

3684651

**Tarchon Capital Services
Limited**

Report and Accounts
31 March 2007



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	A Marolda P E Howard A Varma
Company Secretary	SLC Registrars Limited
Registered Office	7th Floor 16 Berkeley Street London W1J 8DZ
Auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Royal Bank of Scotland 49 Charing Cross Road London SW1A 2DX
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Registered Number	3684651

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 March 2007

Principal activities and business review

The principal activity of the company is that of a service company

Performance during the year has been in line with expectations and the directors intend to continue to develop the business

Results and dividends

The profit for the year, after taxation, amounted to £331,845. Particulars of dividends paid and proposed are detailed in note 7 to the accounts

Directors' responsibilities

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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

Donations

During the year the company made the following contributions

	Year to 31 March 2007	Period from 1 October 2004 to 31 March 2006
	£	£
Charitable	<u>8,012</u>	<u>7,497</u>

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor *(continued)*

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

On 28 October 2003 an elective resolution was passed by the company to dispense with the obligation to appoint auditors annually

Rees Pollock have expressed their willingness to continue in office, and in accordance with the elective resolution passed, are deemed reappointed as auditors for the succeeding year

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'A Varma', with a horizontal line underneath.

A Varma
Director

23 July 2007



REESPOLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TARCHON CAPITAL SERVICES LIMITED

We have audited the accounts of Tarchon Capital Services Limited for the year ended 31 March 2007 on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on page 8

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion

the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended, the accounts have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the accounts.

Rees Pollock
Chartered Accountants & Registered Auditors

24 July 2007

Tarchon Capital Services Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2007

	Note	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
TURNOVER	2	2,975,000	5,868,342
Administrative expenses		2,507,995	4,563,166
OPERATING PROFIT	3	467,005	1,305,176
Interest receivable		41,477	69,853
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		508,482	1,375,029
Tax on profit on ordinary activities	6	176,637	451,214
PROFIT FOR THE FINANCIAL YEAR		331,845	923,815

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 15 form part of these accounts

Tarchon Capital Services Limited

BALANCE SHEET

at 31 March 2007

	Note	£	2007 £	2006 £
FIXED ASSETS				
Tangible assets	8		283,537	314,273
Investments	9		840,000	540,000
			<u>1,123,537</u>	<u>854,273</u>
CURRENT ASSETS				
Debtors	10	112,811		218,222
Debtors due after more than one year		195,129		195,129
Cash at bank		<u>1,021,794</u>		<u>1,052,177</u>
		1,329,734		1,465,528
CREDITORS amounts falling due within one year	11	<u>541,031</u>		<u>739,406</u>
NET CURRENT ASSETS			788,703	726,122
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,912,240</u>	<u>1,580,395</u>
CAPITAL AND RESERVES				
Called-up equity share capital	14		540,000	540,000
Capital redemption reserve	15		60,000	60,000
Profit and loss account	16		<u>1,312,240</u>	<u>980,395</u>
SHAREHOLDERS' FUNDS	17		<u>1,912,240</u>	<u>1,580,395</u>

The financial statements on pages 5 to 13 were approved at a meeting of directors on 23 July 2007 and signed on their behalf by



A Varma
Director

The notes on pages 8 to 15 form part of these accounts

Tarchon Capital Services Limited

CASH FLOW STATEMENT
for the year ended 31 March 2007

	Note	£	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		751,735	895,714
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		41,477		69,853
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			41,477	69,853
TAXATION			(452,210)	(208,712)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		(71,385)		—
Acquisition of investments		(300,000)		(540,000)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(371,385)	(540,000)
EQUITY DIVIDENDS PAID			—	(675,000)
DECREASE IN CASH	19		(30,383)	(458,145)

The notes on pages 8 to 15 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Turnover

The turnover shown in the profit and loss account represents the value of services provided during the period, stated net of value added tax

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	–	over the length of the lease
Plant & machinery	–	over two to five years

Operating lease agreements

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

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated the tax will be payable, except where otherwise required by accounting standards

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, 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 operating profit for the period was derived from the company's principal continuing activity which was carried out wholly in the UK.

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	£	£
Depreciation of owned fixed assets	102,121	165,792
Auditor's remuneration		
– as auditor	8,000	10,000
– for other services	13,750	7,000
Operating lease costs		
– land and buildings	188,197	278,708
Net profit on foreign currency translation	(262)	(36,661)

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	No	No
Number of professional staff	12	11
Number of administrative staff	1	1
	<u>13</u>	<u>12</u>

The aggregate payroll costs of the above were

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	£	£
Wages and salaries	1,407,388	2,937,975
Social security costs	161,529	409,145
	<u>1,568,917</u>	<u>3,347,120</u>

5. DIRECTORS' EMOLUMENTS

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	£	£
Emoluments	<u>880</u>	<u>1,504,124</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007
6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 – 30%)	176,637	452,210
Over/under provision in prior year	—	(996)
Total current tax	<u>176,637</u>	<u>451,214</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2006 – 30%)

