

Omni Capital Partners Limited

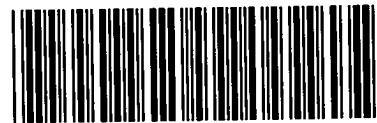
Report and Financial Statements

Year Ended

31 March 2015

Company Number 7428221

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Omni Capital Partners Limited

**Report and financial statements
for the year ended 31 March 2015**

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Directors

C G Sanders
D A Smith
S M Smith
C G Whitehouse
J G Wilson

Registered office

42 - 50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ

Company number

7428221

Auditor

Baker Tilly UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Omni Capital Partners Limited

Strategic Report

for the year ended 31 March 2015

Business Model

The business model of the company is to originate, underwrite, fund and service secured real estate lending opportunities in London and South East as the directors believe there is still a shortfall of liquidity in the market.

The company currently offers 4 products. These, the directors believe best serve the chosen markets, namely:

- A short term bridging product secured by way of first and second ranking charges on residential property in London and the South East
- A 3 year term, secured product aimed principally at buy-to-let investors currently not served by existing lenders.
- A 1 to 3 year development finance product aimed at experienced property developers building multi-unit schemes in Transport for London Zones 1 and 2.
- A short term secured structured finance product, offering larger loans to individuals or corporate entities with exceptional financing requirements. This product has to date been used by developers looking to secure sites ahead of obtaining improved planning permissions, when a refinance event can be triggered.

The directors believe the fundamental requirement to run a successful specialist lending business is thorough and robust underwriting, with a particular emphasis on the underlying security, the borrower's financial circumstances and, when the borrower looks to service the loan, the affordability of interest payments.

The company looks to sell the beneficial interest in certain bridging loans to Omni Capital Loans (Guernsey) Limited ("OCLG") whilst retaining the legal ownership and servicing of the underlying loans on behalf of OCLG. This allows the company to continue to originate new loans, and therefore build the brand value, whilst managing the company's liquidity position.

The directors consider the available market returns are commensurate with the risk undertaken, and therefore this market continues to be attractive.

Strategy

The directors will continue to seek opportunities within its chosen markets, whilst designing new products to serve the market, with a particular emphasis on securing longer term value and cashflows.

The company is fortunate to benefit from the support of its parent company, who have indicated they will continue to fund the business in the future, and the agreement with OCLG set out above.

In addition to this support, the company will continue to seek an external finance source to further improve the balance sheet liquidity and allow Omni to offer lower priced products, particularly through the structured finance product, to remain on the company balance sheet.

Omni Capital Partners Limited
Strategic Report
for the year ended 31 March 2015 (continued)

Objectives and principal risks

The principal objectives of the business are:

- To continue to grow the market share of the business by offering innovative products to existing and new borrowers.
- To generate significant and long term value in the loan stock.
- To minimise bad debt rates within the loan stock.
- To grow the recognition of the Omni Capital brand both in the intermediary and consumer markets.
- To build a trusted panel of professional advisers to support the business.

As with any business, particularly those in the lending space, Omni faces a number of financial and non-financial risks.

The Directors consider the principal risks to be:

- *The borrower not repaying the loan at the end of the term:* Omni Capital has a robust and comprehensive underwriting process which is regularly reviewed to minimise the risk of non-payment. This includes a detailed review of the borrower's circumstances, an external valuation completed by our retained asset manager and a team of experienced staff to carry out the procedures.
- *The underwriting property market falling, jeopardising the value of the security:* Omni Capital have a carefully considered credit policy which is fully understood by the sales team, and strictly adhered to by the Credit Committee. A key consultant of this policy is the Loan-to-Value ratios, with the directors believing that each loan has a sufficient equity buffer to protect Omni's lending position in the short-term horizon.
- *Identity of the underlying borrower:* Omni Capital undertake significant due diligence on our borrowers, utilising the latest third party checks coupled with internal tests to verify the identity of borrowers and to ensure we know to whom we are lending.
- *Further competition entering the bridging market:* The bridging market has become more competitive as new lenders and funds are attracted to the returns in the market. This is particularly the case in the sub - £1m arena, with pricing reducing as competition grows. However, the directors believe that Omni's proposition, guaranteed funding, service and longevity gives the company an advantage over the competition, and the intermediary business recognise this.

Review of the period

The directors are pleased with the performance of the business, with the loan book increasing considerably during the year.

The reasons for the increase can be summarised as follows:

- A number of low risk large balance Structured Finance and Development loans were underwritten during the year, two of which provided the business an opportunity to fund on balance sheet whilst syndicating £60m to a third party bank – therefore retaining a significant portion of the loan and improving returns.
- The volumes of bridge finance remained consistent to the previous year albeit the mix of business saw an increase in average loan size with more loans underwritten in prime locations.

