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# **Cambridge Place Partners (UK) Limited**

## **Report and Consolidated Financial Statements**

For the year to 30 November 2008

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## Cambridge Place Partners (UK) Limited

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Registered No: 5137567

### **Directors**

Nicholas Aspinall  
Robert Michael Kramer  
Martin Finegold

### **Secretary**

Nicholas Aspinall

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Bankers**

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

### **Solicitors**

Dechert LLP  
160 Queen Victoria Street  
London EC4Y 4QQ

### **Registered Office**

95 The Promenade  
Cheltenham GL50 1WG

## Directors' report

The directors present the audited Report and Consolidated Financial Statements for the year ended 30 November 2008.

### Principal activity and business review

The principal activity of the group during the year was that of providing investment advisory and management services.

In response to the market disruption, the Cambridge Place Group has taken prudent measures and reduced costs, raised new capital, amended/extended borrowing facilities and repositioned its business including developing new advisory services and offerings, and establishing new funds.

### Principal risks and uncertainties

The group's principal risks relate to management of cashflows and liquidity. Cambridge Place Investment Management LLP ("CPIM LLP"), a subsidiary of Cambridge Place Partners (UK) Limited ("CPP (UK) Ltd"), receives monthly management fees and annual performance fees. The annual payment of performance fees subjects the group to variability in fee income itself. However fees charged by the service companies are only required to be paid when the group has surplus funds.

### Key Performance Indicators

The group's key financial and other performance indicators during the year were as follows:

	2008	2007
	£'000	£'000
Group turnover	14,692	34,513
Administrative expenses and service charges	(14,456)	(34,496)
Profit for the financial year	—	—
Shareholders' funds	8,606	6,435
Cash at bank and in hand	3,866	2,877

Assets under management have fallen during the year as a result of the deterioration of current market conditions as well as redemptions. The performance of the structured credit funds was worse than expected due to the collapse in the market which led to a reduction in management fees and no performance fee income from the funds. However the equity funds performed particularly well throughout the year with solid management and performance fees. Staff numbers within the Cambridge Place Group were significantly reduced during the year in step with the reduced requirements for resources.

## Directors' report

### Results and dividends

The results for the year, and the company's financial position at the end of the year, are shown on pages 7 to 11. The directors do not propose the payment of an ordinary dividend.

### Directors

The directors of the company at 30 November 2008 were:

Nicholas Aspinall  
Robert Michael Kramer  
Martin Finegold

### Disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the company's auditors are unaware. The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

### Reappointment of auditors

Ernst & Young LLP were appointed auditors on 11 August 2004 and will continue in office as the company has resolved not to appoint auditors annually.

On behalf of the board on 30<sup>th</sup> April 2009



Director

## **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.

Applicable 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). The financial statements are required by law to 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 period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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.

# **Independent Auditors' Report**

**to the Members of Cambridge Place Partners (UK) Limited**

We have audited the group and parent company financial statements (the "financial statements") of Cambridge Place Partners (UK) Limited for the year ended 30 November 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

# Independent Auditors' Report

to the Members of Cambridge Place Partners (UK) Limited (continued)

## 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 group's and the parent company's affairs as at 30 November 2008 and of the group's loss 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.

## Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The matters explained therein indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Ernst & Young LLP

Registered Auditor

London

Date: 26/1/17

## Consolidated Profit and Loss Account

for the year ended 30 November 2008

	Notes	2008 £	2007 £
<b>Turnover</b>			
Fee income	1	14,691,739	34,512,901
Other income		52,857	–
Administrative expenses		(329,355)	(350,585)
Services charges		(14,126,811)	(34,145,704)
<b>Operating profit</b>		<u>288,430</u>	<u>16,612</u>
Interest receivable		124,771	87,152
Foreign exchange (loss)/gain		(714,293)	36,901
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(301,092)</u>	<u>140,665</u>
Taxation on (loss)/profit on ordinary activities	3	–	–
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(301,092)</u>	<u>140,665</u>
Minority interests	8	301,092	(140,665)
<b>Profit for the financial year</b>	10(a)	<u>–</u>	<u>–</u>

All amounts are in respect of continuing activities.

The notes on pages 12 to 18 form a part of these Financial Statements.



