

Stockcube PLC

Report and Consolidated Financial Statements

31 December 2010

Stockcube PLC

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31 December 2010

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Directors

Julian Burney Chairman

Dennison Veru *

Timothy Horlick *

* Non-Executive

Secretary

Thomas Chawner

Auditors

Nexia Smith & Williamson

25 Moorgate

London

EC2R 6AY

Tax advisers

Smith & Williamson

25 Moorgate

London

EC2R 6AY

Bankers

Barclays Bank Plc

Level 27

1 Churchill Place

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E14 5HP

Solicitors

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Tower Bridge House

St. Katharine's Way

London

E1W 1AA

Registered office

Unit 1.23

Plaza 535

King's Road,

London

SW10 0SZ

HIGHLIGHTS

	2010 £000	2009 £000
Turnover	2,044	2,254
(Loss)/profit before tax	(445)	22
Normalised (loss)/profit before tax	(59)	84
(Loss)/profit after tax	(349)	75

Group turnover 9.3% down on 2009

Loss before tax of £345,000 (2009: profit of £22,000)

Normalised loss after tax of £63,000 is after adjusting for costs associated with the delisting of £248,000 and share options charge of £38,000 (2009: Profit of £86,000 after adjusting for share options charge and R&D tax credits).

Statement of Financial Position with net assets of 25.3p per share (2009: 27.3p) with a balance of £1.625m in cash and marketable bonds after repayment of capital (2009: £2.171m)

No dividend will be proposed for the year (2009: Nil)

Julian Burney, Chairman, said:

"The continuing turbulence in the financial markets severely affected Stockcube's turnover which was 9.3% below that of 2009. The group's loss is mainly due to the delisting costs and as the group's costs are largely fixed, this is reflected in the loss for the year. The group has increased its emphasis on cost management in line with declining turnover.

Following the acceptance by shareholders, the company's shares were cancelled from trading on AIM on 3 June 2010. Accordingly, the company reduced its capital by over 3m shares and repaid £593,000 to the shareholders."

We remain confident that we are on our recovery path"

For further information:

Stockcube plc

Julian Burney

020-7352-4001

Chairman's Statement

Introduction

The current economic downturn presents many challenges, in particular to turnover from institutional investors. The group continues to take steps to reduce overheads to compensate for this reduction in turnover.

Financial review

Turnover showed a net decrease of 9.3% to £2.044mn for the year ended 31 December 2010 from £2.254mn in 2009. Loss for the year was £349,000 (2009: Profit of £22,000) Normalised loss before tax was £59,000 (2009: profit of £86,000) after adjusting for costs associated with the delisting of £248,000 and share options charge of £38,000 (2009: Profit of 86,000 after adjusting for share options charge and R&D tax credits). Loss after tax for 2010 was £349,000 (2009: Profit of £75,000). Normalised loss after tax for 2010 was £63,000 (2009: profit of £86,000 after adjusting for share options charge and R&D tax credits). The Statement of Financial Position shows net assets of 25.3pence per share (2009:27.3p).

Business review

Over the years, the group has evolved organically.

Turnover for Stockcube Research, our institutional consultancy service, fell by 18% compared to 2009 as a direct result of the economic downturn in the global markets.

Revenue on our **Fullermoney** service was almost the same as last year, which given the current conditions, is a testament to the service.

Investors Intelligence showed a 17% decrease in revenues due to some cancellations in the provision of business to business data and analysis services.

Our US subsidiary, **Chartercraft** recorded a 9% increase in revenues in US dollar terms over 2009 and only a 2% increase in pounds sterling terms due to exchange rate differentials.

Ecube, our software business, which develops and supports the group's in house technology, recorded a modest increase of 1.2% in revenues from third parties in 2009 as existing customers commissioned further enhancements to their systems and from new clients.

We continue to increase our yield from our **Treasury activities** during the year which generated a return of 5.8% on cash and available-for-sale investments.

Key performance indicators

The Board measures the Group's performance, principally using the following financial indicators:

	2010 £'000	2009 £'000	% (decrease)
Normalised operating (loss)/profit	(200)	(34)	(482%)
Normalised (loss)/profit before tax	(59)	86	(169%)
Dividend yield (proposed and paid)	-	-	-

Normalised loss is after adjusting for costs associated with the delisting of £248,000 and share options charge of £38,000 (2009: normalised profit is after adjusting for share options charge and R&D tax credits).

Staff

I should like to thank all our staff for their contributions during the year.

Dividend

In view of the results for 2010, the company will not be proposing a final dividend for the year (2009: nil).

Reduction of capital and "de-listing" from AIM.

As reported in 2009's accounts, the Company would seek cancellation of the admission of its shares to trading on AIM. This was achieved on 3 June 2010. A total of 3,388,860 shares were cancelled at a cost of £746,000. Costs associated with the delisting were £248,000.

We will continue to invest for the future to ensure that we strengthen our competitive position.

Julian Burney,
Chairman,
London

Directors' Report

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

Principal activities

The company is the holding company of a group whose principal activities during the period continued to be provision of research and analysis of price trends in stocks and other financial instruments and provision of software development.

Business Review

The review of the group's business is included in the Chairman's statement and the key performance indicators are on page 3.

Results for the year and dividends

The loss for the year, after taxation, amounted to £349,000 (2009: Profit £75,000) after costs associated with the delisting of £248,000, share options charge of £38,000 (2009:62,000) and net corporate taxation of £4,000 (2009: tax credit of £53,000). The directors do not recommend a final dividend for 2010 (2009: nil).

