

Odey Wealth Management (UK) Limited

Annual Report and Financial Statements

Year ended 5 April 2016



Company Information

Directors

O Montagu
E R Neville-Rolfe
D Fletcher (resigned 1st September 2015)
S Le Messurier (appointed 31st October 2015)

Company Secretary

C Holdsworth

Chartered Accountant and Statutory Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Bankers

Barclays Bank PLC
Newcastle City Office
PO Box 379
71 Grey Street
Newcastle
NE99 1JA

Registered Office

12 Upper Grosvenor Street
London
W1K 2

Directors' report

The directors present their annual report and audited financial statements of Odey Wealth Management (UK) Limited ("the Company") for the year ended 5 April 2016. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. For this reason a separate strategic report has also not been prepared.

The directors who served during the year were as follows:

E R Neville-Rolfe

O Montagu

D Fletcher (resigned 1 September 2015)

S Le Messurier (appointed 31 October 2015)

Principal activity and review of the business

The Company is incorporated in the UK and was authorised by the Financial Services Authority on 6 April 2006. The Financial Services Authority changed its name to the Financial Conduct Authority ("the FCA") on 1 April 2013, and from that date the Company has been regulated by the FCA. The principal activity of the business is to engage in wealth management activities.

Results and dividends

The Company's profit and loss account showed a profit after taxation of £897,000 (2015: £447,000). The directors believe that the company has established a sound foundation and is well placed to develop satisfactorily in the future. The directors approved the payment of a dividend of £880,000 on 20 June 2016 (2015: £415,000).

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to be appointed as auditor and will be proposed for reappointment as the independent auditor of the company.

Future developments

The directors do not expect any development in the company's business in the current year to be significantly different from its present activities.

Directors' report (continued)

Going Concern

The directors are of the opinion that the company has sufficient financial resources to develop the private wealth business. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company will continue to receive financial support and be adequately resourced 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.

Approved by the board and signed on its behalf by:



E R Neville-Rolfe

Director

27 July 2016

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law, the directors must not approve the financial statements unless they are satisfied that they 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; 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 that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditor's report

to the directors of Odey Wealth Management (UK) Limited

We have audited the financial statements of Odey Wealth Management (UK) Limited for the year ended 5 April 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 5 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the directors of Odey Wealth Management (UK) Limited (continued)

Matters on which we are required to report by exception

Matters on We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Directors' Report.



Garrath Marshall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 July 2016

Profit and loss account

for the year ended 5 April 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
Turnover	2	4,882	3,877
Administrative expenses		<u>(3,746)</u>	<u>(3,313)</u>
Operating profit	3	1,136	564
Bank interest payable		<u>(7)</u>	<u>(8)</u>
Profit on ordinary activities before taxation		1,129	556
Tax on profit/loss on ordinary activities	5	<u>(232)</u>	<u>(109)</u>
Profit on ordinary activities after taxation		<u><u>897</u></u>	<u><u>447</u></u>

All amounts are in respect of continuing activities.

There are no recognised gains or losses other than shown above for the current year or prior year.

The notes 1 to 13 form an integral part of these Financial Statements.

Balance sheet

at 5 April 2016

	Notes	2016 £000	2015 £000
Current assets			
Debtors	6	2,176	1,674
Cash at bank and in hand		691	425
		<u>2,867</u>	<u>2,099</u>
Creditors: amounts falling due within one year	7	<u>(812)</u>	<u>(526)</u>
Net current assets		<u>2,055</u>	<u>1,573</u>
Total assets less current liabilities		<u>2,055</u>	<u>1,573</u>
Capital and reserves			
Called up share capital	8	875	6,120
Share premium account		250	250
Profit and loss account		930	(4,797)
Total equity shareholders' funds		<u>2,055</u>	<u>1,573</u>

The notes 1 to 13 form an integral part of these Financial Statements.

The financial statements of Odey Wealth Management (UK) Limited (registered number 05771936) were approved by the Board of Directors and authorised for issue on 27 July 2016. They were signed on its behalf by:



E R Neville-Rolfe

Director

Statement of changes in equity

at 5 April 2016

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 5 April 2014 as previously stated	6,120	250	(5,244)	1,126
Changes on transition to FRS 102 (note 13)	-	-	-	-
At 6 April 2014 as restated	6,120	250	(5,244)	1,126
Profit for the year	-	-	447	447
At 5 April 2015	6,120	250	(4,797)	1,573
Profit for the year	-	-	897	897
Dividend paid (note 9)	-	-	(415)	(415)
Share Capital Reduction (note 8)	(5,245)	-	5,245	-
At 5 April 2016	875	250	930	2,055

The notes 1 to 13 form an integral part of these Financial Statements.