## Consolidated Statement of Total Recognised Gains and Losses

	<i>Note</i>	<i>2008</i> £	<i>2007</i> £
<b><i>Profit for the financial year</i></b>		—	—
Exchange difference on retranslation of subsidiary	10(a)	2,171,256	(210,978)
<b><i>Total gains and losses recognised</i></b>		<u>2,171,256</u>	<u>(210,978)</u>

The notes on pages 12 to 18 form a part of these Financial Statements.

# Consolidated Balance Sheet

at 30 November 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	4	1,357,284	1,263,093
<b>Current assets</b>			
Debtors	6	3,517,757	2,689,698
Cash at bank and in hand		3,865,844	2,876,900
		<u>7,383,601</u>	<u>5,566,698</u>
<b>Creditors: amounts falling due within one year</b>	7	(228,695)	(231,618)
		<u>7,154,906</u>	<u>5,334,980</u>
<b>Net current assets</b>			
		<u>8,512,190</u>	<u>6,598,073</u>
<b>Total assets less current liabilities</b>			
Minority interests	8	94,073	(163,066)
		<u>8,606,263</u>	<u>6,435,007</u>
<b>Net assets</b>			
		<u><u>8,606,263</u></u>	<u><u>6,435,007</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	6,645,985	6,645,985
Profit and loss account	10(a)	1,960,278	(210,978)
		<u>8,606,263</u>	<u>6,435,007</u>
<b>Total shareholders' funds</b>		<u><u>8,606,263</u></u>	<u><u>6,435,007</u></u>

Signed on behalf of the Board on 30<sup>th</sup> April 2009



Director

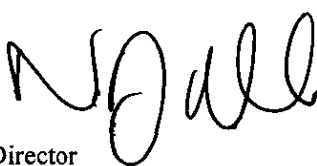
The notes on pages 12 to 18 form a part of these Financial Statements.

## Company Balance Sheet

at 30 November 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	5	6,645,985	6,645,985
<b>Current assets</b>			
Cash at bank and in hand		—	—
<b>Net Assets</b>		6,645,985	6,645,985
<b>Capital and reserves</b>			
Called up share capital	9	6,645,985	6,645,985
Profit and loss account	10(b)	—	—
<b>Total shareholders' funds</b>		6,645,985	6,645,985

Signed on behalf of the Board on 30<sup>th</sup> April 2009

  
Director

The notes on pages 12 to 18 form a part of these Financial Statements.

## Consolidated Statement of Cash Flows

for the year ended 30 November 2008

	Note	2008 £	2007 £
<b>Net cash (outflow) from operating activities</b>	11(a)	(636,743)	(2,231,255)
Returns on investments and servicing of finance	11(b)	124,771	87,152
Capital expenditure and investing activities	11(b)	-	(1,473,305)
Capital introduction by minority interests	11(b)	-	22,401
Issue of share capital	11(b)	-	6,645,984
<b>(Decrease)/increase in net cash in the year</b>		<u>(511,972)</u>	<u>3,050,977</u>

### Reconciliation of net cash flow to movement in net funds

	Notes	2008 £	2007 £
<b>(Decrease)/increase in cash</b>	11(c)	(511,972)	3,050,977
<b>Movement in net funds</b>	11(c)	<u>(511,972)</u>	<u>3,050,977</u>
<b>Foreign exchange differences</b>	11(c)	1,500,916	(174,077)
<b>Net funds at 1 December</b>	11(c)	2,876,900	-
<b>Net funds at 30 November</b>	11(c)	<u>3,865,844</u>	<u>2,876,900</u>

The notes on pages 12 to 18 form a part of these Financial Statements.

## Notes to the Financial Statements

at 30 November 2008

### 1. Accounting policies

#### Basis of preparation

These Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. They are prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future and to be able to meet its liabilities as they fall due.

The group is the investment manager of offshore funds invested in global credit markets that have experienced unprecedented market disruption since July 2007. Consequently the group's growth plans have not been met and in the near term the fund management prospects for the business look restricted, with a number of managed funds having suffered considerable declines in assets under management and being subject to orderly wind up mandates.

The group contains the principal regulated entity within the Cambridge Place Group, and obtains services primarily from two service companies, Cambridge Place Limited and Cambridge Place Investment Management Inc. As such, the group is required to maintain sufficient capital which it continues to do.

