

CMC ASSET MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST MARCH 1993

COMPANY REGISTRATION NUMBER: 2686210



**Kidsons Impey
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY**

CMC ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

31st March 1993

The directors have pleasure in presenting their first report and the audited financial statements for the period 11th February 1992 to 31st March 1993.

Principal activities

The company specialises in the discretionary management of individual client accounts through the international foreign exchange markets. The company was incorporated on 11th February 1992.

Business review

In 1992, our first year of activity, we have concentrated on establishing and refining our trading, accounting and administrative systems and procedures, attaching a high level of importance to such systems functioning with full efficiency.

Having attended to the above, emphasis has only recently been placed on marketing our principal product, the Global Currency Programme, and whilst the company has not yet achieved a positive cash flow, we are confident that we will attract considerable business during the coming year.

The company has initiated the process of registering as a Commodity Trading Advisor with the Commodity Futures Trading Commission (USA) and becoming a member of the National Futures Commission (USA) which process we anticipate being completed by July 1993. This will provide access to the substantial market available in the USA for managed derivatives products.

The company is thus well positioned to take advantage of growth opportunities arising during 1993.

Results and dividends

The results for the period are shown in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend.

Share capital

The company was incorporated with authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each. 10,000 shares were issued at par to the two directors on 11th February 1992.

5,100 shares were subsequently transferred to Currency Management Corporation plc, a company in which P.A. Cruddas has a controlling interest.

CMC ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

31st March 1993
(continued)

Directors

The directors of the company and their interests in the shares of the company were as follows:-

	Ordinary shares of £1 each	
	31st March 1993	At date of appointment
P.A. Cruddas (Chairman) (appointed 11th February 1992)	-	5,100
L.D. Grant (appointed 11th February 1992)	4,900	4,900
A. Pabari (appointed 3rd March 1992)	-	-

P.A. Cruddas transferred his interests in the share capital of the company to Currency Management Corporation plc at par on 1st July 1992.

P.A. Cruddas has an interest in the share capital of the parent undertaking, Currency Management Corporation plc, as disclosed in the directors' report of that company. The other directors have no interest in the share capital of the group except as disclosed above.

Auditors

Kidsons Impey were appointed as auditors during the period. A resolution proposing their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the board



A. Pabari

Secretary

Winchester House
77 London Wall
London EC2M 5ND

14th May 1993

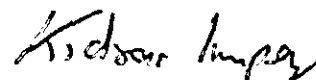
CMC ASSET MANAGEMENT LIMITED

AUDITORS' REPORT

Auditors' report to the members of CMC Asset Management Limited

We have audited the financial statements on pages 4 to 8 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1993 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

14th May 1993

KIDSONS IMPEY

CMC ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

for the period ended 31st March 1993

	Note	14 months ended 31st March 1993 £
Trading income	1	28,272
Administrative expenses		<u>(101,414)</u>
Loss on ordinary activities before taxation	2	(73,142)
Taxation	4	<u>-</u>
Retained loss for the period	8	<u>(73,142)</u>

CMC ASSET MANAGEMENT LIMITED

BALANCE SHEET

as at 31st March 1993

	Note	1993 £
Fixed assets	5	2,452
Current assets		
Cash at bank and in hand		<u>2,117</u>
		4,569
Creditors: amounts falling due after more than one year	6	<u>(67,711)</u>
		<u>(63,142)</u>
Capital and reserves		
Called up share capital	7	10,000
Profit and loss account	8	<u>(73,142)</u>
		<u>(63,142)</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 14th May 1993.

Peter A. Cruddas
P.A. Cruddas - Director

CMC ASSET MANAGEMENT LIMITED**CASH FLOW STATEMENT**

for the period ended 31st March 1993

	14 months ended 31st March 1993 £
Net cash outflow from operating activities	(4,818)
Investing activities	
Payments to acquire tangible fixed assets	<u>(3,065)</u>
Net cash outflow before financing	(7,883)
Financing	
Issue of ordinary share capital	<u>10,000</u>
Increase in cash and cash equivalents	<u>2,117</u>

NOTES TO THE CASH FLOW STATEMENT**1 Reconciliation of loss on ordinary activities before taxation to net cash outflow from operating activities**

Operating loss	(73,142)
Depreciation	613
Increase in amounts due to parent undertaking	<u>67,711</u>
	<u>(4,818)</u>

2 Analysis of changes in cash and cash equivalents during the period

Net cash inflow and 31st March 1993	<u>2,117</u>
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3 Analysis of the balances of cash and cash equivalents

The balances for cash and cash equivalents are shown in the balance sheet as follows:-

Cash at bank and in hand	<u>2,117</u>
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4 Financing

Share capital

Issued during the period and 31st March 1993	<u>10,000</u>
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CMC ASSET MANAGEMENT LIMITED

NOTES ON ACCOUNTS

31st March 1993

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis in view of the continuing support of the company's parent undertaking.

Trading income

Trading income represents management fees and performance fees from management activity.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost over their expected useful lives, which are as follows:-

Office equipment - 5 years

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

2 Operating loss

14 months
ended 31st
March 1993
£

Operating loss is stated after charging:

Auditors' remuneration	<u>588</u>
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3 Directors and employees

Directors' emoluments

Wages and salaries	37,500
Social security costs	<u>3,894</u>
	<u>41,394</u>

Only one director is remunerated by the company. All other staff (including the other two directors) are provided via the parent undertaking, Currency Management Corporation plc, and a management fee is charged accordingly.

4 Taxation

14 months
ended 31st
March 1993
£

Corporation tax on losses on ordinary activities at 25%

Tax losses of approximately £73,000 are available to carry forward and set off against future profits.

The company is a "close company" within the meaning of the Income and Corporation Taxes Act 1988.

CMC ASSET MANAGEMENT LIMITED

NOTES ON ACCOUNTS

31st March 1993

(continued)

5	Fixed assets	Office equipment £
	Cost	
	Additions and 31st March 1993	<u>3,065</u>
	Depreciation	
	Charge for period and 31st March 1993	<u>613</u>
	Net book amount	
	31st March 1993	<u>2,452</u>
6	Creditors: amounts falling due after more than one year	1993 £
	Amounts due to parent undertaking	<u>67,711</u>
	The parent undertaking has confirmed that this balance will not be called for repayment until the company is in a position to make such repayment.	
7	Share capital	1993 £
	Authorised	
	100,000 ordinary shares of £1 each	<u>100,000</u>
	Issued and fully paid	
	10,000 ordinary shares of £1 each (issued at par on 11th February 1992)	<u>10,000</u>
8	Profit and loss account	
	Retained loss for the period and 31st March 1993	<u>73,142</u>
9	Ultimate parent undertaking	
	The company's ultimate parent undertaking is Currency Management Corporation plc, a company registered in England.	