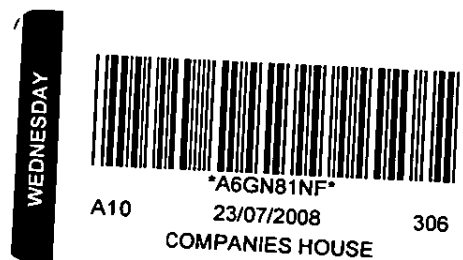


3684651

Tarchon Capital Services Limited

Report and Accounts

31 March 2008



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	P E Howard A Marolda 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 2008

Principal activities

The principal activity of the company is as a service company. The company will seek to continue to develop this business.

Directors

The directors who served the company during the year were as follows

P E Howard
A Marolda
A Varma

Directors' responsibilities

The directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

in so far as they are aware there is no relevant audit information of which the company's auditor is unaware, and

they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Donations

During the year the company made the following contributions

	2008	2007
	£	£
Charitable	<u>147,521</u>	<u>8,012</u>

Auditor

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

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

ON BEHALF OF THE BOARD



A Varma
Director

22 July 2008



REES POLLOCK

Chartered Accountants

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TARCHON CAPITAL SERVICES LIMITED

We have audited the accounts of Tarchon Capital Services Limited for the year ended 31 March 2008 on pages 6 to 15, which have been prepared on the basis of the accounting policies set out on page 9

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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 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 2008 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

22 July 2008

Tarchon Capital Services Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

	Note	2008 £	2007 £
TURNOVER	2	3,920,000	2,975,000
Administrative expenses		3,488,450	2,507,995
OPERATING PROFIT	3	431,550	467,005
Interest receivable		69,062	41,477
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		500,612	508,482
Tax on profit on ordinary activities	6	233,761	176,637
PROFIT FOR THE FINANCIAL YEAR		<u>266,851</u>	<u>331,845</u>

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 14 form part of these accounts

Tarchon Capital Services Limited

BALANCE SHEET

at 31 March 2008

	Note	£	2008 £	2007 £
FIXED ASSETS				
Tangible assets	7		173,009	283,537
Investments	8		947,527	840,000
			<u>1,120,536</u>	<u>1,123,537</u>
CURRENT ASSETS				
Debtors	9	313,711		307,940
Cash at bank		1,633,772		1,021,794
		<u>1,947,483</u>		<u>1,329,734</u>
CREDITORS amounts falling due within one year	10	888,928		541,031
NET CURRENT ASSETS			<u>1,058,555</u>	<u>788,703</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,179,091</u>	<u>1,912,240</u>
CAPITAL AND RESERVES				
Called-up equity share capital	13		540,000	540,000
Capital redemption reserve	14		60,000	60,000
Profit and loss account	15		1,579,091	1,312,240
SHAREHOLDERS' FUNDS	16		<u>2,179,091</u>	<u>1,912,240</u>

The financial statements on pages 5 to 14 were approved at a meeting of directors on 22 July 2008 and signed on their behalf by



A Varma
Director

The notes on pages 8 to 14 form part of these accounts

Tarchon Capital Services Limited

CASH FLOW STATEMENT
for the year ended 31 March 2008

	Note	£	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		835,216	751,735
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		69,062		41,477
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			69,062	41,477
TAXATION			(184,773)	(452,210)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		—		(71,385)
Acquisition of investments		(107,527)		(300,000)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(107,527)	(371,385)
INCREASE/(DECREASE) IN CASH	18		611,978	(30,383)

The notes on pages 8 to 14 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 31 March 2008

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable UK 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 2008

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2008 £	2007 £
Depreciation of owned fixed assets	110,528	102,121
Auditor's remuneration		
- as auditor	8,000	8,000
- for other services	16,000	13,750
Operating lease costs		
Land and buildings	188,211	188,197
Net profit on foreign currency translation	<u>—</u>	<u>(262)</u>

4. PARTICULARS OF EMPLOYEES

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

	2008 No	2007 No
Number of professional staff	15	12
Number of administrative staff	<u>1</u>	<u>1</u>
	16	13

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	2,118,945	1,407,388
Social security costs	229,980	161,529
	<u>2,348,925</u>	<u>1,568,917</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2008 £	2007 £
Emoluments receivable	<u>1,000</u>	<u>880</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2008

6. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2008 £	2007 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	233,761	176,637
Total current tax	<u>233,761</u>	<u>176,637</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 - 30%)

	2008 £	2007 £
Profit on ordinary activities before taxation	500,612	508,482
Profit on ordinary activities by rate of tax	150,184	152,545
Effects of		
Expenses not deductible for tax purposes	59,406	24,906
Timing differences on fixed assets	16,035	3,247
Marginal relief	-	(4,061)
Underprovision in prior year	8,136	-
Total current tax (note 6(a))	<u>233,761</u>	<u>176,637</u>