The gross profit margin has increased in the year due to the prior period comparative where interest rates charged on the structured finance product were lower than historically charged on the residential bridge facility, whilst Omni's cost of funds had stayed at a constant rate. This has reversed in the current year when external sources of finance were secured, as set out in the strategy section above.

The bridging market has become increasingly competitive in the period, which as a result has seen the company's overall margin reduced. However the management team's strategy to continue to focus on the service proposition and availability of funding rather than price has prevented the margins from falling further.

Omni Capital Partners Limited
Strategic Report
for the year ended 31 March 2015 (continued)

Review of the period (continued)

The underlying business overheads excluding bad debts have remained relatively static for the period and the directors believe that the staff numbers are sufficient to support the future strategy and therefore the overheads for next year will remain at similar level.

Administrative expenses for the year include bad debts amounting to £9.89m. This expense relates to provisions made against a number of loans where the full recovery is doubtful.

Key Performance Indicators

The directors consider the key performance indicators of the business to be the size of loan book, the overall revenue of the business and the gross originations in the period.

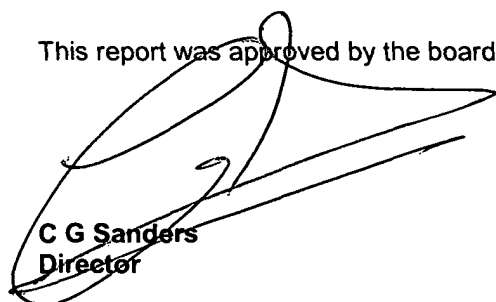
The summary of the performance against these criteria is as follows:

	2015	2014
Size of Loan book	184,951,981	126,624,274
Revenue		
Per Profit and loss account	34,753,420	9,319,034
Grossing up factor given length of prior reporting period	n/a	12/9
Comparable amount	34,753,420	13,220,232
Gross originations	291,457,288	234,900,387

Future outlook

The directors believe the company has a sound business model and a strong management team to deliver the business plan. The directors expect the business to continue to deliver excellent financial results, with the flexibility to take advantage of opportunities as they arise.

This report was approved by the board on 17 June 2015 and signed on its behalf.



C G Sanders
Director

Omni Capital Partners Limited
Report of the directors
for the year ended 31 March 2015

The directors present their annual report and the audited financial statements for the year ended 31 March 2015. The prior period represents the period ended 31 March 2014, a period of 9 months.

Results and dividends

The profit for the year, after taxation, amounted to £936,246 (2014: £60,496 loss).
The directors do not recommended the payment of a dividend (2014: nil) for the year.

Directors

The directors who held office during the year and to date were:

	<u>Appointed</u>	<u>Resigned</u>
T Dean	06/04/2015	27/04/2015
D A Smith	01/01/2015	
S M Smith		
E F Parsons		26/02/2015
C G Sanders		
C G Whitehouse	27/04/2015	
J G Wilson	27/04/2015	

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' 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). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate 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 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.

Omni Capital Partners Limited
Report of the directors
for the year ended 31 March 2015 (continued)

Auditor

All of the current directors have taken the steps they ought to have taken to make themselves aware of any information needed by the company's auditor in connection with preparing their audit report and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Baker Tilly UK Audit LLP have been appointed as auditor. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



C G Whitehouse

Director

Date: 17 June 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNI CAPITAL PARTNERS LIMITED

We have audited the financial statements on pages 7 to 15. 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).

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 Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 2015 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 the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

Baker Tilly UK Audit LLP

Euan Banks (Senior Statutory Auditor)
for and on behalf of

Baker Tilly UK Audit LLP, Statutory Auditor
25 Farringdon Street
London
EC4A 4AB

Date: *17th June 2015*

Omni Capital Partners Limited
Profit and loss account
for the year ended 31 March 2015

	Note	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Turnover	2	34,753,420	9,319,033
Cost of sales		(19,919,483)	(6,495,873)
Gross profit		14,833,937	2,823,160
Administrative expenses		(14,096,397)	(2,736,103)
Operating profit		737,540	87,057
Bank interest receivable		10,495	8,918
Profit on ordinary activities before taxation	5	748,035	95,975
Tax on profit on ordinary activities	6	188,211	(156,471)
Profit/(loss) for the year/period	14	936,246	(60,496)

There are no recognised gains or losses in the year other than those included in the profit and loss account.

The results stated above are derived from continuing operations.