Directors

The directors of the company at 31 December 2010 were:

Julian Burney

Dennison Veru

Timothy Horlick

Edward Forbes was seconded to the company as Chairman from Pendulum Ventures Limited, on a consultancy basis. Following the delisting, this agreement was terminated by mutual agreement on 30 June 2010.

Andrew Ashman resigned as a director to the Company and its subsidiaries on 4 March 2010 and Shirley Yeoh resigned as a director and company secretary on 6 September 2010.

Directors' Report

Share option schemes

The company currently operates option schemes detailed below:

- (i) *The Stockcube Founder Employee Share Plan ('The Plan')*

Under this plan, options to subscribe for 711,000 ordinary shares were granted to existing group employees at the placing price of 25p (250p following consolidation of the ordinary shares in May 2006). This scheme is now closed. Following renunciations, there are no outstanding options over at the year end. This scheme is now closed to new members.

- (ii) *The Stockcube PLC (Revenue Approved) Executive Share Option Scheme ('The Approved Scheme')*

Approval was granted by the Inland Revenue for this scheme under Schedule 9 of the Income and Corporation Taxes Act 1988 ('Taxes Act'). Options granted under this scheme (which following Revenue approval, are 'approved options') are at the discretion of the Remuneration Committee. Following renunciations, there remain outstanding options over 44,647 ordinary shares. This scheme is now closed to new members.

- (iii) *The Stockcube PLC (No. 2) Executive Share Option Scheme ('The Unapproved Scheme')*

Application will not be made to the Inland Revenue for the approval of this scheme. Options granted under this scheme (which is, therefore, 'unapproved') are at the discretion of the Remuneration Committee. Following renunciations, there are outstanding options over 60,000 ordinary shares. The exercise price of the options in this scheme was rebased to 60p following the capital reorganisation in June 2007. This scheme is now closed to new members.

- iv) *The Stockcube PLC Enterprise Management Incentive Scheme ('The EMI Scheme')*

This scheme was adopted on 2 June 2008. The exercise price of the options in this scheme was 36.5p, which was the mid-market price at the date of grant. Options under this scheme are granted at the discretion of the Remuneration Committee. At the year end, following renunciations, there are no outstanding options, At 31 December 2010, this scheme is now closed to new members.

All options are due to expire ten years from the date of the grant.

Creditor payment policy

It is the group's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2010 the group had an average of 3 (2009: 4) days' purchases owed to trade creditors.

Pillar 3 Disclosure

The Pillar 3 Disclosure Statement is available at the registered office, 1.23, The Plaza 535, King's Road, London SW10 0SZ.

Regulation

Stockcube Research Limited is authorised and regulated by the Financial Services Authority.

Capital Requirements Directive

The Company is subject to the European Capital Requirements Directive. In the UK this is implemented through the rules issued by the FSA.

In addition to a regulatory requirement, the Company must make its own assessment of the amount of capital required to cover its business needs and risks. This is called the Internal Capital Adequacy Assessment Process (ICAAP).

In determining the total amount of capital it should carry, the Company has set the Capital Resources Requirement (CRR) as specified by the FSA, as a base, and estimated what amount of additional capital would be required to cover risk that the CRR is not designed to mitigate.

Stockcube Research Limited continually monitors its current and future capital requirements through its risk management framework and financial projections.

Disclosure of Information to the auditors

So far as each of the directors is aware at the time the report is approved:

- there is no available relevant audit information of which the auditors are unaware and
- that directors have taken all steps that each director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Acts 2006.

Auditors

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

Approved by the board of directors and signed on behalf of the board

Thomas Chawner
Secretary

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 applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 group and of the profit or loss of the group 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 that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the shareholders of Stockcube Plc

We have audited the financial statements of Stockcube PLC for the year ended 31 December 2010 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 31 December 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report to the shareholders of Stockcube Plc – Cont'd

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.

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 parent company 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.

Stephen Drew

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London EC2R 6AY

Consolidated Income Statement for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> £000	<i>2009</i> £000
<i>Continuing Operations</i>			
<i>Revenue</i>	3	2,044	2,254
Cost of sales		(297)	(287)
		1,747	1,967
<i>Gross profit</i>		1,747	1,967
Administrative expenses		(2,233)	(2,063)
		(486)	(96)
<i>Operating loss</i>	5	(486)	(96)
Finance income	8	141	118
		(345)	22
<i>(Loss)/profit before taxation</i>		(345)	22
Taxation	9	(4)	53
		(349)	75
<i>(Loss)/profit for the year attributable to equity holders of the parent</i>		(349)	75

All operations are deemed to be continuing.

