

CUBE CAPITAL UK LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2010

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CUBE CAPITAL UK LIMITED

COMPANY INFORMATION

Directors

F Buclez
A Sipols
J Waudby
O Pavlov
S Kirk

Company number

04444759

Registered office

Fourth Floor
180 Great Portland Street
London
London
W1W 5QZ

Auditor

Blick Rothenberg
Chartered Accountants & Statutory Auditor
12 York Gate
Regent's Park
London
NW1 4QS

CUBE CAPITAL UK LIMITED

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CUBE CAPITAL UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the company during the year was provision of corporate finance and investment advisory services. The company is regulated by the Financial Services Authority.

Results

The profit for the year, after taxation, amounted to \$847,453 (2009 - \$420,038)

Directors

The directors who served during the year were

F Buclez
O Pavlov
A Sipols
J Waudby

S Kirk was appointed as a director on 9 February 2011

Pillar 3

Cube Capital UK Limited ("Cube") is authorised and regulated by the Financial Services Authority and as such is subject to minimum regulatory capital requirements. Cube is categorised as a limited licence firm by the FSA for capital purposes, and is not required to prepare consolidated reporting for prudential purposes.

Cube's directors determine its business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also assess risk on an ongoing basis and implement the arrangements to manage those risks.

The directors meet on a regular basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The directors manage risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business, operational, market and credit risks are the main areas of risk to which Cube is exposed. Annually the directors formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. To the extent that the directors identify material risks, the financial impact of these risks are assessed as part of Cube's business planning and capital management in order to determine whether the amount of regulatory capital is adequate.

Cube is small with a simple operational infrastructure. Operational risk (namely losses resulting from inadequate or failed internal processes, people and systems or from external events) is actively managed through a control framework.

Cube's market risk is limited to foreign exchange risk on its accounts receivable in foreign currency as US dollars is the reporting and holding currency for the group. Cube also has credit risk from management and performance fees receivable from the funds under its management and cash held on deposit at large international credit and regulated institutions. Cube follows the standardized approach to market risk and the simplified standard approach to credit risk. Cube is subject to the fixed overhead requirement and is not required

CUBE CAPITAL UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required

Regulatory capital

Cube is a limited company and its regulatory capital as at 31 December 2010 is summarised as follows

USD \$000

Share capital and audited reserves 762

Total capital resources requirement (651)

Surplus 111

Cube is a limited licence firm and as such its capital requirements are the greater of

- The base capital requirement of €50,000, or
- The sum of its market and credit risk requirements, or
- The fixed overhead requirement

The directors have not identified credit risk exposure classes or the minimum capital requirements for market risk as these are deemed to be immaterial. It is Cube's experience that the fixed overhead requirement establishes its capital requirements and hence market and credit risks are considered not to be material.

Cube's approach to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to Cube's business and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital. Cube also performs a review of the costs to close, should it be unable to generate sufficient revenue to meet its liabilities as they fall due, which would enable it to be closed in an orderly manner.

Cube's ICAAP is formally reviewed by the risk committee and senior management approximately every quarter, but will be revised should there be any material changes to Cube's business or risk profile.

Events since the end of the year

On 11 April 2011, the company agreed to contribute its business and assets to a subsidiary undertaking, Cube Capital LLP.

CUBE CAPITAL UK LIMITED

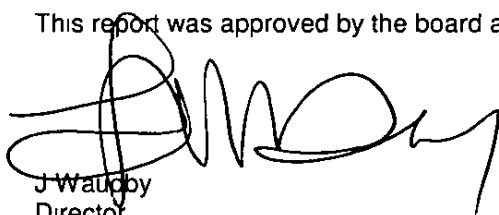
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

This report was approved by the board and signed on its behalf



J Waudby
Director

Date

5/5/11

CUBE CAPITAL UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

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 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.

CUBE CAPITAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CUBE CAPITAL UK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Cube Capital UK Limited for the year ended 31 December 2010, set out on pages 7 to 17. 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 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 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.