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

Omni Capital Partners Limited

Balance sheet
at 31 March 2015

Company number 7428221	Note	2015 £	2014 £
Fixed assets	7	62,760	68,384
Investments	8	1	1
Current assets			
Debtors: amounts falling due in greater than one year	9	25,894,371	8,532,906
Debtors: amounts falling due in less than one year	10	154,744,447	120,795,862
Cash at bank		5,258,321	4,396,320
		<u>185,897,139</u>	<u>133,725,088</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(181,389,850)	(130,159,669)
		<u>4,507,289</u>	<u>3,565,419</u>
Net current assets			
		<u>4,570,050</u>	<u>3,633,804</u>
Total assets less current liabilities			
		<u>4,570,050</u>	<u>3,633,804</u>
Capital and reserves			
Called up share capital	13	3,100,000	3,100,000
Profit and loss account	14	1,470,050	533,804
		<u>4,570,050</u>	<u>3,633,804</u>
Shareholders' funds	15	<u>4,570,050</u>	<u>3,633,804</u>

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board on 17 June 2015 and signed on its behalf by:



C G Whitehouse
Director

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

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement.

Going concern

The financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern. The company is fortunate to benefit from the support of its ultimate parent company, who have indicated they will continue to fund the business in the future. The company has received confirmation from CPC Group Limited that it will continue to support the business for at least 12 months from the date of this report.

Fixed assets and depreciation

Fixed assets are stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	2 years
Fixtures and fittings	-	5 years

Fixed assets investments

Fixed asset investments are held at cost less amounts provided for permanent diminution in value. The carrying value of fixed asset investments is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

The company operates a group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

2 Turnover

Turnover, which wholly arose in the United Kingdom, represents the amounts derived from the arranging of loans, the interest earned on those loans and, in certain circumstances, fees paid on the redemption of loans. In addition, the Company earns fees from other Group companies for managing correspondence and collecting interest on their behalf ("Servicing fees").

Turnover is recognised as follows:

- (i) Arranging of loans: The fees received are recognised on a straight line over the life of the loan;
- (ii) Interest on loans: The interest is recognised as earned on the loan, with an interest paid in advance held as deferred income on the balance sheet until due;
- (iii) Fees paid on the redemption of loans: The fees are recognised as paid;
- (iv) Servicing fees: The fees are invoiced monthly in arrears and recognised as invoiced.

3 Staff numbers and costs

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
The aggregate payroll costs were as follows:		
Wages and salaries	2,208,075	1,449,348
Social security costs	346,218	188,582
Pensions	42,895	14,423
	<u>2,597,188</u>	<u>1,652,353</u>

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 March 2015	Period ended 31 March 2014
Sales	8	6
Underwriting	5	5
Administration	9	5
	<u>22</u>	<u>16</u>

4 Remuneration of directors

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Wages and salaries	752,120	351,987
Pensions	20,000	6,953
	<u>772,120</u>	<u>358,940</u>

The emoluments of the highest paid director were £577,120 (2014: £351,987) and pension contributions of £20,000 (2014: £6,953). During the period, one director (2014: one) participated in the pension scheme.

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

5 Profit on ordinary activities before taxation

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	20,000	17,500
Operating leases: rent	87,480	77,370
Depreciation	33,320	6,121
Bad debt provisions	9,888,654	-
	<u> </u>	<u> </u>

6 Taxation

	Year ended 31 March 2015 £	Period ended 31 March 2014 £
<i>Current tax</i>		
Taxation on profit on ordinary activities	-	156,000
(Over)/underprovision relating to the prior year	(188,211)	471
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	(188,211)	156,471
	<u> </u>	<u> </u>

Factors affecting the tax charge for the current period

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

	2015 £	2014 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	748,035	95,975
	<u> </u>	<u> </u>
Current tax at the effective rate of 21% (2014: 23%)	157,087	22,074
Effects of:		
Expenses not deductible for tax purposes	15,503	11,047
Tax effect of timing differences	(107,009)	122,879
Overprovision relating to the prior year	(188,211)	471
Group relief not paid for	(65,581)	-
	<u> </u>	<u> </u>
Total current tax (credit)/ charge	(188,211)	156,471
	<u> </u>	<u> </u>

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

7 Fixed assets

	Equipment £	Furniture & Fittings £	Total £
Cost			
At beginning of year	37,940	43,020	80,960
Additions	24,432	3,264	27,696
	<hr/>	<hr/>	<hr/>
At end of year	62,372	46,284	108,656
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	10,854	1,722	12,576
Charge for the year	24,734	8,586	33,320
	<hr/>	<hr/>	<hr/>
At end of year	35,588	10,308	45,896
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2015	26,784	35,976	62,760
	<hr/>	<hr/>	<hr/>
At 31 March 2014	27,085	41,299	68,384
	<hr/>	<hr/>	<hr/>

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

8 Investments

**Shares in
subsidiary
£**

At 1 April 2014 and 31 March 2015

1

The above represents the company's interest in the entire ordinary share capital of Omni Capital Property Finance Limited, a dormant company. The company is incorporated in England and Wales.

