

Georgica Limited  
Annual report and financial statements  
for the 52 week period ended 1st January 2012

Company registration number 04039562



## Directors, secretary and advisers

<b>Directors</b>	Richard Darwin Nick Basing
<b>Company secretary</b>	Richard Darwin
<b>Registered office</b>	3 <sup>rd</sup> Floor, 2-4 St Georges Road, Wimbledon, London, SW19 4DP Tel 020 879 39 32
<b>Solicitors</b>	Herbert Smith LLP, Exchange House, Primrose Street, London, EC2A 2HS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors 1, Embankment Place, London, WC2N 6RH
<b>Company registration number</b>	04039562
<b>Country of registration</b>	England and Wales

## Directors' report

The directors present their annual report on the affairs of the company, together with the audited financial statements for the 52 week period ended 1st January 2012

### Business review and future developments

#### Principal activity

Georgica is the holding company for Georgica holdings and the tenpin bowling operations of Tenpin Limited

#### Operating performance

Until May 2009 Georgica was the AIM listed holding company of the Georgica group, and incurred all head office overheads, employed the central management team and leased the group's head office

Essenden was established as the owner of 100% of the issued share capital of Georgica by means of a scheme of arrangement under Part 26 of the Companies Act 2006. Essenden issued five ordinary shares and one Essenden loan note to each Georgica ordinary shareholder on 22nd May 2009 as consideration for five Georgica shares. Immediately following this exchange, the newly issued Essenden shares were consolidated on a five-for-one basis. Since May 2009 the majority of central overheads have been incurred by Essenden, and all former employees of Georgica are now employed by Essenden. Until April 2010 Georgica continued to lease the group's head office and incurred all of the related property costs.

The Georgica operating profit/(loss) improved by £22m from a loss of £21.8m in the 53 weeks to 2<sup>nd</sup> January 2011 to a profit of £0.2m in the 52 weeks to 1st January 2012. This was due to no further impairment of the investments in Tenpin Limited and Georgica Holdings Limited which made up the bulk of the loss last year, the release of the onerous lease provision of £0.2m for the Luton property which was surrendered to the landlord and the recharge of £0.1m as a management charge to Essenden Plc.

#### Net interest, financial instruments and bank charges

The net interest charge increased by £0.3m from £0.2m receivable in the 53 weeks to 2<sup>nd</sup> January 2011 to £0.1m payable in the 52 weeks to 1st January 2012. The increase is due to a reduction in intercompany interest receivable of £0.2m and an increase in intercompany interest payable of £0.1m.

#### Principal risks and uncertainties

The principal risks and uncertainties which have been identified by management as facing Georgica are that the continued availability of the Essenden group's senior debt finance is dependent on continued covenant compliance, and that the company's future performance depends on the continued contribution of key management. Additional risks and uncertainties which are not currently known or are deemed immaterial may also have a material impact on the company.

#### Results and dividends

The results for the 52 week period ended 1st January 2012 are set out in the income statement. The profit after taxation for the period was £0.4m (2010: loss after taxation of £21.8m).

A dividend of £nil (2010: £3.0m) was paid during the period to Essenden PLC.

## Continued

The directors of Georgica during the period were as follows

Nick Basing Appointed 30<sup>th</sup> July 2010

### Purchase of own shares

No shares were purchased during the period

The company has no fair value interest rate risk. Cash flow interest rate risk derives from the company's floating rate financial liabilities, being its bank overdraft facilities, which are linked to LIBOR plus a margin of 4.0%.

The company does not follow any code or standard on payment practice. The company has no trade payables.

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled efforts are made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should as far as possible be identical with that of other employees.

The company attaches importance to good communications and relations with employees. Information that is or may be relevant to employees in the performance of their duties is circulated to them on a regular basis, or immediately if it requires their immediate attention. There is regular consultation with employees through meetings or other lines of communication, so that their views are known and can be taken into account in making decisions on matters that will or may affect them.

Employee participation in the group's performance was encouraged through the Georgica Share Incentive Plan and there is regular communication with all employees on the performance of their central function and on the financial and economic factors affecting the overall performance of the company and group

PricewaterhouseCoopers LLP are the auditors of Georgica Limited

For each of the persons who were directors at the time this report was prepared, the following applies

- (i) so far as the directors are aware, there is no relevant audit information (i.e. information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- (ii) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

## Directors' report

Continued

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

### 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

3<sup>rd</sup> Floor,  
2-4 St Georges Road  
Wimbledon  
London  
SW19 4DP

By order of the board,



11th September 2012

Richard Darwin – Company secretary

## Independent auditors' report to the members of Georgica Limited

We have audited the financial statements of Georgica Limited for the 52 week period ended 1 January 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flow, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### 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 annual 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 1 January 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
11th September 2012