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 December 2010 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CUBE CAPITAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CUBE CAPITAL UK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2010

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



Simon Mayston (Senior Statutory Auditor)

for and on behalf of
Blick Rothenberg

Chartered Accountants
Statutory Auditor

12 York Gate
Regent's Park
London
NW1 4QS

23 May 2011

CUBE CAPITAL UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Turnover	2	9,031,705	4,531,095
Administrative expenses		(7,858,240)	(3,935,165)
Operating profit	3	1,173,465	595,930
Interest receivable and similar income		-	400
Profit on ordinary activities before taxation		1,173,465	596,330
Tax on profit on ordinary activities	6	(326,012)	(176,292)
Profit for the financial year	13	847,453	420,038

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 10 to 17 form part of these financial statements

CUBE CAPITAL UK LIMITED

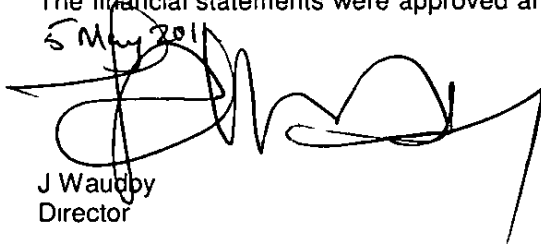
REGISTERED NUMBER 04444759

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Note	\$	2010 \$	\$	2009 \$
Fixed assets					
Tangible assets	7		141,442		232,849
Current assets					
Debtors	8	1,684,752		1,088,642	
Cash at bank		386,567		982,744	
		<u>2,071,319</u>		<u>2,071,386</u>	
Creditors: amounts falling due within one year	10	<u>(1,450,570)</u>		<u>(189,497)</u>	
Net current assets			<u>620,749</u>		<u>1,881,889</u>
Total assets less current liabilities			<u>762,191</u>		<u>2,114,738</u>
Capital and reserves					
Called up share capital	12		475,775		475,775
Profit and loss account	13		286,416		1,638,963
Shareholders' funds	14		<u>762,191</u>		<u>2,114,738</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

5 May 2011


J Waudpy
Director

Company Registration Number 04444759

CUBE CAPITAL UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Net cash flow from operating activities	16	1,905,802	439,087
Returns on investments and servicing of finance	17	-	400
Taxation		(299,442)	(201,126)
Capital expenditure and financial investment	17	(2,537)	(3,808)
Equity dividends paid		(2,200,000)	-
(Decrease)/Increase in cash in the year		(596,177)	234,553

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 \$	2009 \$
(Decrease)/Increase in cash in the year	(596,177)	234,553
Movement in net debt in the year	(596,177)	234,553
Net funds at 1 January 2010	982,744	748,191
Net funds at 31 December 2010	386,567	982,744

The notes on pages 10 to 17 form part of these financial statements

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared on the going concern basis and under the historical cost convention

The financial statements are prepared in US dollars as the directors consider this to be the company's functional currency

1.2 Turnover

Turnover represents amounts receivable for services, net of VAT

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold property	-	Over the lease term
Fixtures & fittings	-	20% straight line
Office equipment	-	33% straight line

1.4 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Deferred tax assets and liabilities are discounted

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account

CUBE CAPITAL UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting policies (continued)

1.7 Pensions

Contributions to individual personal pension schemes are charged to the profit and loss account as they fall due

1.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial instruments, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Turnover

The turnover and profit before tax are attributable to the principal activity of the company.

An analysis of turnover is as follows:

	2010 \$	2009 \$
Rest of the world	<u>9,031,705</u>	<u>4,531,095</u>

3. Operating profit

The operating profit is stated after charging/(crediting)

	2010 \$	2009 \$
Depreciation of tangible fixed assets		
- owned by the company	93,944	108,037
Auditor's remuneration	17,936	19,752
Operating lease rentals		
- other operating leases	369,031	409,355
Difference on foreign exchange	<u>35,139</u>	<u>(37,703)</u>

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2010 \$	2009 \$
Wages and salaries	6,045,083	2,226,987
Social security costs	735,356	266,660
Other pension costs	-	451,237
	<u>6,780,439</u>	<u>2,944,884</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No.
Administrative staff	19	11
Management staff	3	3
	<u>22</u>	<u>14</u>

5. Directors' remuneration

	2010 \$	2009 \$
Emoluments	<u>1,224,154</u>	<u>566,199</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>451,237</u>

The highest paid director received remuneration of \$885,341 (2009 - \$221,679)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$NIL (2009 - \$451,237)

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

6. Taxation

	2010 \$	2009 \$
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	351,401	192,175
Foreign exchange	(8,655)	3,147
Total current tax	342,746	195,322
Deferred tax (see note 9)		
Origination and reversal of timing differences	(16,734)	(19,030)
Tax on profit on ordinary activities	326,012	176,292

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2010 \$	2009 \$
Profit on ordinary activities before tax	1,173,465	596,330
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	328,570	166,972
Effects of:		
Expenses not deductible for tax purposes	5,786	-
Capital allowances for year in excess of depreciation	17,602	20,108
Foreign exchange	(9,212)	8,242
Current tax charge for the year (see note above)	342,746	195,322

