

# **Omnia Asset Management Limited**

## **Annual Report for the year ended 31 December 1996**

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**Directors' report  
for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

**Change of name**

The company changed its name on 6 September 1996 from MC Asset Management Limited to Omnia Asset Management Limited.

**Principal activities**

The company remained dormant until 5 November 1996 when it became a member of the Investment Management Regulatory Organisation (IMRO). From this date the company commenced activity as a financial advisor.

The profit and loss account for the year is set out on page 5.

**Directors**

The directors of the company during the year, together with dates of appointment, were as follows:

<b>Name</b>	<b>Appointed</b>
P Ogden (Chairman)	4 June 1996
H-J Rudloff	10 November 1994
S Ghosh	3 January 1996
J Mojdehi	4 June 1996

None of the directors had a direct interest in the shares of the company during the year.

**Review of business and future developments**

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

**Dividends**

The directors do not recommend the payment of a dividend.

**Directors' report  
for the year ended 31 December 1996  
(continued)****Share capital**

The company increased its authorised share capital on 24 October 1996 from £100 to £3,000,000 by the creation of a further 2,999,900 ordinary shares of £1.00 each to rank pari passu in all respects with the existing ordinary shares of £1.00 each.

941,796 ordinary shares of £1.00 each, fully paid, were allocated to Omnia Limited on 24 October 1996.

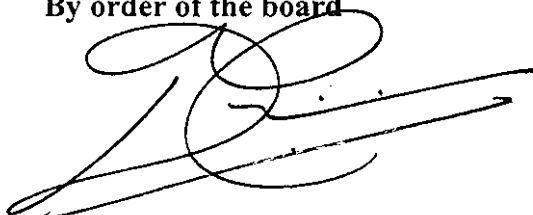
**Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Auditors**

Coopers & Lybrand have expressed their willingness to act as auditors of the company and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

**By order of the board**

A handwritten signature in black ink, appearing to be 'D C Cain', written over a horizontal line.

D C Cain  
Company Secretary

**30 APR 1997**

**Report of the auditors to the members of  
Omnia Asset Management Limited**

We have audited the financial statements on pages 5 to 13.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 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 of the state of the company's affairs at 31 December 1996 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Coopers & Lybrand

Chartered Accountants and Registered Auditors  
London

*3 April 1997*

## Profit and loss account for the year ended 31 December 1996

	Notes	Year to 31 December 1996 £	Period to 31 December 1995 £
Turnover	1	233,605	-
Administrative expenses	3	(713,264)	-
<b>Operating loss</b>	4	<b>(479,659)</b>	-
Interest receivable	7	6,090	-
		(473,569)	-
Interest payable and similar charges	8	(275)	-
<b>Loss on ordinary activities before taxation</b>		<b>(473,844)</b>	-
Tax on loss on ordinary activities	9	-	-
<b>Loss for the financial year</b>	15	<b>(473,844)</b>	-

The loss on ordinary activities before taxation is derived entirely from continuing operations which commenced on 5 November 1996.

There is no difference between the loss on ordinary activities before taxation and the retained loss as stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the result for the financial period above, and therefore no separate statement of total gains and losses has been presented.

The notes on pages 7 to 13 form part of these financial statements.

# Balance sheet

## as at 31 December 1996

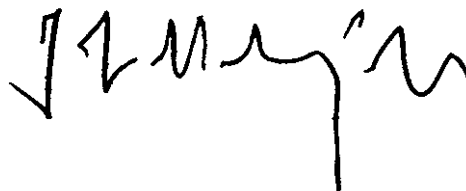
	Notes	£	1996 £	1995 £
<b>Fixed assets</b>				
Tangible assets	10		14,645	-
<b>Current assets</b>				
Debtors	11	596,248		2
Cash at bank and in hand		506,495		-
		1,102,743		2
<b>Creditors: amounts falling due within one year</b>	12	(355,230)		-
<b>Net current assets</b>			747,513	2
<b>Total assets less current liabilities</b>			762,158	2
<b>Creditors: amounts falling due after more than one year</b>	13		(294,204)	-
<b>Net assets</b>			467,954	2
<b>Capital and reserves</b>				
Called up share capital	14		941,798	2
Profit and loss account (accumulated losses)	15		(473,844)	-
<b>Equity shareholders' funds</b>	16		467,954	2

