u>124,656</u>

16. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Avebury Asset Management Group Limited, a company registered in England and Wales. The directors consider the company's ultimate parent undertaking to be Strategic Value Management Limited, a company registered in England and Wales.

The results of Avebury Asset Management Limited have been included within the Strategic Value Management Limited consolidated financial statements and are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.