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010**

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
(Loss)/profit for the year	(349)	75
Other comprehensive income		
Available for sale assets:		
(Losses)/gains arising during the year	(8)	11
Less: Reclassification adjustments for gains included within profit and loss	3	(9)
Exchange differences on translation of subsidiary	10	20
Total comprehensive (loss)/income for the year attributable to equity holders of the parent company	<u>(344)</u>	<u>97</u>

**Company Statement of Comprehensive Income
for the year ended 31 December 2010**

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
(Loss) for the year	(392)	(358)
Other comprehensive income		
Available for sale assets:		
(Losses)/gains arising during the year	(8)	11
Less: Reclassification adjustments for gains included within profit and loss	3	(9)
Total comprehensive (loss) for the year attributable to equity holders of the company	<u>(397)</u>	<u>(356)</u>

Consolidated Statement of Financial Position

At 31 December 2010

	<i>Notes</i>	<i>2010</i> £000	<i>2009</i> £000
<i>Non current assets</i>			
Intangible assets	11	17	17
Available for sale investments	14	238	1,059
Property, plant and equipment	12	290	300
		<hr/>	<hr/>
		545	1,376
		<hr/>	<hr/>
<i>Current assets</i>			
Trade and other receivables	15	193	338
Available for sale investments	14	115	727
Cash and cash equivalents	16	1,273	774
		<hr/>	<hr/>
Total current assets		1,581	1,839
		<hr/>	<hr/>
<i>Current liabilities</i>			
Trade and other payables	17	(551)	(588)
Current tax payable		—	—
		<hr/>	<hr/>
Total current liabilities		(551)	(588)
		<hr/>	<hr/>
<i>Net current assets</i>			
		1,030	1,251
		<hr/>	<hr/>
<i>Net assets</i>			
		1,575	2,627
		<hr/> <hr/>	<hr/> <hr/>
<i>Equity</i>			
Share capital	20	622	961
Capital redemption reserve	22	339	—
Share premium account	21	—	1,294
Merger reserve	22	568	568
Share options reserve	23	—	103
Available for sale investments reserve	22	6	11
Translation reserve	22	10	—
Retained earnings	22	30	(310)
		<hr/>	<hr/>
Total equity		1,575	2,627
		<hr/> <hr/>	<hr/> <hr/>

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

Julian Burney

Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	<i>Share capital</i>	<i>Share Premium account</i>	<i>Capital Redemption reserve</i>	<i>Merger reserve</i>	<i>Translation reserve</i>	<i>Share Option reserve</i>	<i>Available for sale investment reserve</i>	<i>Retained Earnings</i>	<i>Total Shareholders' Funds</i>
	<i>(note 20)</i>	<i>(note 21)</i>	<i>(note 22)</i>	<i>(note 22)</i>	<i>(note 22)</i>	<i>(note 22)</i>	<i>(note 22)</i>	<i>(note 22)</i>	
	£000	£000	£'000	£000	£000	£000	£000	£000	£000
At 1 January 2009	961	1,294	—	568	(20)	41	9	(313)	2,540
Profit for the year	—	—	—	—	—	—	—	75	75
Other comprehensive income for the year	—	—	—	—	20	—	2	—	22
Total comprehensive income	—	—	—	—	20	—	2	75	97
Share options charge	—	—	—	—	—	62	—	—	62
Dividends paid	—	—	—	—	—	—	—	(72)	(72)
At 31 December 2009	961	1,294	—	568	—	103	11	(310)	2,627
(Loss) for the year	—	—	—	—	—	—	—	(349)	(349)
Other comprehensive income for the year	—	—	—	—	10	—	(5)	—	5
Total comprehensive income	—	—	—	—	10	—	(5)	(349)	(344)
Share options charge	—	—	—	—	—	38	—	—	38
Transfer to Retained earnings	—	(1,294)	—	—	—	(141)	—	1,435	—
Capital Reduction	(339)	—	339	—	—	—	—	(746)	(746)
At 31 December 2010	622	—	339	568	10	—	6	30	1,575

Company Statement of Financial Position

At 31 December 2010

Company number: 3838579

	<i>Notes</i>	<i>2010</i> £000	<i>2009</i> £000
<i>Non- current assets</i>			
Investments in subsidiaries	13	1,473	1,473
Available for sale investments	14	238	1,059
		<u>1,711</u>	<u>2,532</u>
<i>Current assets</i>			
Trade and other receivables	15	4	137
Available for sale investments	14	115	727
Cash and cash equivalents	16	1,031	565
		<u>1,150</u>	<u>1,429</u>
<i>Current liabilities</i>			
Trade and other payables	17	(1,744)	(1,893)
		<u>(594)</u>	<u>(464)</u>
<i>Net current (liabilities)/assets</i>			
		<u>1,117</u>	<u>2,068</u>
<i>Equity</i>			
Share capital	20	622	961
Capital Redemption reserve	22	339	—
Share premium account	21	—	1,294
Share options reserve	22	—	103
Available for sale investments reserve	22	6	11
Retained Earnings	22	150	(301)
		<u>1,117</u>	<u>2,068</u>
Total equity		<u>1,117</u>	<u>2,068</u>

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

Julian Burney
Director

Company Statement of Changes in Equity

At 31 December 2010

	<i>Share capital</i>	<i>Capital Redemption reserve</i>	<i>Share premium account</i>	<i>Share Option reserve</i>	<i>Available for sale investment reserve</i>	<i>Retained earnings</i>	<i>Total Shareholders' Funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2009	961	—	1,294	41	9	129	2,434
(Loss) for the year	—	—	—	—	—	(358)	(358)
Other comprehensive income for the year	—	—	—	—	2	—	2
Total comprehensive income	—	—	—	—	2	(358)	(356)
Share options charge	—	—	—	62	—	—	62
Dividends paid	—	—	—	—	—	(72)	(72)
At 31 December 2009	961	—	1,294	103	11	(301)	2,068
Loss for the year	—	—	—	—	—	(238)	(238)
Other comprehensive income/(loss) for the year	—	—	—	—	(5)	—	(5)
Total comprehensive income/(loss)	—	—	—	—	(5)	(238)	(243)
Share options charge	—	—	—	38	—	—	38
Transfer to Retained earnings	—	—	(1,294)	(141)	—	1,435	—
Capital Reduction	(339)	339	—	—	—	(746)	(746)
At 31 December 2010	622	339	—	—	6	150	1,117