In response to the market disruption, the group has taken prudent measures and reduced costs, raised new capital, amended/extended borrowing facilities and repositioned its business including developing new advisory services and offerings, and establishing new funds.

With the ongoing market disruption, the group has explored the consequences of more pessimistic scenarios. In these scenarios the group may need to raise further new capital if a range of adverse circumstances, including not winning any new business come about.

Notwithstanding that in these scenarios there is uncertainty that the group will be able to continue as a going concern without further capital, the group believes it is appropriate to prepare the financial statements on a going concern basis because it is the intention to continue to run the business as such, there are initiatives being undertaken to stimulate growth in assets under management, provide broader services and raise additional capital, and a reasonable expectation that those plans can be implemented.

These financial statements consequently do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the group were unable to continue as a going concern.

#### Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of Cambridge Place Partners (UK) Limited and its share of the interests in Cambridge Place Investment Management LLP, drawn up to 30 November. No profit and loss account is presented for Cambridge Place Partners (UK) Limited as permitted by Section 230 of the Companies Act 1985.

#### Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Computer and office equipment	-	3 years straight line
Leasehold improvements	-	on a straight line basis over the life of the lease from the date of occupation or commencement of use

## Notes to the Financial Statements

at 30 November 2008

### 1. Accounting policies (continued)

#### Investments

Investments are held at cost less provision for any impairment in value.

#### Foreign currencies

##### *Company*

Transactions in foreign currencies are recorded at the prevailing rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date, £1:\$1.5377 (2007: £1:\$2.0705) All differences are taken to the profit and loss account.

##### *Group*

The financial statements of subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### Service charges

Service charges represent the charges from Cambridge Place Limited and Cambridge Place Investment Management Inc, in accordance with their respective Corporate Service Agreements.

#### Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

#### Fee income

Fee income represents fees receivable for investment advisory and investment management services provided during the year and arising from continuing activities in the UK. Management fees are recognised on a receivable basis. Performance fees are recognised in the period in which they crystallise.

#### Profit allocation

Profit allocations are recognised when formal allocations are made by the Designated Members in accordance with the Partnership Agreement.

## Notes to the Financial Statements

at 30 November 2008

### 2. Auditors' remuneration

The audit fee for the preparation of the financial statements was borne by Cambridge Place Limited. The audit fee for 2008 is £7,000 (2007: £15,390)

### 3. Taxation

#### (a) Tax on (loss)/profit on ordinary activities:

	2008 £	2007 £
<i>The tax charge is made up as follows:</i>		
UK Corporation Tax on result for the year	-	-
Total current tax	-	-

#### (b) Factors affecting the tax charge for the year:

(Loss)/profit on ordinary activities before taxation	(301,092)	140,665
Corporation Tax 28.67% (30%)	(86,323)	42,200
<i>Effect of:</i>		
Non-taxable income	86,323	(42,200)

There was no deferred tax asset at the year end.

## Notes to the Financial Statements

at 30 November 2008

### 4. Tangible fixed assets - Group

	<i>Computer and office equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
	£	£	£
<b>Cost:</b>			
At 1 December 2007	244,723	1,228,583	1,473,306
Foreign exchange difference	81,026	422,285	503,311
Additions in year	—	—	—
At 30 November 2008	325,749	1,650,868	1,976,617
<b>Depreciation:</b>			
At 1 December 2007	110,370	99,843	210,213
Foreign exchange difference	34,474	31,186	65,660
Charge for the year	118,839	224,621	343,460
At 30 November 2008	263,683	355,650	619,333
<b>Net book value:</b>			
At 30 November 2008	62,066	1,295,218	1,357,284
<b>Net book value:</b>			
At 30 November 2007	134,353	1,128,740	1,263,093

There were no tangible fixed assets owned by the company during the year.

### 5. Fixed asset investments - Company

	<i>Unlisted Investments</i>	<i>Total</i>
	£	£
At 1 December 2007	6,645,985	6,645,985
At 30 November 2008	6,645,985	6,645,985

The unlisted investment of £6,645,985 represents capital contributions made to Cambridge Place Investment Management LLP, and is stated at the lower of cost and the net realisable value.