The financial statements on pages 5 to 13 were approved by the board of directors on 30 April 1997 and were signed on its behalf by:

Director



Director



The notes on pages 7 to 13 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31 December 1996****1 Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been consistently applied, were as follows:

**(a) Foreign currencies**

Assets and liabilities denominated in currencies other than sterling are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in currencies other than sterling are translated at the rate of exchange prevailing at the date of the transaction. Profits and losses on exchange arising in the ordinary course of business are taken to the profit and loss account as they arise.

**(b) Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, at the following annual rate:

Furniture and fixtures	33.33%
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**(c) Pension costs**

Pension costs are recognised in the period to which they relate.

**(d) Taxation**

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided on timing differences, using the liability method, to the extent that a liability may arise in the foreseeable future.

**(e) Cashflow information**

As permitted by FRS1 these financial statements do not include a cashflow statement, because the consolidated financial statements of Omnia Limited, which include this company as a wholly owned subsidiary, include a consolidated cashflow statement dealing with the cashflows of the group.

**(f) Turnover**

Turnover represents fees charged for the provision of investment management services. Management fees are recognised on an accruals basis, and performance fees are recognised at the end of the relevant fund's management year when the amount of income can be established with reasonable certainty. The balance is stated exclusive of any VAT and other sales related taxes.

**(g) Related party disclosures**

Advantage has been taken of the exemption in FRS8 which permits a wholly owned subsidiary undertaking, consolidated within the publicly available financial statements of a group, from disclosing any transactions or balances with other entities which are part of that group.

**2 Segmental and geographical analysis**

The directors consider that a geographical split of turnover, results and assets is inappropriate, as the company's services are provided to a world market, and that the company operates in one category of business, being the provision of financial advisory services.

**3 Administrative expenses**

Administrative expenses include management charges of £214,447 paid to MC Securities Limited in respect of services provided and business conducted on behalf of Omnia Asset Management Limited prior to 5 November 1996, the date on which the company commenced activity as a financial advisor.

**4 Operating loss**

The operating loss for the year is stated after charging:

	Year to 31/12/96	Period to 31/12/95
	£	£
Auditors' remuneration - audit	12,000	-
- other services	-	-
	<hr/>	<hr/>



**5 Directors' emoluments**

Directors' emoluments comprise emoluments (including pension contributions) for management services. Total directors' emoluments for the year were £65,914.

Fees and other emoluments (excluding pensions contributions) include amounts paid to:

	Year to 31/12/96 £	Period to 31/12/95 £
The Chairman	-	-
The highest paid director	50,690	-

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

	1996 Number	1995 Number
£0 to £5,000	2	1
£10,001 to £15,000	1	-
£50,001 to £55,000	1	-
	4	1

Apart from the directors' emoluments information disclosed above there are no other related party transactions with directors or other officers of the company that are required to be disclosed under FRS 8, Related Party Disclosures.

**6 Employee information**

- (a) The average number of persons, including executive directors, employed by the company since 5 November 1996 is analysed below:

	1996 Number	1995 Number
Investment and advisory	3	-
Administration	10	1
	13	1

- (b) Employment costs of all employees including executive directors comprise:

	1996 £	1995 £
Wages and salaries	298,071	-
National Insurance contributions	29,332	-
Pension costs	10,458	-
Total direct costs of employment	337,861	-

**7 Interest receivable and similar income**

	<b>Year to 31/12/96</b>	<b>Period to 31/12/95</b>
	<b>£</b>	<b>£</b>
Interest on overnight deposits	6,090	-
	<u>                    </u>	<u>                    </u>

**8 Interest payable and similar charges**

	<b>Year to 31/12/96</b>	<b>Period to 31/12/95</b>
	<b>£</b>	<b>£</b>
On bank overdrafts	275	-
	<u>                    </u>	<u>                    </u>

**9 Tax on profit on ordinary activities**

No charge to UK corporation tax arises in the company as a result of the loss made in the year.