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	<i>Note</i>	<i>2010</i>	<i>2009</i>
		<i>£000</i>	<i>£000</i>
<i>Net cash(outflow)from operating activities</i>	24	(320)	(105)
<i>Cash flows from investing activities</i>			
Interest and other income received		141	118
Sales of available-for-sale investments		2,439	1,601
Purchases of property, plant and equipment		(9)	(9)
Purchase of available-for-sale investments		(1,006)	(2,172)
<i>Net cash derived/(used) in investing activities</i>		1,565	(462)
<i>Cash flows from financing activities</i>			
Capital reorganisation - cash repaid to shareholders		(746)	—
Equity dividends paid		—	(72)
<i>Net cash used in financing activities</i>		(746)	(72)
<i>Net increase/(decrease) in cash and cash equivalents</i>		499	(639)
Cash and cash equivalents at beginning of year		774	1,413
Cash and cash equivalents at end of year	16	1,273	774

Company Statement of Cash Flows

for the year ended 31 December 2010

	<i>Note</i>	<i>2010</i> £000	<i>2009</i> £000
<i>Net cash (outflow) from operating activities</i>	24	(352)	(104)
<i>Cash flows from investing activities</i>			
Interest and other income received		131	117
Sales of available-for-sale investments		2,439	1,601
Purchase of available for sale investments		(1,006)	(2,172)
<i>Net cash derived/(used) in investing activities</i>		1,564	(454)
<i>Cash flows from financing activities</i>			
Capital reorganisation - cash repaid to shareholders and associated expenses		(746)	—
Equity dividends paid		—	(72)
<i>Net cash used in financing activities</i>		(746)	(72)
<i>Net increase/(decrease) in cash and cash equivalents</i>		466	(630)
Cash and cash equivalents at beginning of year		565	1,195
Cash and cash equivalents at end of year	16	1,031	565

Notes to the Financial Statements

for the year ended 31 December 2010

1. Statement of Compliance

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of current and contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually reviewed and are based on historical experience and other factors, and expectations of future events that are believed to be reasonable under the circumstances. The judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are:

- Going Concern

The group is not dependent on any bank facilities for its operations. There is no material uncertainty which would cast doubt on the group’s or the company’s ability to operate as a going concern. Despite the reduction in turnover, the directors have a reasonable expectation that the group and the company have adequate resources to continue trading in the foreseeable future. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

- Share based payments

In determining the fair value of equity settled share based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. The fair value is determined using a valuation model, which is dependent on future estimates including timing when the options will be exercised and the future volatility of the Group’s share price. These assumptions are based on publicly available information, where available and reflect market expectations and the advice of qualified experts. Different assumptions about these factors could affect the reported value of share-based payments.

Notes to the Financial Statements

for the year ended 31 December 2010

New standards and interpretations

The following are published standards and interpretations with an effective date after the date of these financial statements. They have not been adopted early by the Group as the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's reported income or net assets in the period of adoption.

IAS 1, IFRS 8, IFRS 3 and IAS 27 have been adopted during the year.

Standard	Amendment	Effective Date	Adopted by EU	Impact
IFRS 7 (Amended)	Financial Instruments: Disclosure	1 July 2011	Not yet	Disclosure only
IFRS 9	Financial Instruments	1 January 2013	Not yet	Classification of financial assets
IFRS 10	Consolidated Financial Statements	1 January 2013	Not yet	Provides a single consolidation model with control being the basis for consolidation
IFRS 13	Fair Value Measurement	1 January 2013	Not yet	Defines fair value and sets out a single framework for measuring fair value.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	Yes	Future exchange of financial liabilities for equity

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

The subsidiaries have not adopted IFRS in their individual accounts.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for available for sale assets which are measured at fair value.

Notes to the Financial Statements

for the year ended 31 December 2010

Basis of consolidation

The group financial statements incorporate the financial statements of Stockcube PLC and all of its subsidiary undertakings for the year to 31 December 2010.

All subsidiaries are controlled by Stockcube Plc. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Property, plant and equipment

Leasehold property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on property, plant and equipment at rates calculated to write off evenly the cost of each asset over its expected useful life, less estimated residual value, based on prices prevailing at the date of the acquisition of each asset:

Leasehold property	-	over the period of lease
Computer equipment	-	33% per annum
Fixtures, fittings and equipment	-	15 to 20% per annum

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment

Business Combinations and Goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Revenue recognition

Revenue from subscriptions is recognised over the period of the subscription contract with amounts invoiced or received in advance included in deferred income within trade and other payables.

Commission receivable and other revenue are recognised when the customer confirms that a fee is due and payable or when cash is received.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are tax deductible in other years and it further excludes items that are never taxable or deductible. The group's liability to current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Notes to the Financial Statements

for the year ended 31 December 2010

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised in respect of all temporary differences and deferred tax assets are recognised only to the extent that the directors consider that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included within net interest payable. Exchange differences on all other transactions are taken to operating profit.