## Income statement

for the 52 week period ended 1st January 2012

	Notes	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
<b>Continuing operations</b>			
Revenue	1	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses			
Impairment		-	(19,050)
Other administrative income\expenses		245	(2,755)
Operating profit/(loss)		245	(21,805)
Finance costs	2	(205)	(117)
Finance income	3	134	293
Profit/(loss) before taxation	4	174	(21,629)
Taxation	5	205	(208)
Profit/(loss) for the financial period		379	(21,837)

## Statement of comprehensive income

for the 52 week period ended 1st January 2012

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Profit/(loss) for the financial period	379	(21,837)
Other comprehensive income, net of tax	-	-
Dividends	-	(3,000)
Total comprehensive income\loss for the financial period	379	(24,837)

**Balance sheet**  
as at 1st January 2012

	Note	1st January 2012 £000	2nd January 2011 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	12,750	12,750
Property, plant and equipment	8	-	-
Deferred tax	15	205	-
		<b>12,955</b>	<b>12,750</b>
<b>Current assets</b>			
Trade and other receivables	9	2,832	2,599
Cash and cash equivalents	10	5	147
		<b>2,837</b>	<b>2,746</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(2,619)	(2,438)
Provisions	14	-	(49)
		<b>(2,619)</b>	<b>(2,487)</b>
<b>Net current assets</b>		<b>218</b>	<b>259</b>
<b>Non-current liabilities</b>			
Provisions	14	-	(215)
		-	(215)
<b>Net assets</b>		<b>13,173</b>	<b>12,794</b>
<b>Equity</b>			
Share capital	11	5,356	5,356
Share premium		27,602	27,602
Other reserves		189	189
Retained earnings		(19,974)	(20,353)
<b>Total equity</b>		<b>13,173</b>	<b>12,794</b>

The financial statements on pages 6 to 21 were authorised for issue by the board of directors and authorised for issue on 11th September 2012 and were signed on its behalf by



Richard Darwin  
Company registration number 04039562



## Cash flow statement

for the 52 week period ended 1st January 2012

	Notes	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
<b>Cash flows used in operating activities</b>			
Cash used in operations	12	(54)	(281)
Interest received		-	-
Interest paid		(84)	(89)
<b>Net cash used in operating activities</b>		<b>(138)</b>	<b>(370)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	(5)
Dividends from subsidiaries		-	-
<b>Net cash from/(used in) investing activities</b>		<b>-</b>	<b>(5)</b>
<b>Cash flows from financing activities</b>			
Receipts from borrowings		-	201
Borrowings from subsidiaries, net		(4)	-
<b>Net cash (used in)/from financing activities</b>		<b>(4)</b>	<b>201</b>
<b>Net decrease in cash, cash equivalents and bank overdrafts</b>		<b>(142)</b>	<b>(174)</b>
Cash, cash equivalents and bank overdrafts – beginning of period		147	321
<b>Cash, cash equivalents and bank overdrafts – end of period</b>	<b>10</b>	<b>5</b>	<b>147</b>

Statement of changes in equity  
for the 52 week period ended 1st January 2012

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
<b>Balance at 27th December 2009</b>	5,356	27,602	189	4,484	37,631
Total comprehensive loss for the period	-	-	-	(24,837)	(24,837)
<b>Balance at 2nd January 2011</b>	5,356	27,602	189	(20,353)	12,794
Total comprehensive income for the period	-	-	-	379	379
<b>Balance at 1st January 2012</b>	5,356	27,602	189	(19,974)	13,173

The company's other reserves at 1<sup>st</sup> January 2012 comprise a share premium account of £27,602,000, a special capital reserve of £49,000 and a capital redemption reserve of £140,000. None of these reserves is distributable.

## Statement of accounting policies

Continued

### General information

Georgica Limited ("Georgica" or the "company") is a company incorporated and domiciled in the United Kingdom. The address of the registered office is 3<sup>rd</sup> Floor, 2-4 St Georges Road, Wimbledon, London, SW19 4DP.

### Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS is subject to an ongoing process of review and endorsement by the European Commission and amendment and interpretation by the International Accounting Standards Board.

### Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments to fair value through the income statement. The comparative financial information is for Georgica for the 53 week period to 2nd January 2011 and has been extracted from the financial statements of Georgica for that period, on which the auditors gave an unqualified opinion, and which have been filed with the Registrar of Companies. As the company is a wholly owned subsidiary of Essenden PLC ("Essenden"), which prepares consolidated financial statements under IFRS which include the company and all of its subsidiaries, the company is exempt from the requirement to prepare consolidated financial statements in accordance with IAS 27.

