

NORTHBRIDGE MANAGEMENT LIMITED

(Registered No: 4262439)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2007

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COMPANIES HOUSE

NORTHBRIDGE MANAGEMENT LIMITED

DIRECTORS

D J A Craig
T Chandos
B Offergelt
F A Scott

SECRETARY

A Bateman

REGISTERED OFFICE

Wath Court
Hovingham
York
YO62 4AS

BANKERS

HSBC Private Bank (UK) Limited
78 St James's Street
London
SW1A 1JB

AUDITORS

KPMG Audit Plc
1 Canada Square
Canary Wharf
London
E14 5AG

NORTHBRIDGE MANAGEMENT LIMITED

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NORTHBRIDGE MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company continued to be that of providing investment advisor services for which it has been approved by the Financial Services Authority

Business Review

On 1 February 2007 the company changed its accounting reference date to 31 December

Financial Objectives

The company is committed to delivering long term value for its shareholders through increased profits

Key Performance Indicator

	12 Months to 31 December 2007 £
Profit before tax	90,458

Review of results

For the year ended 31 December 2007, the company reported a profit before tax of £90,458 (2006 £132,812)

No dividend is proposed for the period (2006 Nil)

Financial risk management

Market risk

To address this risk Northbridge Management Limited prepares a strategic plan and a detailed annual budget against which performance is monitored

The key driver of the company's income is the funds under management. A significant downturn in the market which reduced the value of the funds under management may have a significant impact upon income and hence profits

NORTHBRIDGE MANAGEMENT LIMITED

Directors and their interests in shares and share options

The directors who served the company during the period together with their interests in the shares of the company at the beginning and end of the year, were as follows

D Craig
T Chandos
B Offergelt
F Scott

None of the directors had any beneficial interest in the shares of the company as at 31 December 2007 or at the date of this report

Interest in shares of ultimate holding company

Director	Nature of Interest	Sand Aire Investment Management Limited Ordinary shares of 1 pence fully paid		Sand Aire Investment Management Limited Ordinary shares of 1 pence partly paid *	
		31 December 2006	31 December 2007	31 December 2006	31 December 2007
F A Scott	Beneficial	972,667	972,667	1,300,000	1,300,000
	Trustee	12,003,037	11,769,888	-	-
	Trustee & Beneficial	4,265,658	4,295,838	-	-

Interest in the shares of the intermediate holding company

Director	Nature of Interest	Sand Aire Limited Ordinary shares of 1 pence	
		31 December 2006	31 December 2007
F A Scott	Beneficial	15,750	15,750
B L Offergelt	Beneficial	10,500	10,500
D Craig	Beneficial	37,833	37,833
Viscount Chandos	Beneficial	11,494	11,494

Director	Nature of Interest	Sand Aire Limited fixed dividend non-cumulative preference shares of £1 each	
		31 December 2006	31 December 2007
D Craig	Beneficial	105,002	105,002
Viscount Chandos	Beneficial	54,657	54,657

NORTHBRIDGE MANAGEMENT LIMITED

REPORT OF THE DIRECTORS (continued)

During the prior period, as a result of the acquisition of the Northbridge group of companies by Sand Aire Limited, all options were exercised

There has been no change in the above since the year end

Notes

- 1 The terms 'Beneficial' and 'Trustee & Beneficial' include family interests within the meaning of the Companies Act 1985

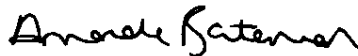
Auditors

The directors recommend that KPMG Audit Plc be reappointed as the company's auditor in accordance with section 385 of the Companies Act 1985 and a resolution for their reappointment and to authorise the directors to fix their remuneration will be proposed at the forthcoming annual general meeting

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board



A Bateman
Company Secretary
26 March 2008

NORTHBRIDGE MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND 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 UK Accounting Standards.

The financial statements 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

NORTHBRIDGE MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHBRIDGE MANAGEMENT LIMITED

We have audited the financial statements of Northbridge Management Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements 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 financial statements 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 financial statements.