The assets and liabilities of foreign operations are translated to pounds sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to pounds sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Finance Income

Bank interest and dividends receivable from available for sale investments are taken to the profit and loss account on an accrued basis based on the coupon rate of the investments.

Operating lease commitments

Rentals payable under operating leases are charged in the income statement on a straight line basis over the initial period of the lease contract, even if the payments are not made on such basis.

Notes to the Financial Statements

for the year ended 31 December 2010

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Investments are initially measured at fair value, which ordinarily equates to cost, including transaction costs. At subsequent reporting dates, available-for-sale investments are measured at fair value or at cost where fair value is not readily ascertainable. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or if previously recognised in equity is included in net profit or loss for the period.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group and short term bank deposits which are readily convertible to cash

Current asset investments relate to UK treasury gilts or corporate bonds of fixed duration with a pre-determined redemption date. These are classified as current available-for-sale investments when the maturity date is in excess of three months from the balance sheet date. Bonds with shorter maturities are classified as cash and cash equivalents.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Pensions

The company contributes to various defined contribution pension schemes for the benefit of the directors and staff. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the Financial Statements

for the year ended 31 December 2010

Share-based payment

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the income statement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effects of non market-based vesting conditions) at the date of grant. The assumptions underlying the number of awards that are expected to vest are subsequently adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of the Black-Scholes options pricing model. The expected life used in the model has been adjusted, based on management's best estimate of the effects of the non-transferability, exercise restrictions and behavioural considerations.

Following the delisting of the company's shares from trading on AIM, there are only 104,647 options outstanding at 31 December 2010.

3. Revenue

Revenue, which is stated net of value added tax, represents the sales value of work done in the year.

Revenue is attributable mainly to the continuing activity of the provision of research and analysis of price trends in stocks, commodities, currencies and interest rates.

The Group's operations are in two geographical segments, the United Kingdom and United States

	UK	US		UK	US	
	2010	2010	Total	2009	2009	Total
	£000	£000	£000	£000	£000	£000
External turnover	1,530	514	2,044	1,765	489	2,254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No customer accounts for more than 10% of group revenue.

All non-current assets are located in the UK.

Notes to the Financial Statements

for the year ended 31 December 2010

5. Operating Profit

This is stated after charging/ (crediting):

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Depreciation of owned fixed assets	19	38
Fees payable to company auditor for the audit of parent company and consolidated accounts	11	13
Fees payable to the company's auditor and its associates for other services:		
–The audit of company's subsidiaries pursuant to legislation	15	24
–Tax services	10	8
Staff costs (see Note 7)	1,433	1,477
Operating lease rentals - land and buildings	58	41
Foreign currency exchange	34	20
Delisting costs	402	–
Share option benefits charge	38	62
	<u> </u>	<u> </u>

The company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes. The loss dealt with in the financial statements of the parent Company was £392,000 after accounting for costs associated with the delisting of £248,000 and the share options charge of £38,000 (2009: Loss 358,000, including a provision of £275,000 for amounts due from group undertakings and share options charge of £62,000).

6. Directors' emoluments

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Fees	5	10
Emoluments	234	314
Company contributions paid to defined contribution pension scheme	12	15
	<u> </u>	<u> </u>
	251	339
	<u> </u>	<u> </u>
	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Highest paid director's emoluments	116	139
Company contributions paid to defined contribution pension scheme	6	6
	<u> </u>	<u> </u>
	122	145
	<u> </u>	<u> </u>
	<i>2010</i>	<i>2009</i>
	<i>No</i>	<i>No</i>
Members of defined contribution pension scheme	1	3
	<u> </u>	<u> </u>

Notes to the Financial Statements

for the year ended 31 December 2010

7. Staff costs

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	1,257	1,281
Social security costs	139	155
Other pension costs	37	41
	<u>1,433</u>	<u>1,477</u>
	<u><u>1,433</u></u>	<u><u>1,477</u></u>

The average monthly number of employees during the year was made up as follows:

	<i>2010</i>	<i>2009</i>
	<i>No</i>	<i>No</i>
Management and administration	23	21
	<u>23</u>	<u>21</u>
	<u><u>23</u></u>	<u><u>21</u></u>

8. Finance Income

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Bank interest receivable	70	82
Gains from available for sale investments	61	36
Other income	10	—
	<u>141</u>	<u>118</u>
	<u><u>141</u></u>	<u><u>118</u></u>

Other interest includes interest receivable and net gains from available for sale investments

9. Tax on profit on ordinary activities

The taxation charge is comprised as follows:

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Current tax payable/(repayable)	18	(10)
Adjustments for prior periods	(14)	(43)
Deferred tax charge	—	—
	<u>4</u>	<u>(53)</u>
Total income tax (repayment)/expense for the year	<u><u>4</u></u>	<u><u>(53)</u></u>

Notes to the Financial Statements

for the year ended 31 December 2010

9. Tax on profit on ordinary activities –Cont'd

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
(Loss)/profit before tax	(345)	22
	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Tax on ordinary activities multiplied by standard rate of Corporation Tax in UK of 21% (2009:21%)	(77)	5
Effects of:		
Expenses not deductible for tax purposes – fixed assets	1	3
Expenses not deductible for tax purposes/(income not taxable)	39	(7)
Additional deduction for R&D expenditure	-	(38)
Surrender of tax losses for R&D tax credit refund	-	13
Adjustment to tax charge in respect of previous periods	(8)	(43)
Depreciation in excess of capital allowances	(1)	5
Unrelieved tax losses and other deductions in the period	50	9
	<u>4</u>	<u>(53)</u>
	<u>£000</u>	<u>£000</u>

