

Cambridge Place Partners (UK) Limited

Report and Consolidated Financial Statements

For the year to 30 November 2009

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COMPANIES HOUSE

Cambridge Place Partners (UK) Limited

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 2009

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 and extended borrowing facilities and repositioned its business, including developing new advisory services and offerings. The Group has taken a key role in the development of a new UK retail financial institution, which has the potential of generating significant income going forward. The Group is also exploring opportunities in the retail financial sector across Europe, either in the form of acting as placement agent and seed investor or in the development of new retail financial institutions. It is anticipated that these opportunities will be successful and that the Group generates significant income going forwards.

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

	2009 £'000	2008 £'000
Group turnover	6,950	14,744
Administrative expenses and service charges	(11,570)	(14,456)
Profit for the financial year	—	—
Shareholders' funds	8,235	8,606
Cash at bank and in hand	1,418	3,866

Assets under management have fallen during the year as the structured credit funds have gradually been wound down, and cash redeemed to investors, leading to a steep fall in management fees from them. The equity funds performed reasonably 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 2009 were

Nicholas Aspinall
Robert Michael Kramer
Martin Finegold

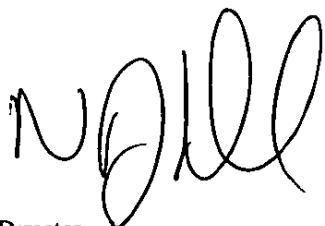
Disclosure of information to the auditors

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 20 DECEMBER 2010



Director

Statement of directors' responsibilities in respect of the Financial Statements

The directors are responsible for preparing 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 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.

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 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, 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).

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 auditors

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 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

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 group's and the parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 November 2009 and of the group's loss 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.

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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditors' Report

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

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 by the parent company, 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



Julian Young, Senior Statutory Auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

21 December 2010

Consolidated Profit and Loss Account

for the year ended 30 November 2009

	Notes	2009 £	2008 £
Turnover			
Fee income	1	6,709,284	14,691,739
Other income		240,770	52,857
Administrative expenses		(278,595)	(329,355)
Services charges		(11,291,858)	(14,126,811)
Operating (loss)/profit		(4,620,399)	288,430
Interest receivable		15,357	124,771
Foreign exchange gain/(loss)		59,797	(714,293)
(Loss)/profit on ordinary activities before taxation		(4,545,245)	(301,092)
Taxation on (loss)/profit on ordinary activities		–	–
(Loss)/profit on ordinary activities after taxation		(4,532,245)	(301,092)
Minority interests	7	4,532,245	301,092
Profit for the financial year	9(a)	–	–

All amounts are in respect of continuing activities

The notes on pages 12 to 17 form a part of these Financial Statements

Consolidated Statement of Total Recognised Gains and Losses

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
<i>Profit for the financial year</i>		—	—
Exchange difference on retranslation of subsidiary	9(a)	1,588,607	2,171,256
<i>Total gains and losses recognised</i>		<u>1,588,607</u>	<u>2,171,256</u>

The notes on pages 12 to 17 form a part of these Financial Statements

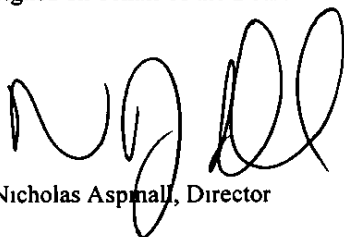
Consolidated Balance Sheet

at 30 November 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	3	998,632	1,357,284
Current assets			
Debtors	5	1,375,179	3,517,757
Cash at bank and in hand		1,417,820	3,865,844
		<u>2,792,999</u>	<u>7,383,601</u>
Creditors: amounts falling due within one year	6	(254,423)	(228,695)
Net current assets		<u>2,538,576</u>	<u>7,154,906</u>
Total assets less current liabilities		<u>3,537,208</u>	<u>8,512,190</u>
Minority interests	7	4,697,384	94,073
Net assets		<u>8,234,592</u>	<u>8,606,263</u>
Capital and reserves			
Called up share capital	8	6,645,985	6,645,985
Profit and loss account	9(a)	1,588,607	1,960,278
Total shareholders' funds		<u>8,234,592</u>	<u>8,606,263</u>

Signed on behalf of the Board on

20 DECEMBER 2010



Nicholas Aspinall, Director

The notes on pages 12 to 17 form a part of these Financial Statements

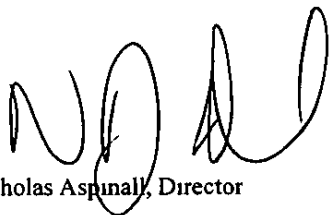
Company Balance Sheet

at 30 November 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	4	6,645,985	6,645,985
Current assets			
Cash at bank and in hand		—	—
Net Assets		<u>6,645,985</u>	<u>6,645,985</u>
Capital and reserves			
Called up share capital	8	6,645,985	6,645,985
Profit and loss account	9(b)	—	—
Total shareholders' funds		<u>6,645,985</u>	<u>6,645,985</u>

Signed on behalf of the Board on

20 DECEMBER 2010



Nicholas Aspinall, Director

The notes on pages 12 to 17 form a part of these Financial Statements

Consolidated Statement of Cash Flows

for the year ended 30 November 2009

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
Net cash (outflow) from operating activities	10(a)	(2,093,441)	(636,743)
Returns on investments and servicing of finance	10(b)	15,357	124,771
Capital expenditure and investing activities	10(b)	-	-
Capital introduction by minority interests	10(b)	-	-
Issue of share capital	10(b)	-	-
(Decrease)/increase in net cash in the year		<u>(2,078,084)</u>	<u>(511,972)</u>

Reconciliation of net cash flow to movement in net funds

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
(Decrease)/increase in cash	10(c)	(2,078,084)	(511,972)
Movement in net funds	10(c)	<u>(2,078,084)</u>	<u>(511,972)</u>
Foreign exchange differences	10(c)	(369,940)	1,500,916
Net funds at 1 December	10(c)	3,865,844	2,876,900
Net funds at 30 November	10(c)	<u>1,417,820</u>	<u>3,865,844</u>

The notes on pages 12 to 17 form a part of these Financial Statements

Notes to the Financial Statements

at 30 November 2009

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 is required by the FSA to maintain sufficient capital which it continues to do.