9 Debtors: amounts falling due in greater than one year

**2015
£**

**2014
£**

Trade debtors

25,894,371

8,532,906

10 Debtors: amounts falling due within one year

**2015
£**

**2014
£**

Trade debtors

153,166,079

118,083,063

Corporation tax

1,209,434

-

Amounts due from Group undertakings

293,413

946,207

Prepayments & accrued income

75,521

1,766,592

154,744,447

120,795,862

11 Creditors: amounts falling due within one year

**2015
£**

**2014
£**

Trade creditors

131,060

242,912

Amounts due to parent company

175,593,817

122,613,951

Taxation and social security

60,112

90,211

Corporation tax

-

155,720

Other creditors

1,133,063

773,449

Accruals and deferred income

4,471,798

6,283,426

181,389,850

130,159,669

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

13 Called up share capital

	2015 £	2014 £
<i>Authorised</i>		
3,100,000 ordinary shares of £1 each	3,100,000	3,100,000
	<u> </u>	<u> </u>
<i>Allotted, called up and partly paid</i>		
3,100,000 ordinary shares of £1 each	3,100,000	3,100,000
	<u> </u>	<u> </u>

14 Reserves

	Profit and loss account £
At beginning of year	533,804
Profit for the year	936,246
	<u> </u>
At end of year	1,470,050
	<u> </u>

15 Reconciliation of shareholders' funds

	Share Capital £	Profit and loss account £	Total £
At beginning of year	3,100,000	533,804	3,633,804
Profit for the year	-	936,246	936,246
	<u> </u>	<u> </u>	<u> </u>
At end of year	3,100,000	1,470,050	4,570,050
	<u> </u>	<u> </u>	<u> </u>

16 Pensions

The company operates a group personal 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 payable by the company to the fund and amounts to £42,895 (2014: £14,423). Contributions totalling £5,590 (2014: £4,660) were payable to the fund at the balance sheet date and are included in trade creditors.

Omni Capital Partners Limited
Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

17 Related party transactions

During the year the company paid interest of £19,919,483 (2014: £3,585,586) to CPC Omni Holdings (Guernsey) Limited on various loans granted to the company. Additionally a further £21,870 (2014: £15,660) of other fees were paid to CPC Omni Holdings (Guernsey) Limited.

At the period end, £175,593,817 (2014: £122,613,951) was outstanding to CPC Omni Holdings (Guernsey) Limited. The loans attract interest at a rate of 12% per annum, with a term of 364 days or less. The loans are unsecured.

During the year the company invoiced fees of £936,437 (2014: £367,144) to Omni Capital Loans (Guernsey) Limited, a company wholly owned by CPC Omni Holdings (Guernsey) Limited and recharged £154,639 (2014: £56,041) to Omni Capital Retail Finance Limited, Omni Capital Partners' sister company for its share of office costs. Included in amounts due from Group undertakings is an amount of £74,627 (2014: £8,303) outstanding at the balance sheet date.

During the year the company was charged £23,040 (2014: £53,233) for HR and accounting services by Candy & Candy Limited, a company of which E F Parsons was a director during the year.

At the year end, £62,868 (2014: £13,863) was outstanding from Omni Capital Loans Limited; £74,627 (2014: £8,638) from Omni Capital Retail Finance Limited and £420 (2014: £53,233) from Candy & Candy Limited.

In addition, £1,109,519 (2014: £756,343) of interest collected in advance regarding Omni Capital Loans (Guernsey) Limited owned loans was outstanding to be paid, which has been paid back to Omni Capital Loans (Guernsey) Limited after the year end and is disclosed within Other creditors in note 11.

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015	2015	2014	2014
	Land and	Other	Land and	Other
	buildings	£	buildings	£
	£	£	£	£
Operating leases which expire:				
In less than one year	104,703	-	116,640	-
In two to five years	-	-	87,480	-
	<u>104,703</u>	<u>-</u>	<u>204,120</u>	<u>-</u>

19 Ultimate parent company and controlling party

The company's immediate parent company is CPC Omni Holdings (Guernsey) Limited, a company incorporated in Guernsey. The ultimate controlling party is Christian Candy.