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant & Machinery £	Total £
Cost			
At 1 April 2007 and 31 March 2008	<u>467,831</u>	<u>102,041</u>	<u>569,872</u>
Depreciation			
At 1 April 2007	218,730	67,605	286,335
Charge for the year	<u>82,023</u>	<u>28,505</u>	<u>110,528</u>
At 31 March 2008	<u>300,753</u>	<u>96,110</u>	<u>396,863</u>
Net book value			
At 31 March 2008	<u>167,078</u>	<u>5,931</u>	<u>173,009</u>
At 31 March 2007	<u>249,101</u>	<u>34,436</u>	<u>283,537</u>

Tarchon Capital Services Limited**NOTES TO THE ACCOUNTS**for the year ended 31 March 2008

8. INVESTMENTS

	Unlisted investment £
Cost	
At 1 April 2007	840,000
Additions	107,527
At 31 March 2008	<u>947,527</u>
Net book value	
At 31 March 2008	<u>947,527</u>
At 31 March 2007	<u>840,000</u>

Unlisted investments include £840,000 (2007 £840,000) of capital contributions in Tarchon Capital Management LLP. This amounts to 99.3% (2006 99.3%) of the total capital contributions of the LLP. 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.

The addition of £107,527 was an investment in Tarchon Fund of Funds Segregated Portfolio Class A4 Shares. Tarchon Capital Management LLP is the Investment Manager of this Fund of Funds.

9. DEBTORS

	2008 £	2007 £
VAT recoverable	27,498	22,860
Other debtors	195,129	195,129
Prepayments and accrued income	91,084	89,951
	<u>313,711</u>	<u>307,940</u>

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Other debtors	<u>195,129</u>	<u>195,129</u>

10. CREDITORS amounts falling due within one year

	2008 £	2007 £
Directors loan accounts	1,379	2,840
Trade creditors	41,385	22,473
Taxation and social security	262,625	213,256
Accruals and deferred income	583,539	302,462
	<u>888,928</u>	<u>541,031</u>

NOTES TO THE ACCOUNTS

for the year ended 31 March 2008

11. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	2008	2007
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>221,423</u>	<u>221,423</u>

12. RELATED PARTY TRANSACTIONS

During the period Tarchon Capital Services Limited received £25,000 (2007 £45,000) 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 is a corporate member of Tarchon Capital Management LLP (the 'LLP'), a limited liability partnership registered in England and Wales. 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 £3,700,000 (2007 £2,735,000) to the LLP in respect of these services. The LLP was also charged £195,000 in the year (2007 £195,000) relating to the transfer of the investment management agreements into the name of the LLP. The company was allocated profit of £nil (2007 £nil) by the LLP.

13. SHARE CAPITAL

Authorised share capital

	2008	2007
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>

14. CAPITAL REDEMPTION RESERVE

	2008	2007
	£	£
Capital redemption reserve	<u>60,000</u>	<u>60,000</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2008

15. PROFIT AND LOSS ACCOUNT

	2008 £	2007 £
Balance brought forward	1,312,240	980,395
Profit for the financial year	266,851	331,845
Balance carried forward	<u>1,579,091</u>	<u>1,312,240</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	266,851	331,845
Opening shareholders' funds	<u>1,912,240</u>	<u>1,580,395</u>
Closing shareholders' funds	<u>2,179,091</u>	<u>1,912,240</u>

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	431,550	467,005
Depreciation	110,528	102,121
(Increase)/decrease in debtors	(5,771)	105,411
Increase in creditors	298,909	77,198
Net cash inflow from operating activities	<u>835,216</u>	<u>751,735</u>

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

	2008 £	2007 £
Increase/(Decrease) in cash in the period	611,978	(30,383)
Movement in net funds in the period	<u>611,978</u>	<u>(30,383)</u>
Net funds at 1 April 2007	1,021,794	1,052,177
Net funds at 31 March 2008	<u>1,633,772</u>	<u>1,021,794</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2007 £	Cash flows £	At 31 Mar 2008 £
Net cash			
Cash in hand and at bank	1,021,794	611,978	1,633,772
Debt			
Net funds	<u>1,021,794</u>	<u>611,978</u>	<u>1,633,772</u>

NOTES TO THE ACCOUNTS
for the year ended 31 March 2008

20 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Roldan Holdings Limited, a company incorporated in the British Virgin Islands, which holds 373,680 shares

In the directors' opinion the ultimate controlling party is the Park Brook Trust, established under the law of Jersey

A Marolda has an interest under this trust