10. Deferred tax

	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
At 1 January 2010	–	–
Debited to the income statement	–	–
	<u>–</u>	<u>–</u>
At 31 December 2010	–	–
	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Tax value of loss carried-forward - Recognised	–	–
Tax value of loss carried-forward - Unrecognised	64	64
	<u>64</u>	<u>64</u>
	<u>£000</u>	<u>£000</u>

Notes to the Financial Statements

for the year ended 31 December 2010

11. Goodwill

	Goodwill
<i>Cost</i>	£000
At 1 January 2009 and 1 January 2010 and 31 December 2010	20
	<u> </u>
<i>Impairment</i>	
At 1 January 2009 and 1 January 2010	3
Provided during the year	—
	<u> </u>
At 31 December 2009 and 31 December 2010	3
	<u> </u>
<i>Net book value at 31 December 2010</i>	17
	<u> </u>
<i>Net book value at 31 December 2009</i>	17
	<u> </u>

12. Property, plant and equipment

<i>Group</i>	<i>Land and buildings Long leasehold</i>	<i>Computer equipment</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£000	£000	£000	£000
Cost				
At 1 January 2009	309	246	168	723
Additions	—	8	1	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2010	309	254	169	732
Additions	—	7	2	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2010	309	261	171	741
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:				
At 1 January 2009	32	234	128	394
Provided during the year	3	9	26	38
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2010	35	243	154	432
Provided during the year	3	7	9	19
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2010	38	250	163	451
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value:				
	271	11	8	290
At 31 December 2010	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	274	11	15	300
At 31 December 2009	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Financial Statements

for the year ended 31 December 2010

13. Investments

Company

	<i>Subsidiary undertaking £000</i>
Cost	
At 1 January 2010 and 31 December 2010	1,473
Provision for impairment	
At 1 January 2010 and 31 December 2010	—
Net book value	
At 31 December 2009 and 31 December 2010	1,473

At 31 December 2010 the company held more than 20% of the nominal value of the share capital of the following:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of Business</i>
Subsidiary undertaking				
Stockcube Research Limited	England	Ordinary shares	100%	Research, analysis and forecasting trends in stocks and commodities
Ecube Limited	England	Ordinary shares	100%	Website and technology research and development
Chartcraft Inc	USA	Ordinary shares	100%	Analysis of price trends of equities and other financial instruments

14. Available for sale investments

	<i>Group 2010 £000</i>	<i>Group 2009 £000</i>	<i>Company 2010 £000</i>	<i>Company 2009 £000</i>
Valuation				
At 1 January	1,786	1,215	1,786	1,215
Additions – Non-current assets	911	1,445	911	1,445
Additions – Current assets	100	727	100	727
Disposals	(2,439)	(1,612)	(2,439)	(1,612)
Revaluations	(5)	11	(5)	11
At 31 December	353	1,786	353	1,786
Carrying Value				
At 31 December – Non-current asset	238	1,059	238	1,059
At 31 December – Current asset	115	727	115	727
	353	1,786	353	1,786

Notes to the Financial Statements

for the year ended 31 December 2010

14. Available for sale investments – Cont'd

The fair values of these available for sale investments are based on quoted market prices. Under IFRS 7 Financial instruments: Disclosures, these are classified under the fair value hierarchy as Level 1. These are the only financial assets which the Group and Company carry at fair value.

The available for sale investments comprise UK treasury gilts or corporate bonds where the intention is to hold the assets for more than 3 months. The investments are initially measured at fair value, which ordinarily equates to cost. At subsequent reporting dates, the investments are re-valued to the market value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of.

15. Trade and other receivables

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade receivables	127	162	—	—
Amounts owed by group undertakings	—	—	—	105
Other debtors	21	117	—	29
Prepayments and accrued income	45	59	4	3
	<u>193</u>	<u>338</u>	<u>4</u>	<u>137</u>

Other debtors include an amount of £9,378 (2009: nil) owed from J Burney, a director.

16. Cash and cash equivalents

Group	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	1,273	774
Short term deposits	—	—
At 31 December	<u>1,273</u>	<u>774</u>
Company	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	1,031	565
Short term deposits	—	—
At 31 December	<u>1,031</u>	<u>565</u>

The directors consider that the carrying amount of these assets approximates to their fair value and consider that the credit risk on liquid funds is limited because the counter-parties are UK financial institutions with high credit rating.

Notes to the Financial Statements

for the year ended 31 December 2010

17. Trade and other payables

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade payables	25	17	—	1
Amounts due to group undertakings	—	—	1,729	1,856
Other taxes and social security costs	81	70	—	—
Accruals and deferred income	445	501	—	36
Other creditors	—	—	15	—
	<u>551</u>	<u>588</u>	<u>1,744</u>	<u>1,893</u>

18. Other financial commitments

At 31 December 2010 the group had future annual minimum lease payments under non-cancellable operating leases as set out below:

	<i>Land and</i>	<i>Land and</i>
	<i>buildings</i>	<i>buildings</i>
	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within one year	29	45
Within two to five years	73	145
More than five years	—	—
	<u> </u>	<u> </u>

19. Derivatives and other financial instruments

The group's principal financial instruments are investments and cash. The group has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The group's policy is not to enter into any derivative transactions such as interest rate swaps or financial foreign currency contracts. The group has sufficient cash resources relative to shareholders' funds and no borrowings or borrowing facilities. In respect of financial liabilities, there are no interest rate or liquidity risks. In view of the short term deposit balances earning interest at variable rates, the results of the group are significantly impacted by changes in interest rates.