In addition we report to you, 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion:

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
26 March 2008

1 Canada Square
London
E14 5AG

NORTHBRIDGE MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	12 months to 31 December 2007 £	18 months to 31 December 2006
Turnover		1,148,189	1,178,332
Administrative expenses		(1,077,240)	(1,051,664)
Operating profit	2	70,949	126,668
Interest receivable and similar income	6	21,109	8,551
Interest payable and similar charges	7	(1,600)	(2,407)
Profit on ordinary activities before taxation		90,458	132,812
Tax on profit on ordinary activities	8	(27,990)	(21,529)
Profit on ordinary activities after taxation	13	62,468	111,283

The company has no recognised gains and losses other than the gain above and, therefore, no separate statement of total recognised gains and losses has been presented

There is no difference between the profits on ordinary activities before taxation and their historical cost equivalents

All results are derived from continuing activities

The notes on pages 8 to 12 form an integral part of the financial statements

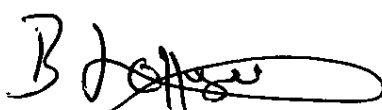
NORTHBRIDGE MANAGEMENT LIMITED

BALANCE SHEET 31 DECEMBER 2007

	Notes	2007 £	2006 £
Current Assets			
Debtors	9	107,157	292,154
Cash at bank and in hand		<u>278,848</u>	<u>111,117</u>
		386,005	403,271
Creditors: Amounts falling due within one year	10	(116,247)	(195,981)
Net current assets		<u>269,758</u>	<u>207,290</u>
Creditors: Amounts falling due after more than one year	11	(20,000)	(20,000)
Net assets		<u>249,758</u>	<u>187,290</u>
 Capital and reserves			
Called up share capital	12	35,000	35,000
Profit and loss account	13	<u>214,758</u>	<u>152,290</u>
Equity shareholders' funds	14	<u>249,758</u>	<u>187,290</u>

The notes on pages 8 to 12 form an integral part of the financial statements

The financial statements were approved by the Board on 26 March 2008 and signed on its behalf by


 B Offergelt
 Director

NORTHBRIDGE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with the provisions of Schedule 4 of the Companies Act 1985 and with applicable accounting standards

The accounts have been prepared under the historical cost convention

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

(b) Deferred taxation

The company has prepared these financial statements adopting the requirements of Financial Reporting Standard 19. The Standard requires the company to make a full provision where timing differences have originated, but not reversed by the balance sheet date, where transactions or events result in an obligation to pay more tax in the future or a right to pay less tax in the future

(c) Turnover

Turnover represents management fees, recognised on an accruals basis, and performance fees, recognised when they become payable

(d) Expenses

Expenses are recognised on an accruals basis

(e) Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account

NORTHBRIDGE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Operating profit

Operating profit is stated after	2007	2006
	£	£
Fees for the audit of the company	<u>17,918</u>	<u>17,773</u>

Fees paid to the company's auditor KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in Northbridge UK Limited's accounts since the consolidated accounts of Northbridge UK Limited's ultimate parent, Sand Aire Investment Management Limited, are required to disclose non-audit fees on a consolidated basis

3 Directors' emoluments

	2007	2006
	£	
Amounts payable to third parties for directors services	<u>75,000</u>	<u>112,500</u>

All directors are employed by other group companies who pay all directors remuneration
The proportion of the total remuneration in this company is recharged through the monthly management fee

4 Employee information

	2007	2006
	£	£
The average monthly number of persons (including executive directors) employed by the company during the year/period was		
Directors	<u>-</u>	<u>-</u>

5 Pension scheme

The company does not operate an employee pension scheme

6 Interest receivable and similar income

	2007	2006
	£	£
Bank interest	<u>21,109</u>	<u>8,551</u>

7 Interest payable and similar charges

	2007	2006
	£	£
Loan interest payable to group companies	<u>1,600</u>	<u>2,407</u>

