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**Renaissance Institutional  
Management (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2007

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**BDO Stoy Hayward**  
Chartered Accountants

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# **Renaissance Institutional Management (UK) Limited**

**Annual report and financial statements  
for the year ended 31 December 2007**

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## **Directors**

James Harris Simons  
Mendel Mark Silber  
Stephen Robert  
Stefano Russo

## **Secretary and registered office**

Katten Muchin Rosenman Cornish LLP, 1-3 Frederick's Place, Old Jewry, London, EC2R 8AE

## **Company number**

5730810

## **Auditors**

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

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# **Renaissance Institutional Management (UK) Limited**

## **Report of the directors for the year ended 31 December 2007**

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The directors present their report together with the audited financial statements for the year ended 31 December 2007

### **Results and dividends**

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

The directors do not recommend the payment of a dividend

### **Principal activities, trading review and future developments**

Renaissance Institutional Management (UK) Limited ("the company") was incorporated in England and Wales and is registered with the Financial Services Authority ("FSA") as an intermediary Securities and Futures Firm, effective from 31 July 2006. The company is a wholly owned subsidiary of Renaissance Institutional Management LLC ("RIM" or "the Parent")

The company engages in the private placement of securities and the solicitation and referral of clients and investors to Renaissance Technologies LLC ("Renaissance") which is the ultimate parent company and to private investment funds managed by Renaissance

### **Principal risks and uncertainties**

The main financial risk arising from the company's activities is liquidity risk. This is monitored by the board of directors and is not considered to be significant at the balance sheet date.

The company's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

### **Directors**

The directors of the company during the year were

James Harris Simons  
Mendel Mark Silber  
Stephen Robert  
Stefano Russo

No director had any interest in the ordinary shares of the company

Messrs Silber and Robert are also officers of the Parent company, Renaissance Institutional Management LLC

# Renaissance Institutional Management (UK) Limited

## Report of the directors for the year ended 31 December 2007 (*Continued*)

### Directors' responsibilities

The directors are responsible for preparing the annual report and 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 year. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 to 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

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the Board

M Silber

Director

Date

6 March 2008

# **Renaissance Institutional Management (UK) Limited**

## **Report of the Independent auditors**

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### **To the shareholder of Renaissance Institutional Management (UK) Limited**

We have audited the financial statements of Renaissance Institutional Management (UK) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the reconciliation of movements in shareholder's funds, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of 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 have been 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 those financial statements, if 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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.

## Renaissance Institutional Management (UK) Limited

### Report of the independent auditors (*Continued*)

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#### *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 December 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

  
BDO STOY HAYWARD LLP  
Chartered Accountants  
and Registered Auditors  
London

Date 28 March 2008

## Renaissance Institutional Management (UK) Limited

### Profit and loss account for the year ended 31 December 2007

	Note	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
<b>Turnover</b>	2	<b>7,947,386</b>	3,086,792
<b>Gross profit</b>		<b>7,947,386</b>	3,086,792
Administrative expenses	3	<b>7,296,936</b>	3,019,073
<b>Operating profit</b>	5	<b>650,450</b>	67,719
Other interest receivable		<b>116,818</b>	10,381
Interest payable	6	<b>8,795</b>	2,436
<b>Profit on ordinary activities before taxation</b>		<b>758,473</b>	75,664
Taxation on profit on ordinary activities	7	<b>262,035</b>	63,298
<b>Profit on ordinary activities after taxation</b>		<b>496,438</b>	12,366

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

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

## **Renaissance Institutional Management (UK) Limited**

### **Reconciliation of movements in shareholder's funds for the year ended 31 December 2007**

	<b>Year ended 31 December 2007 \$</b>	<b>Period ended 31 December 2006 \$</b>
Profit for the year	<b>496,438</b>	12,366
Opening shareholder's funds	<b>3,044,716</b>	-
Capital contribution for shares to be issued	<b>(2,332,350)</b>	2,332,350
Issuance of shares	<b>2,332,350</b>	700,000
Closing shareholder's funds	<b>3,541,154</b>	3,044,716