The board does not consider that there are significant risks from foreign currency transactions as substantially all of the financial assets and liabilities are denominated in pounds sterling.

Financial assets

The group's main financial asset is £1,273,000 (2009: £2,560,000) of short-term deposits, available for sale investments in UK corporate bonds and Treasury gilts and cash at floating interest rates, all of which are denominated in sterling, except £91,000 (2009: £74,000) denominated in US dollars and £3,000 denominated in Euros (2009: £9,000). Available for sale investments are revalued to market value at each balance sheet date, with the gain or loss on revaluation taken to reserves. The financial assets with floating interest rates generate interest based on LIBOR, which are fixed in advance for periods of up to three months. The cash is available to make selected complementary acquisitions and strategic alliances as opportunities arise.

The fair value of the group's financial assets is not considered to be materially different from the book value.

Notes to the Financial Statements

for the year ended 31 December 2010

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet. The maximum credit exposure to credit risk at the reporting date was:

Group	2010	2009
	£000	£000
Available for sale investments	353	1,786
Trade receivables	127	162
Other debtors	21	117
Cash and cash equivalents	1,273	774
	<u>1,774</u>	<u>2,839</u>
	<u><u>1,774</u></u>	<u><u>2,839</u></u>
Company	2010	2009
	£000	£000
Available for sale investments	353	1,786
Other debtors	—	29
Cash and cash equivalents	—	565
Amounts due from group undertakings	1,031	105
	<u>1,384</u>	<u>2,485</u>
	<u><u>1,384</u></u>	<u><u>2,485</u></u>

The available for sale investments represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of the listed securities are based on quoted market prices.

The Directors consider that the carrying value of trade and other receivables approximates their fair value. Trade receivables are financial assets. Debts are provided once they are overdue and attempts are made to recover them. There are no material un-provided debts.

Notes to the Financial Statements

for the year ended 31 December 2010

Liquidity risk

The group actively maintains a combination of short term interest bearing deposits that are designed to ensure the company has sufficient available funds for operations and planned expansions.

The following table shows the contractual maturities of the group's and the company's financial liabilities, all of which are measured at amortised cost:

Group	2010	2009
Less than 1 year	£'000	£'000
Trade payables	25	17
Accruals and deferred income	445	501
	551	588
	551	588

Company	2010	2009
Less than 1 year	£'000	£'000
Trade payables	—	1
Other Creditors	15	36
Amounts due to group undertakings	1,729	1,856
	1,744	1,893
	1,744	1,893

Interest rate risk and sensitivity analysis

The company has interest-bearing assets and no interest-bearing liabilities. Interest-bearing assets comprise only cash balances and available-for-sale investments which earn interest and dividends at fixed and floating rates. The directors review the appropriateness of this policy from time to time, should the company's operations change in size or nature.

The Group has not entered into derivatives transactions.

The Group's cash and cash equivalents were not interest earning during the year as LIBOR rates were significantly lower than in previous years and there were very few instant access interest bearing products in the market. The group has investments in corporate bonds and treasury gilts, which generated an average yield of 5.8%. Net gains from investments generated a further average yield of 5%.

As at 31 December 2010, if LIBOR had increased by 0.5% with all other variables held constant, post tax profit and equity would have been £6,000 (2009:£10,000) higher. Conversely, if LIBOR had fallen by 0.5% with all other variables held constant, post tax profit and equity would have been £6,000 (2009: £10,000) lower.

Notes to the Financial Statements

for the year ended 31 December 2010

Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital, share premium plus reserves.

However, the above objective must be achieved in accordance with guidelines set by the FSA, the regulator for the Group. The FSA sets out the requirements for the Group in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective the Group also ensures that it is compliant with the FSA requirements. The subsidiary of the Company, Stockcube Research Limited is a CAD Exempt firm and therefore the Group does not need to report to the FSA under Consolidated Supervision. Therefore the capital requirement disclosures disclosed below are for the Stockcube Research Limited only.

Stockcube Research Limited was in compliance with the capital requirements set by the FSA throughout the year.

In calculating capital, Stockcube Research Limited's capital is analysed into tier 1 capital. Tier 1 capital is the core measure of a Company's financial strength from a regulator's point of view. It consists of the types of financial capital considered the most reliable and liquid, primarily being shareholders' equity.

Stockcube Research Limited's Tier 1 capital consists of share capital, share premium and retained earnings.

Stockcube Research Limited's Regulatory position is set out below. There have been no changes in the Company's management of capital during the year.

	2010	2009
	£'000	£'000
Called up share capital	501	501
Share Premium	1,099	1,099
Profit and loss reserve	451	702
Total tier 1 capital and regulatory capital	2,051	2,302

20. Share capital

	<i>Allotted, called up and fully Paid</i>		<i>Authorised</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
<i>Ordinary 10p shares</i>				
At 1 January 2010	9,610,630	961,063	14,500,000	1,450,000
3 June 2010 - Capital reduction	(3,388,860)	(338,866)	—	—
At 31 December 2010	6,221,770	622,177	14,500,000	1,450,000

On 3 June 2010, the company's shares were cancelled from trading on AIM. 3,388,860 shares were purchased by the company under a tender offer of 17.5p per share. The company's issued share capital after the capital reduction at 31 December 2010 was 338,866.