### Changes in accounting policy and disclosures

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ended 1st January 2012 but are not currently deemed relevant: IAS 39, 'Financial Instruments: Recognition and measurement for eligible hedged items', IAS 32, 'Financial Instruments: Presentation on classification of rights issues', IFRIC 19 'Extinguishing financial liabilities with equity instruments', IAS 24 (Revised) 'Related party disclosures', IFRIC 14 'Prepayments of minimum funding requirement'.

The following new standards, amendments to standards or interpretations have been issued but are not effective for the financial year ended 1st January 2012 and have not been early adopted: IFRS 9 'Financial instruments'.

### Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates, and requires management to exercise judgment in the process of applying the company's accounting policies. Accounting estimates are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily available from other sources.

The principal balance sheet accounts affected by judgment are investments (affected by impairment assessments), tangible fixed assets (affected by impairment assessments and estimates of useful life and residual value), financial assets (affected by valuation assumptions), other non-current liabilities (affected by the assumptions used to value share based payments), onerous lease provisions and deferred tax. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

## Statement of accounting policies

Continued

### Functional currency

The financial information in this report is presented in sterling, the functional currency of the company, rounded to the nearest thousand

### Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated so as to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful economic life. The principal annual rates used for this purpose are as follows

Short leasehold premises	Their estimated useful lives
Fixtures, fittings and equipment	Between 3 and 20 years

Assets in the course of construction are not depreciated until they are brought into use. Residual value is calculated based upon prices prevailing at the date of acquisition, and is reassessed annually

### Impairment of assets

At each reporting date, all assets are considered for evidence of impairment. If there is an indication of impairment, the company carries out an impairment test by measuring the asset's recoverable amount, which is the higher of the fair value less costs to sell and the value in use. If this recoverable amount is below the carrying value, an impairment loss is recognised in the income statement and the asset is written down to the recoverable amount. Impairment losses are charged to the income statement in the period in which they are identified.

### Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Property disposals

Disposals of properties and any resultant gain or loss on disposal are recognised in the income statement once all conditions of the sale contract become unconditional.

### Investments

Fixed asset investments are stated at cost less any provision for impairment in value.

### Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

### Financial assets

The company classifies its financial assets as either at fair value through profit and loss (all of which were designated as such upon recognition) or as loans and receivables. There are no financial assets held as available for sale.

## Statement of accounting policies

### Continued

Financial assets at fair value through profit and loss financial assets held for interest rate management are classified in this category – the company uses two forms of derivative financial instrument to reduce exposure to interest rate increases, interest rate caps and interest rate swaps. These derivatives are initially recognised at fair value on the date the contract is entered into, and are subsequently recognised at fair value re-measured as at each reporting date. The gain or loss on re-measurement to fair value is recognised in finance costs in the income statement.

Loans and receivables non-derivative financial assets with fixed or determinable payments – loans and receivables are classified as “trade and other receivables” in the balance sheet.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### Trade and other payables

Trade and other payables are stated at cost.

### Leases

Costs incurred in respect of operating leases are charged to the income statement on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

### Cash settled share based payments

The company operated a long-term cash settled incentive plan linked to growth in shareholder value. It consisted of a number of tranches of options, linked to the performance of the company’s shares, granted to executive directors and senior employees. The options were accounted for at valuation, using the Binomial Model and taking into account relevant factors such as share price volatility, share price growth hurdles, lapse rates and dividend expectations. The fair value of each tranche of options over performance shares made under the plan was recognised in the income statement over the period from the effective date of grant to the vesting date for that tranche. Operating profit for the period was reduced by the cost of options allocated to that period, based on the valuation as at the period end, together with any adjustment to charges recorded in earlier periods due to revisions in the valuation in the period, which principally arose from changes in Georgica’s share price. The incentive plan was terminated during 2009 for no liability.

### Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as the result of a past event and it is both probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Where the company expects to be reimbursed for an outflow of resources associated with a provision, for example under an insurance contract, the expected reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are calculated by

## Statement of accounting policies

### Continued

discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the unwinding of the discount over time is charged to finance costs in the income statement.

### Onerous lease commitments

Provisions are recognised for the present value of onerous leases and vacant properties, calculated as the expected net cash out flows over the remaining life of the lease, discounted at a rate which approximates the Essenden group's weighted average cost of capital. Notional interest is charged in respect of the unwinding of the discount.

### Debt issue costs

Issue costs of debt are recognised in the income statement on a systematic basis over the term of the debt.

### Tax

The tax charge comprises current tax payable and deferred tax. The current tax charge represents an estimate of the tax payable in respect of the group's taxable profits and is based on an interpretation of existing tax laws.

As required by IAS 12 (revised), the group provides deferred income tax using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying values at the balance sheet date. Deferred income tax assets and liabilities so recognised are determined using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax balances are not discounted. Deferred tax is not recognised in respect of the initial recognition of an asset or liability acquired in a transaction which is not a business combination and at the time of the transaction does not affect accounting or taxable profits. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment). The company wholly operates within the United Kingdom.