Notes to the financial statements

at 5 April 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year

General information and basis of accounting

Odey Wealth Management (UK) Limited ("the Company") was incorporated in the United Kingdom as a company limited by shares on 6 April 2006. The registered address of the Company is set out on page 1.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information, see note 13.

Odey Wealth Management (UK) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of share-based payments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Taxation

Provision is made for corporation tax at current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset or to the extent that the deferred tax asset can offset prior year tax expense.

Foreign currencies

The functional currency is pounds sterling and as such monetary 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. Exchange differences are taken to the profit and loss account.

Turnover

Turnover, which is stated net of value added tax where applicable, represents fees receivable for investment management services provided during the year to a range of funds and segregated accounts and for marketing and distribution services provided to other group companies. Investment management fee income is recognised as it becomes due in accordance with the investment management agreement on an accruals basis.

Pensions

The company makes contributions towards employees' defined contribution pension arrangements, which can include participation in the company's occupational money purchase pension schemes. The costs of the pension schemes are charged to the profit and loss account as they accrue.

Notes to the financial statements

at 5 April 2016

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies noted above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from the other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are not considered to be any critical judgements affecting these financial statements.

2. Turnover

Turnover represents management fees and other income received and receivable. Turnover is derived from the following geographical areas:

	2016 £000	2015 £000
United Kingdom	4,809	3,863
Ireland	73	14
	<u>4,882</u>	<u>3,877</u>

3. Operating Profit

The operating profit for the company is stated after charging:

	2016 £000	2015 £000
Auditors remuneration:		
Audit services	6	6
Foreign exchange losses	17	-

Notes to the financial statements

at 5 April 2016

4. Staff Costs

	2016	2015
	£000	£000
<i>a) Staff costs:</i>		
Wages and salaries	1,896	1,357
Social Security	247	210
Pension Costs	113	43
	<u>2,256</u>	<u>1,610</u>

	2016	2015
	£000	£000
<i>b) Directors' remuneration</i>		
Wages and salaries	538	636
Pension Costs	10	8
	<u>548</u>	<u>644</u>

Odey Wealth Management (UK) Limited operates defined contribution retirement benefit schemes for all employees. The pension costs set out above are fully in respect of the defined contribution schemes.

In respect of the highest paid Director

Wages and salaries	538	636
Pension Costs	10	8
	<u>548</u>	<u>644</u>

Included in Staff 'Wages and salaries' above is £42,000 (2015: £63,000) in respect of the Odey Contribution to the Long Term Incentive Plan ("LTIP"). Included in Directors' 'Wages and salaries' above is £41,000 (2015: £68,000) in respect of the Odey Contribution to the LTIP. The LTIP awards are subject to certain vesting conditions as set out in the Company's remuneration policy and are subject to a vesting period of 3 years from the date of award.

	2016	2015
	No.	No.
<i>The number of directors who:</i>		
Receive contributions towards their defined contribution pension arrangements	<u>1</u>	<u>1</u>

Notes to the financial statements

at 5 April 2016

4. Staff Costs (continued)

The average monthly number of persons employed by the company during the year by category was:

	2016	2015
	No.	No.
Investment directors	5	5
Administration	9	7
	<u>14</u>	<u>12</u>

5. Tax

a) Analysis of Charge in period	2016	2015
	£000	£000
Corporation tax on the profits for the period	247	147
Total current tax for the period	<u>247</u>	<u>147</u>
Deferred tax		
Movement in provision of deferred tax:		
LTIP deferral	(16)	(38)
Pension contribution	(1)	
Deferred tax rate change	2	
Total deferred tax for the period	<u>(15)</u>	<u>(38)</u>
Total tax on profit	<u>232</u>	<u>109</u>

Notes to the financial statements

at 5 April 2016

5. Tax (continued)

b) Factors affecting total tax charge for the period:

The current taxation charge for the year is different from the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	1,129	556
Tax on profit at standard UK corporation tax rate of 20%	226	111
Effects of:		
Expenses not deductible for tax purposes	6	2
Change in unrecognised deferred tax assets		(11)
Adjustment for the change in UK Corporation tax rates as at 1 April 2015	-	7
Total tax on profit	232	109

c) The movement in the deferred tax provision is as follows:

	2016 £000	2015 £000
Provision at start of year	38	-
LTIP deferral	16	38
Pension contribution	1	-
DT rate change	(2)	-
Deferred tax asset at end of year	53	38

The expected reversal of deferred tax of £53,000 relates to the LTIP and pension contributions made by the Company. The pension contribution was paid after the year end and is therefore non-deductible for tax purposes as contributions are recognised on a paid basis. An adjustment reversing the amount will be made in the 2016/17 tax return. The contributions made to the EBT will vest on its third anniversary and are non-deductible following a similar basis as the pension contributions.

Deferred tax is provided at 19% (2015: 20%) as the rates will decrease in accordance with Finance (No.2) Act 2015 that received Royal Assent on 18 November 2015.

Notes to the financial statements

at 5 April 2016

6. Debtors

	2016	2015
	£000	£000
Accrued income	96	149
Deferred tax asset (note 5)	53	38
Prepayments	99	101
Other debtors	31	-
Amounts owed by group undertakings	1,897	1,386
	<u>2,176</u>	<u>1,674</u>

7. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	8	13
Accruals	240	86
Other creditors	-	132
Amounts owed to group undertakings	479	149
Corporation tax	85	146
	<u>812</u>	<u>526</u>

8. Called-up share capital

	2016	2015
	£000	£000
Authorised, allotted and fully paid		
874,790 ordinary shares of £1.00 (2015: 6,119,790 ordinary shares of £1.00)	<u>875</u>	<u>6,120</u>

No ordinary shares were issued during the year (2015: nil). On 14 May 2015, the Directors approved a reduction of the Company's share capital in accordance with Section 641(1)(a) Companies Act 2006 by £5,245,000 with the proceeds set off against the retained losses of the Company. After the capital reduction, the Share Capital stood at £874,790.

Notes to the financial statements

at 5 April 2016

9. Dividends

	2016	2015
	£000	£000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid during the year of 47.4p per share (2015: nil)	415	-
Declared dividend for the year of 100.6p per share (2015: 47.4p per share)	880	415

The final dividend of £880,000 (2015: £415,000) for the year ended 5 April 2016 was approved by Directors on 20 June 2016 and has not been included as a liability in these financial statements.

10. Related party transactions

The company has taken advantage of the exemption from disclosure of transactions with subsidiaries of Odey Asset Management Group Limited in accordance with FRS 102 on the grounds that the company is a subsidiary and that the consolidated financial statements of the parent are publicly available.

During the year Odey Wealth Management (UK) Limited incurred costs of £4,000 (2015: £68,000) on behalf of Odey Wealth Management (CI) Limited at no mark-up. During the year Odey Wealth Management (CI) Limited rebated fees of £61,000 (2015: £42,000) to Odey Wealth Management (UK) Limited. These amounts were recharged at a mark-up determined by the Company's transfer pricing policy. The net amount of £47,000 (2015: £107,000) remained owing at year end.

11. Parent undertaking and ultimate controlling party

The immediate parent company is Odey Asset Management Group Limited, a company incorporated in the United Kingdom. Odey Asset Management Group Limited has included the company in its group financial statements, copies of which are available from 12 Upper Grosvenor Street, London, W1K 2ND. Odey Holdings AG (a company incorporated in Switzerland) is the ultimate parent company. Odey Holdings AG has included the company in its group financial statements

In the directors' opinion, R C W Odey is the ultimate controlling party.

12. Pillar 3 disclosure

As required by BIPRU 11.3.10 (4) Odey Wealth Management (UK) Limited makes available its Pillar 3 disclosure at www.odey.com. This is consolidated with Odey Asset Management LLP.

13. Explanation of transition to FRS 102

This is the first year that the Company has presented in financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting council. The last financial statements under previous UK GAAP were for the year ended 5 April 2015 and the date of transition to FRS 102 was therefore 6 April 2014. There were no changes to accounting policies as a consequence of adopting FRS 102.

As there are no changes to accounting policies, none of the brought forward figures for either the profit and loss account or the balance sheet have been modified.