The company has one class of ordinary shares which carry no right to fixed income.

Notes to the Financial Statements

for the year ended 31 December 2010

21. Share Premium

	2010	2009
	£'000	£'000
At 1 January	1,294	1,294
Transfer to Retained Earnings	(1,294)	—
	<u> </u>	<u> </u>
At 31 December	<u> </u>	<u>1,294</u>

22. Reserves

- Share capital

The share capital account represents the par value for all shares issued and outstanding

- Share premium account

The share premium account comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 2006.

- Capital Redemption reserve

The capital redemption reserve is a non distributable reserve and arose following the purchase of the company's own shares.

- Merger reserve

The merger reserve account arose from merger accounting of the subsidiaries. The use of this reserve is restricted by the Companies Act 2006.

- Translation reserve

The translation reserve account represents the net exchange gains and losses from the retranslation of the assets and liabilities of the overseas subsidiary to pounds sterling.

- Share option reserve

The share option reserve represents the share options charge to the retained earnings on the grant of new options.

- Available for sale investment reserve

The available for sale investment reserve represents the net gains or losses on revaluation of the investments to market value.

- Retained Earnings

The retained earnings reserve includes accumulated profits and losses arising from the consolidated Income Statement attributable to equity shareholders net of distributions to shareholders.

Notes to the Financial Statements

for the year ended 31 December 2010

23. Share-based payments

At 31 December 2010, the following share options were outstanding:

Date of grant	Option Plan	Option price	Outstanding 31 December 2009	Granted/(renounced) (lapsed) during year	Outstanding 31 December 2010
19 April 2000	Founders	60p	70,500	(70,500)	—
4 May 2000	Approved	250p	24,000	(24,000)	—
18 April 2001	Executive	60p	60,000	—	60,000
29 April 2002	Executive	60p	10,000	(10,000)	—
1 May 2002	Approved	85p	56,647	(12,000)	44,647
16 June 2008	EMI	36.5p	1,343,500	(1,343,500)	—
Totals			1,564,647	(1,460,000)	104,467

Share options are granted to directors and to selected employees. During the year no options were exercised. Options granted under the Founders and those granted under the Approved scheme on 4 May 2000 have lapsed by the year end. Following the delisting of the company in June 2010, a proposal was presented to the options holders to renounce their existing options under the respective schemes. All option holders except for a few leavers opted to renounce their options and a valuation of the outstanding options was undertaken by BDO Stoy Hayward using the Black Scholes options pricing model. The total amount payable was £16,224 and this was paid to option holders based on their respective holdings. At the year end, a total of 104,647 options were outstanding under the Executive and Approved Options plans. The charge for the year of £38,000 is included in administration expenses.

At 31 December 2010, all share schemes are closed to new members.

24. Cash generated (used in)/from operations

<i>Group</i>	2010 £000	2009 £000
Operating loss	(486)	(96)
Depreciation	19	38
Exchange differences	10	20
Share options charge	38	62
Available for sale investments revaluations	(5)	2
Decrease /(increase)/ in trade receivables	145	(109)
(Decrease)/increase in trade payables	(41)	25
<i>Cash generated (used in)/from operations</i>	(320)	(58)
Tax paid	—	(47)
Net cash (outflows) from operating activities	(320)	(105)

Notes to the Financial Statements

for the year ended 31 December 2010

<i>Company</i>	2010	2009
	£000	£000
Operating (loss)	(368)	(475)
Provision for amounts due from group undertaking	—	275
Share options charge	38	62
Available for sale investments revaluations	(5)	2
Decrease in trade and other receivables	132	7
(Decrease)/increase in trade and other payables	(149)	25
	<hr/>	<hr/>
Net cash (outflows) from operating activities	(352)	(104)
	<hr/> <hr/>	<hr/> <hr/>

25. Pension commitments

The group makes contributions to various defined contribution pension schemes on behalf of the directors and staff. These are based on either 3% or 5% of gross salary. Contributions are charged to the income statement as they are paid. At the year-end £4,550 (2009: £4,138) was still outstanding.

26. Related Parties

Group

Key managers are those having authority and responsibilities for the planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors of Stockcube plc. Information regarding their compensation is given below in aggregate for each category specified in IAS 24 *Related Party Disclosures*:

	2010	2009
	£'000	£'000
Short-term employee benefits	263	354
Post employment benefits	—	—
Dividends	—	—
Termination benefits	—	—
Share based payments	10	34

Company

During the year, no dividends were received from Stockcube Research Limited, a wholly owned subsidiary of Stockcube plc (2009: £NIL).

At the year end, there is a balance of £9,000 owing by Julian Burney, a director of the company to Stockcube Research Limited.

Notes to the Financial Statements

for the year ended 31 December 2010

27. Contingent Liabilities

A contingent liability existed due to the Company being a member of a VAT group. No security has been provided for this contingent liability. At 31 December 2010, the group had a VAT liability of £39,520 (2009: £29,129).

28. Controlling Party

Following the delisting in June 2010, Mr Burney controls 58% of the issued share capital of the company in total, of which his beneficial holding is 43%.