**10 Tangible fixed assets**

	<b>Furniture and Fixtures £</b>
<b>Cost</b>	
At 1 January 1996	-
Additions	14,645
<b>At 31 December 1996</b>	<u>14,645</u>
<b>Depreciation</b>	
At 1 January 1996	-
Charge for the year	-
<b>At 31 December 1996</b>	<u>-</u>
<b>Net book value</b>	
<b>At 31 December 1996</b>	<u>14,645</u>
<b>At 31 December 1995</b>	<u>-</u>

The fixed asset additions above were made in December 1996, and would not result in a significant charge in the year if depreciated. Consequently no depreciation has been provided in 1996 in respect of these assets.

**11 Debtors**

	Year to 31/12/96 £	Period to 31/12/95 £
Amounts falling due within one year:		
Trade debtors	97,958	-
Amounts due from parent company	184,760	2
Amounts due from associated undertaking	147,102	-
Other debtors	159,459	-
Prepayments and accrued income	6,969	-
	<u>596,248</u>	<u>2</u>

**12 Creditors: amounts falling due within one year**

	Year to 31/12/96 £	Period to 31/12/95 £
Other creditors	72,552	-
Accruals	249,278	-
UK corporation tax payable	-	-
Other taxation and social security	33,400	-
	<u>355,230</u>	<u>-</u>

**13 Creditors: amounts falling due after more than one year**

	Year to 31/12/96 £	Period to 31/12/95 £
Amounts due to parent company	<u>294,204</u>	<u>-</u>

This liability represents a subordinated loan repayable after more than five years, on which interest is payable at LIBOR.

**14 Share capital**

	Year to 31/12/96 £	Period to 31/12/95 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
2,999,900 Ordinary shares of £1 each (24 October 1996)	2,999,900	-
	<u>3,000,000</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £ 1 each	2	2
941,796 Ordinary shares of £1 each (24 October 1996)	941,796	-
	<u>941,798</u>	<u>2</u>

The company increased its authorised share capital on 24 October 1996 by the creation of a further 2,999,900 ordinary shares of £1.00 each to rank pari passu in all respects with the existing ordinary shares.

941,746 ordinary shares of £1.00 each, fully paid, were issued and allotted to Omnia Limited on 24 October 1996 in order to provide working capital to facilitate the commencement of trading.

**15 Profit and loss account**

	Year to 31/12/96 £	Period to 31/12/95 £
Balance at 1 January 1996	-	-
Loss for the financial year	(473,844)	-
Balance at 31 December 1996	<u>(473,844)</u>	<u>-</u>

**16 Reconciliation of movements in equity shareholders' funds**

	Year to 31/12/96 £	Period to 31/12/95 £
Opening equity shareholders' funds	2	-
Shares issued in the year	941,796	2
Loss for the financial year	(473,844)	-
Closing equity shareholders' funds	<u>467,954</u>	<u>2</u>

**17 Pension obligations**

The company participates in a group defined contribution pension scheme whereby members of the pension plan may benefit from a company contribution of between 5% and 9% of basic salary. Pension costs for the period to 31 December 1996 were £10,458. There was an accrued pension commitment of £6,559 at the year end.

**18 Post balance sheet events**

On 14 April 1997 the company entered into an agreement with an unrelated third party to acquire computer equipment for \$250,000.

**19 Ultimate parent company**

Omnia Limited, a company incorporated in Guernsey, is both the immediate and ultimate parent company and controlling party of Omnia Asset Management Limited, and the company for whom consolidated financial statements are prepared. Copies of the financial statements are available on request from P.O. Box 626, National Westminster House, Le Truchot, St Peter Port, Guernsey.