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



# Renaissance Institutional Management (UK) Limited

## Balance sheet at 31 December 2007

	Note	2007 \$	2007 \$	2006 \$	2006 \$
<b>Fixed assets</b>					
Tangible assets	8		558,521		554,792
<b>Current assets</b>					
Debtors	9	865,185		637,992	
Cash at bank and in hand		4,169,929		2,479,683	
		<u>5,035,114</u>		<u>3,117,675</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>1,851,212</u>		<u>429,522</u>	
<b>Net current assets</b>			<u>3,183,902</u>		<u>2,688,153</u>
<b>Total assets less current liabilities</b>			<u>3,742,423</u>		<u>3,242,945</u>
<b>Creditors amounts falling due after more than one year</b>	11		<u>201,269</u>		<u>198,229</u>
			<u>3,541,154</u>		<u>3,044,716</u>
<b>Capital and reserves</b>					
Called up share capital	12		3,032,350		700,000
Profit and loss account	13		508,804		12,366
Other reserve	13		-		2,332,350
<b>Shareholder's funds</b>			<u>3,541,154</u>		<u>3,044,716</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 March 2008

  
M Silber  
Director

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

# Renaissance Institutional Management (UK) Limited

## Cash flow statement for the year ended 31 December 2007

	Note	Year ended 31 December 2007 \$	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$	Period ended 31 December 2006 \$
<b>Net cash inflow from operating activities</b>	18		1,731,057		67,511
<b>Returns on investments and servicing of finance</b>					
Interest received		116,818		10,381	
Interest paid		(8,795)		(2,436)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			108,023		7,945
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets			(71,807)		(628,123)
<b>Financing</b>					
Issue of shares		-		700,000	
Capital contribution for shares to be issued		-		2,332,350	
			-		3,032,350
<b>Tax Payment</b>			(77,027)		-
<b>Increase in cash</b>	19		1,690,246		2,479,683

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

# Renaissance Institutional Management (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2007

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### 1 Accounting policies

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

The following principal accounting policies have been applied

#### *Turnover*

Turnover represents placement fees for services provided relating to the private placement of securities and the solicitation and referral of clients and investors to Renaissance. Turnover is recognised when earned

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives as follows

Fixtures, fittings and equipment	-	3 - 7 years
Leasehold improvements	-	over term on lease - 10 years

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease

#### *Deferred rent*

Lease incentives, such as rent free periods, are recognized on a straight line basis over the lease term. Deferred rent represents the difference between rent charged on a straight line basis and amounts paid under the terms of the lease

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund

# Renaissance Institutional Management (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2007 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *Functional currency*

The company's functional currency for accounting and reporting purposes is the US dollar

#### *Foreign currency*

Foreign currency transactions are translated into US dollars at the rate ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Rates utilised as at 31 December 2007 were \$1 - £0.5009 and \$1 - €0.6794. Any translation gains or losses are taken to the profit and loss account.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United States.

### 3 Employees

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Staff costs consist of		
Wages and salaries	4,518,882	1,768,361
Social security costs	360,234	99,070
Other pension and benefit costs	167,284	35,739
	<hr/>	<hr/>
	5,046,400	1,903,170
	<hr/>	<hr/>

The average number of employees during the year was 8.

## Renaissance Institutional Management (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

### 4 Directors' remuneration

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Directors' emoluments and emoluments of the highest paid director	2,383,993	1,434,211

### 5 Operating profit

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
This has been arrived at after charging		
Auditors' remuneration – audit services	16,577	20,000
Operating lease rentals	500,434	333,580
Foreign exchange loss	14,171	8,796

### 6 Interest payable

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Bank interest	8,795	2,436

### 7 Taxation on profit on ordinary activities

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
<i>Current tax</i>		
UK corporation tax on profits of the year	223,400	77,026
Prior year tax adjustment	5,440	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	33,195	(13,728)
Taxation on profit on ordinary activities	262,035	63,298

## Renaissance Institutional Management (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

### 7 Taxation on profit on ordinary activities (*Continued*)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Profit on ordinary activities before tax	758,473	75,664
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	227,542	22,699
Effects of		
Expenses not deductible for tax purposes	30,246	40,516
Capital allowances for year in deficit of depreciation	(12,440)	4,108
Movement on provisions	(15,900)	15,900
Marginal relief	(6,048)	(6,197)
Current tax charge for year	223,400	77,026