As at 30 November 2008, Cambridge Place Partners (UK) Limited holds 99.71% (2007: 99.71%) interest in the members capital of Cambridge Place Investment Management LLP., a provider of investment management and advisory services, incorporated and registered in England and Wales.

The directors are of the opinion that the value of investment in this partnership is not less than the amount at which it is stated in these financial statements



## Notes to the Financial Statements

at 30 November 2008

### 6. Debtors: amounts falling due within one year

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Amounts due from Cambridge Place Limited	1,615,555	-	1,047,959	-
Trade debtors	1,902,202	-	1,641,739	-
	<u>3,517,757</u>	<u>-</u>	<u>2,689,698</u>	<u>-</u>

### 7. Creditors: amounts falling due within one year

	2008 Group £	2008 Company £	2007 Group £	2007 Company £
Trade creditors	73,830	-	96,260	-
Accruals	141,917	-	135,358	-
VAT payable	12,948	-	-	-
	<u>228,695</u>	<u>-</u>	<u>231,618</u>	<u>-</u>

### 8. Minority Interest

Minority interests represent the interests of the other members in Cambridge Place Investment Management LLP.

### 9. Called up share capital

	Authorised 2008 No.	Issued and fully paid 2008 No.	Authorised 2007 No.	Issued and fully paid 2007 No.
Ordinary shares of £1 each	6,645,985	6,645,985	6,645,985	6,645,985

## Notes to the Financial Statements

at 30 November 2008

### 10. Reconciliation of shareholders' funds and movements on reserves

#### (a) Group

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total Shareholders' funds £</i>
At 1 December 2007	6,645,985	(210,978)	6,435,007
Exchange difference on retranslation of subsidiary	–	2,171,256	2,171,256
Retained profit for the year	–	–	–
At 30 November 2008	<u>6,645,985</u>	<u>1,960,278</u>	<u>8,606,263</u>

#### (b) Company

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total Shareholders' funds £</i>
At 1 December 2007	6,645,985	–	6,645,985
At 30 November 2008	<u>6,645,985</u>	<u>–</u>	<u>6,645,985</u>

### 11. Notes to consolidated statement of cash flows

#### (a) Reconciliation of operating profit to net cash outflow from group operating activities

	<i>2008 £</i>	<i>2007 £</i>
Operating profit	288,430	16,612
Depreciation	343,460	210,213
Exchange loss on fixed assets	(437,651)	–
(Increase) in debtors	(828,059)	(2,689,698)
(Decrease)/increase in creditors	(2,923)	231,618
	<u>(636,743)</u>	<u>(2,231,255)</u>

## Notes to the Financial Statements

at 30 November 2008

### 11. Notes to consolidated statement of cash flows (continued)

#### (b) Analysis of cash flows for headings netted in the consolidated statement of cash flows

	2008	2007
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	124,771	87,152
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	-	(1,473,305)
<b>Capital introduction</b>		
Capital introduction by minority interests	-	22,401

#### (c) Analysis of changes in cash

	At 1 December 2007 £	Cash flow £	Foreign exchange differences £	At 30 November 2008 £
Cash at bank	2,876,900	(511,972)	1,500,916	3,865,844

### 12. Operating lease commitments

Operating lease commitments of £449,104 (2007: £449,104) were borne by Cambridge Place Limited, a designated member of Cambridge Place Investment Management LLP.

### 13. Related party transactions

Cambridge Place Partners (UK) Limited and Cambridge Place Limited are Designated Members of CPIM LLP, a limited liability partnership registered in England and Wales. During the year £10,319,597 (2007: £26,514,268) was paid to Cambridge Place Limited. In addition £84,129 (2007: £65,025) was paid to Cambridge Place Securities LLC, and £3,675,017 (2007: £7,566,411) to Cambridge Place Investment Management Inc., both subsidiaries of Cambridge Place Limited. Balances due at the year end are disclosed in Note 7.

The group has taken advantage of the exemption in *Financial Reporting Standard 8 Related Party Disclosure* relating to transactions between 90% or more controlled subsidiaries.

### 14. Ultimate parent undertaking

The group is a wholly-owned subsidiary of Cambridge Place Partners LP, a limited partnership incorporated in the Isle of Man, the ultimate controller of which is the Cornwall Trust, a Guernsey Trust.