

Tarchon Capital Services Limited 3684651

Report and Financial Statements

31 March 2010



COMPANY INFORMATION

Directors	P E Howard A Marolda A Varma
Company secretary	SLC Registrars Limited
Company number	3684651
Registered office	7th Floor 16 Berkeley Street London W1J 8DZ
Auditors	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

DIRECTORS' REPORT

For the year ended 31 March 2010

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

Principal activities

The principal activity of the business is as a service company

Results

The profit for the year, after taxation, amounted to £44,947 (2009 - £150,057)

Directors

The directors who served during the year were

P E Howard
A Marolda
A Varma

Statement of directors' responsibilities

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 £26,015 (2009 £558)

DIRECTORS' REPORT

For the year ended 31 March 2010

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

Auditors

The auditors, Rees Pollock, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006, by virtue of an elective resolution passed by the members on 28 October 2003

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

This report was approved by the board on 26 July 2010 and signed on its behalf



A Varma
Director

**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 2010, set out on pages 4 to 13. 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 Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

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.


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

26 July 2010

Partners: Simon Rees FCA CTA, Johnny Mouldale FCA, Catherine Kimberlin FCA, Jonathan Munday FCA CTA, Chris Dimnuck FCA, Chris Barnett ACA CTA, Phil Vipond ACA, Rees Pollock Limited

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales

VAT Registration No 524 9426 37

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2010

	Note	2010 £	2009 £
TURNOVER	1,2	2,370,000	3,255,000
Administrative expenses		(2,305,739)	(3,081,922)
OPERATING PROFIT	3	64,261	173,078
Interest receivable		8,114	57,464
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		72,375	230,542
Tax on profit on ordinary activities	6	(27,428)	(80,485)
PROFIT FOR THE FINANCIAL YEAR	14	44,947	150,057

All amounts relate to continuing operations

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

The notes on pages 6 to 13 form part of these financial statements

BALANCE SHEET
As at 31 March 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible fixed assets	7		-		107,369
Fixed asset investments	8		994,592		884,388
			<u>994,592</u>		<u>991,757</u>
CURRENT ASSETS					
Debtors	9	336,630		365,661	
Cash in hand		1,209,571		1,354,355	
		<u>1,546,201</u>		<u>1,720,016</u>	
CREDITORS · amounts falling due within one year	10	(289,040)		(504,967)	
NET CURRENT ASSETS			<u>1,257,161</u>		<u>1,215,049</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,251,753</u>		<u>2,206,806</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		1,651,753		1,606,806
SHAREHOLDERS' FUNDS	15		<u>2,251,753</u>		<u>2,206,806</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 July 2010

The accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006



A Varma
Director

The notes on pages 6 to 13 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

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

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.

Turnover

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

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

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.

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 2010

1 ACCOUNTING POLICIES (continued)

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

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

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	107,369	110,529
Auditors' remuneration - as auditor	8,000	8,000
Auditors' remuneration - for other services	14,810	16,775
Operating lease rentals		
- other operating leases	235,861	188,211
	<u>235,861</u>	<u>188,211</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	1,143,535	1,662,416
Social security costs	131,847	195,505
	<u>1,275,382</u>	<u>1,857,921</u>

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

	2010 No.	2009 No.
	<u>14</u>	<u>17</u>

5 DIRECTORS' REMUNERATION

	2010 £	2009 £
Benefits in kind	<u>1,821</u>	<u>1,679</u>

6 TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	33,366	80,485
Adjustments in respect of prior periods	(5,938)	-
	<u>27,428</u>	<u>80,485</u>
Tax on profit on ordinary activities		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

6 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from that calculated using the standard rate of corporation tax in the UK (21%) as explained below

	2010 £	2009 £
Profit on ordinary activities before tax	72,375	230,542
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	20,265	64,552
Effects of:		
Expenses not deductible for tax purposes	(2,276)	10,458
Timing differences on fixed assets	25,768	13,093
Marginal relief	(10,391)	(7,618)
Adjustments to tax charge in respect of prior periods	(5,938)	-
Current tax charge for the year (see note above)	27,428	80,485

7 TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2009 and 31 March 2010	472,174	142,587	614,761
Depreciation			
At 1 April 2009	398,670	108,722	507,392
Charge for the year	73,504	33,865	107,369
At 31 March 2010	472,174	142,587	614,761
Net book value			
At 31 March 2010	-	-	-
At 31 March 2009	73,504	33,865	107,369

8 FIXED ASSET INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

	Unlisted investments £
Cost or valuation	
At 1 April 2009	884,388
Additions	142,500
Disposals	(35,717)
Amounts written off	3,421
	<hr/>
At 31 March 2010	994,592
	<hr/> <hr/>

Unlisted investments include £915,000 (2009 £840,000) invested in Tarchon Capital Management LLP. Of which, £841,000 (2009 £840,000) is made up of capital contributions to the LLP. This amounts to 99.4% (2009 99.3%) of the total capital contributions of the LLP. The LLP has not been treated as a subsidiary as the company has only 17.78% (2009 0%) of the voting rights and therefore does not exert control over the LLP.

The remainder of the additions, the disposal and amount written off were on 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

9 DEBTORS

	2010	2009
	£	£
VAT recoverable	17,088	20,282
Other debtors	253,092	195,129
Prepayments and accrued income	66,450	150,250
	<u>336,630</u>	<u>365,661</u>

Other debtors of £217,375 (2009 £195,129) are due after more than one year

10 CREDITORS

Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	8,541	92,317
Corporation tax	33,366	80,485
Social security and other taxes	23,956	55,951
Other creditors	4,361	8,108
Accruals and deferred income	218,816	268,106
	<u>289,040</u>	<u>504,967</u>

11 OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2010	2009
	£	£
Expiry date.		
Between 2 and 5 years	<u>244,938</u>	<u>244,938</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

12 RELATED PARTY TRANSACTIONS

During the year Tarchon Capital Services Limited received £25,000 (2009 £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 £2,150,000 (2009 £3,035,000) to the LLP in respect of these services. The LLP was also charged £195,000 (2009 £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 £25,000 (2009 £nil) to the St Clare's Foundation, a registered charity and a related party by virtue of common control.

13 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
436,320 Ordinary shares of £1 each	436,320	436,320

14 RESERVES

	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2009	163,680	1,606,806
Profit for the year		44,947
At 31 March 2010	163,680	1,651,753

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	2,206,806	2,179,091
Profit for the year	44,947	150,057
Shares redeemed/cancelled during the year	-	(122,342)
Closing shareholders' funds	2,251,753	2,206,806

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

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 (2009 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