NORTHBRIDGE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Taxation

(a) Analysis of charge in period

	2007	2006
	£	£
The taxation charge comprises		
Corporation tax at 19%	27,990	21,529
	<u>27,990</u>	<u>21,529</u>

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>90,458</u>	<u>132,812</u>
Tax on profit on ordinary activities 30% (2006 19%)	27,137	25,234
Effects of:		
Utilisation of brought forward tax losses	-	(3,705)
Small companies relief	(4,387)	-
Adjustment to tax charge in respect of previous periods	5,240	-
Current tax charge for the year/period	<u>27,990</u>	<u>21,529</u>

Factors that may affect future tax charges:

No asset has been recognised for deferred tax on the trade losses and the surplus non-trade debits carried forward to the next accounting period. Such tax would become recoverable only if the company generates suitable taxable profits in future accounting periods. The total amount of such a deferred asset not recognised is £nil (2006 £nil).

NORTHBRIDGE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Debtors

	2007	2006
	£	£
Trade debtors	4,717	43,062
Prepayments and accrued income	102,440	249,092
	<u>107,157</u>	<u>292,154</u>

10 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	2,467	-
Amounts owed to group undertakings	-	111,107
Corporation tax	22,750	21,529
Other taxation and social security	2,113	2,739
Other creditors	59,659	31,553
Accruals and deferred income	29,258	29,053
	<u>116,247</u>	<u>195,981</u>

11 Creditors: amounts due after more than one year

	2007	2006
	£	£
Amounts owed to group undertakings loan	<u>20,000</u>	<u>20,000</u>

Analysis of loan:

The loan amount represents a long term subordinated loan of £20,000 from Northbridge UK Limited repayable no earlier than 5 years from the date the company gives notice to repay. Interest is charged at 8% per annum.

12 Share capital

	2007	2006
	£	£
Authorised 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 35,000 ordinary shares of £1 each	<u>35,000</u>	<u>35,000</u>

13 Profit and loss reserve

	2007	2006
	£	£
Brought forward	152,290	41,007
Profit for the financial year/period	62,468	111,283
Carried forward	<u>214,758</u>	<u>152,290</u>

NORTHBRIDGE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the year/period	62,468	111,283
Net addition to shareholders' funds	<u>62,468</u>	<u>111,283</u>
Shareholders' funds at beginning of year/period	187,290	76,007
Shareholders' funds at end of year/period	<u>249,758</u>	<u>187,290</u>

15 Related party transactions

At the year end the company has a subordinated loan from Northbridge UK Limited of £20,000 on which interest is payable at 8% per annum. Northbridge UK Limited owns 100% of the issued ordinary shares of Northbridge Management Limited.

At the year end an amount of £20,000 (2006 £20,000) was outstanding and is included in creditors amounts falling due after more than one year (2006 £20,000 in creditors amounts falling due after more than one year). Interest charged on the loan during the period amounted to £1,600 (2006 £2,407). Loan interest outstanding at the year end £nil (2006 £1,600).

During the period the company received management services from Northbridge UK Limited based upon a monthly management fee of £21,500. The total value invoiced in the period amounted to £462,173 (2006 £405,615), at the year end there was no outstanding balance. In addition, during the period the company made discretionary payments to Northbridge UK Limited amounting to £174,698 (2006 £373,516). At the year end £nil (2006 £41,569) of this total was outstanding and included in creditors.

The company paid £282,239 (2006 £114,262) to Sand Aire Limited with respect to services provided and £119,625 (2006 £67,938) in respect of performance fees. At the year end £nil (2006 £67,938) of this total was outstanding and included in creditors.

16 Ultimate and immediate parent companies

The ultimate holding company is Sand Aire Investment Management Limited, a company incorporated in England and Wales. Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The immediate holding company is Northbridge UK Limited, a company incorporated in England and Wales. Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.