

Tarchon Capital Services Limited

Report and Financial Statements

31 March 2012



Rees Pollock
Chartered Accountants

COMPANY INFORMATION

Directors	P E Howard A Marolda A Varma
Company secretary	SLC Registrars Limited
Company number	03684651
Registered office	7th Floor 16 Berkeley Street London W1J 8DZ
Auditors	Rees Pollock Chartered Accountants & Registered Auditors 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

DIRECTORS' REPORT

For the year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the business is as a service company

Directors

The directors who served during the year were

P E Howard
A Marolda
A Varma

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political and charitable contributions

During the year the company made charitable contributions of £45,000 (2011: £26,050).

Provision of information to auditors

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

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

DIRECTORS' REPORT

For the year ended 31 March 2012

Auditors

The auditors Rees Pollock, have expressed their willingness to continue in office

Small company provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 24 July 2012 and signed on its behalf

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

A Varma
Director



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408
www.reespollock.co.uk

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

We have audited the financial statements of Tarchon Capital Services Limited for the year ended 31 March 2012, set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Directors' responsibilities statement, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report.

Jonathan Moulds (Senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory Auditor

25 July 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2012

	Note	2012 £	2011 £
TURNOVER	1,2	2,165,000	2,085,000
Administrative expenses		(2,147,864)	(2,130,398)
OPERATING PROFIT/(LOSS)	3	17,136	(45,398)
Interest receivable and similar income		7,640	7,957
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		24 776	(37,441)
Tax on profit/(loss) on ordinary activities	6	(5 837)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	18 939	(37,441)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 6 to 11 form part of these financial statements

BALANCE SHEET
As at 31 March 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Investments	8		1,146,071		1,128,724
CURRENT ASSETS					
Debtors	9	422,345		342,050	
Cash in hand		1,024,898		1,119,994	
		<u>1,447,243</u>		<u>1,462,044</u>	
CREDITORS. amounts falling due within one year	10	<u>(360,063)</u>		<u>(376,456)</u>	
NET CURRENT ASSETS			<u>1,087,180</u>		<u>1,085,588</u>
NET ASSETS			<u><u>2,233,251</u></u>		<u><u>2,214,312</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		436,320		436,320
Capital redemption reserve	14		163,680		163,680
Profit and loss account	14		<u>1,633,251</u>		<u>1,614,312</u>
SHAREHOLDERS' FUNDS	15		<u><u>2,233,251</u></u>		<u><u>2,214,312</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 July 2012



A Varma
Director

The notes on pages 6 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The directors have prepared budgets that show that the company will have sufficient resources to meet its liabilities as they fall due for a period of at least twelve months from the signing of these accounts. Consequently the directors believe that the going concern basis is appropriate and the accounts have been prepared under that assumption

1.3 Turnover

Turnover represents the company's profit share for the year from its interest in Tarchon Capital Management LLP

1.4 Tangible fixed assets and depreciation

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

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

1.5 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.6 Deferred taxation

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1 ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 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

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting)

	2012 £	2011 £
Auditors' remuneration - as auditor	8,250	8,000
Auditors' remuneration - for other services	15,420	12,200
Operating lease rentals		
- other operating leases	244,938	186,690
Difference on foreign exchange	-	(2,583)
	<u>268,608</u>	<u>284,407</u>

4 STAFF COSTS

Staff costs including directors' remuneration were as follows

	2012 £	2011 £
Wages and salaries	1,155,033	1,264,074
Social security costs	140,939	151,014
	<u>1,295,972</u>	<u>1,415,088</u>

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

	2012 No.	2011 No.
	<u>13</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

5 DIRECTORS' REMUNERATION

	2012 £	2011 £
Benefits in kind	1,969	1,981

6 TAXATION

	2012 £	2011 £
UK corporation tax charge on profit/loss for the year	5,837	-

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2011 - 28%). The differences are explained below

	2012 £	2011 £
Profit/loss on ordinary activities before tax	24,776	(37,441)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 28%)	4,955	(10,483)
Effects of:		
Expenses not deductible for tax purposes	3,504	9,841
Capital allowances for year in excess of depreciation	(2,867)	(3,436)
Short term timing difference leading to an increase (decrease) in taxation	245	4,078
Current tax charge for the year (see note above)	5,837	-

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant & machinery £	Total £
Cost			
At 1 April 2011 and 31 March 2012	472,174	142,587	614,761
Depreciation			
At 1 April 2011 and 31 March 2012	472,174	142,587	614,761
Net book value			
At 31 March 2012	-	-	-
At 31 March 2011	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

8 FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 April 2011	1,128,724
Additions	95,000
Disposals	(77,653)
	<hr/>
At 31 March 2012	1,146,071
	<hr/>
Net book value	
At 31 March 2012	1,146,071
	<hr/> <hr/>
At 31 March 2011	1,128,724
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Unlisted investments include £997,500 (2011 £997,500) invested in Tarchon Capital Management LLP of which, £842,000 (2011 £842,000) is made up of capital contributions to the LLP. This amounts to 99.5% (2011 99.5%) of the total capital contributions of the LLP. The LLP has not been treated as a subsidiary as the company has only 22.41% (2011 22.41%) of the voting rights and therefore does not exert control over the LLP.

The additions and disposals were in relation to the investment in the Tarchon Fund of Funds Segregated Portfolio Class A4 shares. Tarchon Capital Management LLP is the Investment Manager of this Fund of Funds.

9 DEBTORS

	2012 £	2011 £
VAT repayable	24,967	24,250
Other debtors	295,028	217,375
Prepayments and accrued income	102,350	100,425
	<hr/>	<hr/>
	422,345	342,050
	<hr/> <hr/>	<hr/> <hr/>

Other debtors of £217,375 (2011 £217,375) are due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

10 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	13,415	8,637
Corporation tax	5,837	-
Social security and other taxes	22,792	50,011
Other creditors	1,287	4,251
Accruals and deferred income	316,732	313,557
	<u>360,063</u>	<u>376,456</u>

11. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012 £	2011 £
Expiry date.		
Between 2 and 5 years	<u>244,938</u>	<u>244,938</u>

12 RELATED PARTY TRANSACTIONS

During the year Tarchon Capital Services Limited received £25,000 (2011 £25,000) 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 year the company recharged £1,945,000 (2011 £1,865,000) to the LLP in respect of these services. The LLP was also charged £195,000 (2011 £195,000) relating to the transfer of the investment management agreements into the name of the LLP.

During the year the company made donations totalling £45,000 (2011 £26,050) to the St Clare's Foundation, a registered charity and a related party by virtue of common control.

13 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
436,320 Ordinary shares of £1 each	<u>436,320</u>	<u>436,320</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

14 RESERVES

	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2011	163,680	1,614,312
Profit for the year		18,939
At 31 March 2012	<u>163,680</u>	<u>1,633,251</u>

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	2,214,312	2,251,753
Profit/(loss) for the year	18,939	(37,441)
Closing shareholders' funds	<u>2,233,251</u>	<u>2,214,312</u>

16 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 (2011 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