### 8 Tangible assets

	Leasehold improvements \$	Fixtures, fittings and equipment \$	Total \$
<i>Cost</i>			
At 1 January 2007	250,477	377,646	628,123
Additions	26,930	44,877	71,807
At 31 December 2007	277,407	422,523	699,930
<i>Depreciation</i>			
At 1 January 2007	8,247	65,084	73,331
Provided for the year	30,806	37,272	68,078
At 31 December 2007	39,053	102,356	141,409
<i>Net book value</i>			
At 31 December 2007	238,354	320,167	558,521
At 31 December 2006	242,230	312,562	554,792

# Renaissance Institutional Management (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (Continued)

## 9 Debtors

	2007 \$	2006 \$
Other debtors	727,315	622,008
Prepayments	137,870	15,984
	<u>865,185</u>	<u>637,992</u>

Included within other debtors is an amount of \$437,666 relating to rent deposits which is recoverable in more than one year

## 10 Creditors amounts falling due within one year

	2007 \$	2006 \$
Amounts owed to ultimate parent company	1,053,838	142,892
Corporation tax	242,866	77,026
Other creditors	537,931	189,604
Accruals	16,577	20,000
	<u>1,851,212</u>	<u>429,522</u>

## 11 Creditors amounts falling due after more than one year

	2007 \$	2006 \$
Other creditors - deferred rent	<u>201,269</u>	<u>198,229</u>

## 12 Share capital

	2007 Number	Authorised 2007 \$	2006 Number	2006 \$
Ordinary shares of \$1 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	2007 Number	Allotted, called up fully paid 2007 \$	2006 Number	2006 \$
Ordinary shares of \$1 each	<u>3,032,350</u>	<u>3,032,350</u>	<u>700,000</u>	<u>700,000</u>

On 26 February 2007, \$2,332,350 included in other reserve in 2006 was converted into 2,332,350 ordinary shares of \$1 each

## Renaissance Institutional Management (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 *(Continued)*

### 13 Reserves

	Other reserve \$	Profit and loss account \$
At 1 January 2007	2,332,350	12,366
Profit for year	-	496,438
Capital contribution for shares to be issued	(2,332,350)	-
	<hr/>	<hr/>
At 31 December 2007	-	508,804
	<hr/>	<hr/>

### 14 Commitments under operating leases

As at 31 December 2007, the company had annual commitments under non-cancellable operating leases as set out below

	2007 Land and buildings \$	2006 Land and buildings \$
Operating leases which expire		
Over five years	529,095	504,000
	<hr/>	<hr/>

### 15 Compensation commitments

During 2007, the company entered into agreements which guarantee payment of commissions of \$1.1 million during 2008

### 16 Related party transactions

As 100% of the voting rights of the company are controlled within the group headed by Renaissance Technologies LLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

### 17 Pension scheme

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 by the company to the fund and amounted to \$113,625 (2006-\$35,739). There was no amount payable to the fund at the balance sheet date (2006-\$53,000).



## Renaissance Institutional Management (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

### 18 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Operating profit	650,450	67,719
Depreciation	68,078	73,331
(Increase) in debtors	(240,921)	(624,264)
Increase in creditors	1,258,890	550,725
Foreign exchange gain/(loss)	(5,440)	-
	<hr/>	<hr/>
Net cash inflow from operating activities	1,731,057	67,511
	<hr/>	<hr/>

### 19 Reconciliation of net cash inflow to movement in net funds

	Year ended 31 December 2007 \$	Period ended 31 December 2006 \$
Increase in cash in the year	1,690,246	2,479,683
	<hr/>	<hr/>
Movement in net funds	1,690,246	2,479,683
	<hr/>	<hr/>
Closing net funds	1,690,246	2,479,683
	<hr/>	<hr/>

### 20 Analysis of net funds

	At 1 January 2007 \$	Cash flow \$	At 31 December 2007 \$
Cash in hand and at bank	2,479,683	1,690,246	4,169,929
	<hr/>	<hr/>	<hr/>
Total	2,479,683	1,690,246	4,169,929
	<hr/>	<hr/>	<hr/>

### 21 Ultimate parent company

At 31 December 2007 the company's immediate parent company was Renaissance Institutional Management LLC, a US Company. The company's ultimate controlling party is Renaissance Technologies LLC, which published consolidated financial statements for the group. The consolidated accounts are kept on file at the registered office at 800 Third Avenue, New York, NY 10022, USA.