Factors that may affect future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that will be effective from 1 April 2011, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The first of these, which was substantively enacted on 29 March 2011, was a reduction in the UK main corporation tax rate from 27% to 26% on 1 April 2011. Other changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these changes had been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

7 Tangible fixed assets

	Land and buildings \$	Furniture, fittings and equipment \$	Total \$
Cost			
At 1 January 2010	268,138	199,074	467,212
Additions	-	2,537	2,537
At 31 December 2010	268,138	201,611	469,749
Depreciation			
At 1 January 2010	115,029	119,334	234,363
Charge for the year	69,534	24,410	93,944
At 31 December 2010	184,563	143,744	328,307
Net book value			
At 31 December 2010	83,575	57,867	141,442
At 31 December 2009	153,109	79,740	232,849

8. Debtors

	2010 \$	2009 \$
Due after more than one year		
Other debtors	201,816	201,816
Due within one year		
Amounts owed by group undertakings	1,316,494	2,061
Other debtors	30,139	91,870
Prepayments and accrued income	112,896	786,222
Deferred tax asset (see note 9)	23,407	6,673
	1,684,752	1,088,642

9. Deferred tax asset

	2010 \$	2009 \$
At beginning of year	6,125	(12,357)
Movement in the year	17,282	19,030
At end of year	23,407	6,673

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

9 Deferred tax asset (continued)

The deferred tax asset is made up as follows

	2010	2009
	\$	\$
Accelerated capital allowances	<u>23,407</u>	<u>6,673</u>

10. Creditors: Amounts falling due within one year

	2010	2009
	\$	\$
Trade creditors	55,982	8,335
Corporation tax	125,685	82,381
Social security and other taxes	1,256,805	77,312
Accruals and deferred income	12,098	21,469
	<u>1,450,570</u>	<u>189,497</u>

11. Operating lease commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	\$	\$	\$	\$
Expiry date:				
Within 1 year	409,045	19,080	-	21,678
Between 2 and 5 years	-	-	419,371	-
	<u>409,045</u>	<u>19,080</u>	<u>419,371</u>	<u>21,678</u>

12. Share capital

	2010	2009
	\$	\$
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	<u>475,775</u>	<u>475,775</u>

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

13. Reserves

	Profit and loss account \$
At 1 January 2010	1,638,963
Profit for the year	847,453
Dividends Equity capital	(2,200,000)
At 31 December 2010	<u>286,416</u>

14. Reconciliation of movement in shareholders' funds

	2010 \$	2009 \$
Opening shareholders' funds	2,114,738	1,694,700
Profit for the year	847,453	420,038
Dividends (Note 15)	(2,200,000)	-
Closing shareholders' funds	<u>762,191</u>	<u>2,114,738</u>

15. Dividends

	2010 \$	2009 \$
Dividends paid on equity capital	<u>2,200,000</u>	<u>-</u>

16. Net cash flow from operating activities

	2010 \$	2009 \$
Operating profit	1,173,465	595,930
Depreciation of tangible fixed assets	93,944	108,037
(Increase)/decrease in debtors	(579,375)	66,265
Increase/(decrease) in creditors	1,217,768	(331,145)
Net cash inflow from operating activities	<u>1,905,802</u>	<u>439,087</u>

17. Analysis of cash flows for headings netted in cash flow statement

	2010 \$	2009 \$
Returns on investments and servicing of finance		
Interest received	<u>-</u>	<u>400</u>

CUBE CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

17. Analysis of cash flows for headings netted in cash flow statement (continued)

	2010 \$	2009 \$
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(2,537)</u>	<u>(3,808)</u>

18. Analysis of changes in net debt

	1 January 2010 \$	Cash flow \$	Other non-cash changes \$	31 December 2010 \$
Cash at bank and in hand	<u>982,744</u>	<u>(596,177)</u>	<u>-</u>	<u>386,567</u>
Net funds	<u>982,744</u>	<u>(596,177)</u>	<u>-</u>	<u>386,567</u>

19. Related party transactions

The company has taken advantage of the exemption contained in FRS8 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group

20. Ultimate parent undertaking and controlling party

The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is Cube Capital Limited, a company incorporated in the Cayman Islands. Group financial statements are prepared and not available to the public.

The immediate controlling party is Cube Capital Limited, a company incorporated in the Cayman Islands and the ultimate controlling party are the directors and certain senior management of Cube Capital Limited or trusts associated with them.

21. Post balance sheet events

On 11 April 2011, the company agreed to contribute its business and assets to a subsidiary undertaking, Cube Capital LLP.