In response to the market disruption, the Cambridge Place Group (Cambridge Place Investment Management LLP, Cambridge Place Limited, Cambridge Place Investment Inc and other group companies under the common ownership of Cambridge Place Partners LP) has taken prudent measures and reduced costs, raised new capital, amended/extended borrowing facilities and repositioned its business including developing new advisory services and the development of a new UK retail financial institution, which together have the potential of generating significant income going forward.

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 circumstances there is material uncertainty and significant doubt that the Company will be able to continue as a going concern without further capital, the Company 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 for the CPIM Group to stimulate growth in revenue from structuring and placement fees, 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 408 of the Companies Act 2006.

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 2009

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 \$1.6514 (2008 £1 \$1.5377). 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.

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.

2. Auditors' remuneration

The audit fee for the preparation of the financial statements was borne by Cambridge Place Limited. The audit fee for 2009 is £7,000 (2008 £7,000).

Notes to the Financial Statements

at 30 November 2009

3. Tangible fixed assets - Group

	<i>Computer and office equipment</i> £	<i>Leasehold improvements</i> £	<i>Total</i> £
Cost:			
At 1 December 2008	325,749	1,650,868	1,976,617
Foreign exchange difference	(22,428)	(113,664)	(136,092)
Additions in year	—	—	—
At 30 November 2009	303,321	1,537,204	1,840,525
Depreciation:			
At 1 December 2008	263,683	355,650	619,333
Foreign exchange difference	(18,155)	(24,487)	(42,642)
Charge for the year	56,046	209,156	265,202
At 30 November 2009	301,574	540,319	841,893
Net book value:			
At 30 November 2009	1,747	996,885	998,632
Net book value:			
At 30 November 2008	62,066	1,295,218	1,357,284

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

4. Fixed asset investments - Company

	<i>Unlisted Investments</i> £	<i>Total</i> £
At 1 December 2008	6,645,985	6,645,985
At 30 November 2009	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 2009, Cambridge Place Partners (UK) Limited holds 99.71% (2008: 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 2009

5. Debtors: amounts falling due within one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Amounts due from Cambridge Place Limited	599,969	-	1,615,555	-
Trade debtors	775,210	-	1,902,202	-
	<u>1,375,179</u>	<u>-</u>	<u>3,517,757</u>	<u>-</u>

6. Creditors: amounts falling due within one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Trade creditors	19,640	-	-	-
Other creditors	71,127	-	73,830	-
Accruals	140,260	-	141,917	-
VAT payable	23,396	-	12,948	-
	<u>254,423</u>	<u>-</u>	<u>228,695</u>	<u>-</u>

7. Minority Interest

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

8. Called up share capital

	Issued and Authorised 2009 No	Issued and fully paid 2009 No	Authorised 2008 No	fully paid 2008 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 2009

9. 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 2008	6,645,985	1,960,278	8,606,263
Exchange difference on retranslation of subsidiary	–	(371,671)	(371,671)
Retained profit for the year	–	–	–
At 30 November 2009	6,645,985	1,588,607	8,234,592

(b) Company

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total Shareholders' funds</i> £
At 1 December 2008	6,645,985	–	6,645,985
At 30 November 2009	6,645,985	–	6,645,985

10. Notes to consolidated statement of cash flows

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

	<i>2009</i> £	<i>2008</i> £
Operating (loss)/profit	(4,620,399)	288,430
Depreciation	265,202	343,460
Exchange gain/(loss) on fixed assets	93,450	(437,651)
Decrease/(increase) in debtors	2,142,578	(828,059)
Increase/(decrease) in creditors	25,728	(2,923)
	(2,093,441)	(636,743)

Notes to the Financial Statements

at 30 November 2009

10. Notes to consolidated statement of cash flows (continued)

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

	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest received	15,357	124,771
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	-	-
Capital introduction		
Capital introduction by minority interests	-	-
Share capital		
Issue of share capital	-	-

(c) Analysis of changes in cash

	At 1 December 2008	Cash flow	Foreign exchange differences	At 30 November 2009
	£	£	£	£
Cash at bank	3,865,844	(2,078,084)	(369,940)	1,417,820

11. Operating lease commitments

Operating lease commitments of £449,104 (2008 £449,104) were borne by Cambridge Place Limited, a designated member of Cambridge Place Investment Management LLP

12. 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 £7,557,138 (2008 £10,319,597) was paid to Cambridge Place Limited. In addition £49,606 (2008 £84,129) was paid to Cambridge Place Securities LLC, and £3,685,468 (2008 £3,675,017) to Cambridge Place Investment Management Inc, both subsidiaries of Cambridge Place Limited. Balances due at the year end are disclosed in Note 6.

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.

13. 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.