	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
Profit on ordinary activities before taxation	<u>508,482</u>	<u>1,375,029</u>
Profit on ordinary activities multiplied by standard rate of corporation tax	152,545	412,509
Expenses not deductible for tax purposes	24,906	25,207
Timing differences on fixed assets	3,247	14,494
Overprovision in prior year	—	(996)
Marginal relief	(4,061)	—
Total current tax (note 6(a))	<u>176,637</u>	<u>451,214</u>

7. DIVIDENDS**Dividends on equity shares**

	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
Paid during the year		
Equity dividends on ordinary shares	<u>—</u>	<u>675,000</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007
8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant & machinery £	Total £
Cost			
At 1 April 2006	396,446	102,041	498,487
Additions	71,385	—	71,385
At 31 March 2007	<u>467,831</u>	<u>102,041</u>	<u>569,872</u>
Depreciation			
At 1 April 2006	136,706	47,508	184,214
Charge for the year	82,024	20,097	102,121
At 31 March 2007	<u>218,730</u>	<u>67,605</u>	<u>286,335</u>
Net book value			
At 31 March 2007	<u>249,101</u>	<u>34,436</u>	<u>283,537</u>
At 31 March 2006	<u>259,740</u>	<u>54,533</u>	<u>314,273</u>

9. INVESTMENTS

	Unlisted investment £
Cost	
At 1 April 2006	540,000
Additions	300,000
At 31 March 2007	<u>840,000</u>
Net book value	
At 31 March 2007	<u>840,000</u>
At 31 March 2006	<u>540,000</u>

The unlisted investment represents capital contributions in Tarchon Capital Management LLP and amounts to 99.3% (2006: 98.9%) of the total capital contributions. The LLP has not been treated as a subsidiary as the company has no voting rights and therefore does not exert any control over the LLP.

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007
10. DEBTORS

	2007	2006
	£	£
Amounts owed by group undertakings	—	95,543
VAT recoverable	22,860	30,077
Prepayments and accrued income	89,951	92,602
	<u>112,811</u>	<u>218,222</u>

11. CREDITORS amounts falling due within one year

	2007	2006
	£	£
Trade creditors	22,473	23,941
Directors loan accounts	2,840	—
Taxation and social security	213,256	467,277
Accruals and deferred income	302,462	248,188
	<u>541,031</u>	<u>739,406</u>

12. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land & buildings	
	2007	2006
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>221,423</u>	<u>221,434</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007

13. RELATED PARTY TRANSACTIONS

During the period Tarchon Capital Services Limited received £45,000 (period to March 2006 £40,000) in respect of marketing services provided to Tarchon Distribution Limited, a company owned by Park Brook Trust. A Marolda has an interest under this trust.

The company became a member of Tarchon Capital Management LLP (the 'LLP'), a limited liability partnership registered in England and Wales in the period to 31 March 2006. It provides support services to the LLP and, in accordance with the Partnership Agreement, is entitled to receive reimbursement of expenses incurred in relation to these services.

During the period the company recharged £2,735,000 (period to March 2006 £525,000) to the LLP in respect of these services. The LLP was also charged £195,000 in the year (period to March 2006 £48,750) relating to the transfer of the investment management agreements into the name of the LLP. The company was allocated profit of £nil (period to March 2006 £nil) by the LLP.

14. SHARE CAPITAL

Authorised share capital

	2007 £	2006 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>
Equity shares				
Ordinary shares of £1 each	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>

15. CAPITAL REDEMPTION RESERVE

	Year to 31 Mar 07 £	Period from 1 Oct 04 to 31 Mar 06 £
Capital redemption reserve	<u>60,000</u>	<u>60,000</u>

NOTES TO THE ACCOUNTS

for the year ended 31 March 2007

16. PROFIT AND LOSS ACCOUNT

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	£	£
Balance brought forward	980,395	731,580
Profit for the financial year	331,845	923,815
Equity dividends paid (FRS 25)	—	(675,000)
Balance carried forward	<u>1,312,240</u>	<u>980,395</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	331,845	923,815
Equity dividends paid (FRS 25)	—	(675,000)
Net addition to shareholders' funds	<u>331,845</u>	<u>248,815</u>
Opening shareholders' funds	1,580,395	1,331,580
Closing shareholders' funds	<u>1,912,240</u>	<u>1,580,395</u>

**18. RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Year to 31 Mar 07	Period from 1 Oct 04 to 31 Mar 06
	£	£
Operating profit	467,005	1,305,176
Depreciation	102,121	165,792
Decrease in debtors	105,411	60,255
Increase/(decrease) in creditors	77,198	(635,509)
Net cash inflow from operating activities	<u>751,735</u>	<u>895,714</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Decrease in cash in the period	(30,383)	(458,145)
Movement in net funds in the period	<u>(30,383)</u>	<u>(458,145)</u>
Net funds at 1 April 2006	1,052,177	1,510,322
Net funds at 31 March 2007	<u>1,021,794</u>	<u>1,052,177</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2007

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	1,052,177	(30,383)	1,021,794
Net funds	<u>1,052,177</u>	<u>(30,383)</u>	<u>1,021,794</u>

21. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Roldan Holdings Limited, a company incorporated in the British Virgin Islands

In the directors' opinion the ultimate controlling party is the Roldan Trust, established under the law of Jersey. A Marolda has an interest under this trust