### Dividends

Dividends receivable are recognised when the right to receive the dividend is established, which is generally when the dividend is received.

## Notes to the financial statements

Continued

### 1 Segment reporting

The company has only one segment, as all of its activity relates to the central management of the group comprising payroll, property and support service costs. All of the group's activities are located in the UK.

### 2 Finance costs

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Bank loans and overdrafts	79	77
Inter-company loans	121	35
Amortisation of deferred financing costs	-	-
Notional interest on unwinding of discount on provisions (see note 14)	1	4
Other	4	1
Interest payable and similar charges	205	117

### 3 Finance income

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Interest income on bank deposits	-	-
Inter-company receivable	134	293
Financial instruments	-	-
Interest receivable	134	293

### 4 Profit/(loss) before taxation

The following items have been included in arriving at loss before taxation

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Depreciation of property, plant and equipment	-	29
Impairment of investments	-	19,050
Onerous lease provisions	(264)	-
Bad debts provision	-	2684
Operating lease rentals payable - property	-	97
Auditors' remuneration	-	-

The company's audit fees in 2010 and 2011 were borne by a fellow group company.

### 5 Taxation

Recognised in the income statement

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Deferred tax	-	-
Origination and reversal of temporary differences	205	(208)
Tax credit/(charge) in income statement	205	(208)

## Notes to the financial statements

Continued

The tax on the company's loss before tax differs (2011 differs) from the theoretical amount that would arise using the standard rate of tax in the UK of 26% (2010 28%) The differences are explained below

	52 weeks to 1st January 2012	53 weeks to 2nd January 2011
	£000	£000
Profit/(loss) before tax	174	(21,629)
Tax using the UK corporation tax rate of 26% (2010 28%)	(45)	6,056
(Expense) not deductible for tax purposes	-	(6,027)
Effect of tax allowances	250	(237)
Tax credit/(charge) in income statement	205	(208)

The tax effect of the carry forward capital allowances have been recognised as it is expected that there will be future group taxable profits available against which these tax allowances can be group relieved

### 6 Share-based payments

In 2001, the company established the Georgica Executive Participation Plan under which share based payment options were granted to key management personnel and senior employees Participants received an option over a number of performance shares The performance share was a unit of measurement for the purposes of calculating rewards under the plan and was equivalent in value to one ordinary share in the company The option over performance shares enabled the participant to realise a cash sum (or, at the discretion of the directors, a number of ordinary shares) subject to the satisfaction of performance criteria and continuing employment All of the remaining options lapsed or were terminated during the 52 week period ended 27th December 2009 in connection with the Essenden reconstruction

#### Essenden share scheme incentive.-

In May 2010, 125 redeemable shares were issued by Georgica Limited as part of the Essenden share incentive scheme In December 2010 a further 75 redeemable shares were issued Under Articles this is the total allowable issue of redeemable shares

A share incentive scheme exists with a total of 200 redeemable shares having been issued to the two Executives on the Essenden Board and other senior executives of Tenpin Limited by Georgica Limited This scheme replaces the share price bonus previously in the Essenden Executives' service agreements The redeemable shares entitle participants to redeem them for cash for 1/1000 (per redeemable share) of the "Redemption Value" (described below) For example, 10 redeemable shares are redeemable for cash equal in value to 10/1000 (1%) of the Redemption Value At the time that they subscribed for the redeemable shares each participant granted Essenden a call option ("Call Option"), which will enable Essenden to call for the redeemable shares in return for the issue or transfer of Essenden ordinary shares (or a cash payment from Essenden), instead of the redeemable shares being redeemed by Georgica for cash Essenden in turn granted to each participant a put option ("Put Option"), which will enable each participant to require Essenden to purchase the redeemable shares in return for the issue or transfer of Essenden ordinary shares (but not a cash payment from Essenden), instead of the redeemable shares being redeemed by Georgica for cash

The Redemption Value is calculated by reference to the future share price performance of Essenden The Opening Price for the share price incentive is 38.8p being the average price for the 30 days after the announcement of the appointment of the new CEO This Opening Price has an annual hurdle of 12% applied to it The earliest that the incentive can be redeemed is 3 years from the commencement date of 16<sup>th</sup> October 2009 (except in certain specified circumstances such as on a takeover of Essenden) and it falls away if it has not been earned by 7 years from the



## Notes to the financial statements

Continued

commencement date Upon redemption any Essenden shares issued have to be held by participants for a period of 2 years The total value of the incentive that could be paid and converted into Essenden shares is 20% of the gain in the share price (after the Opening Price is adjusted for the annual hurdle of 12%) multiplied by the number of shares in existence at the exercise date The arrangement takes account of additional shares issued by applying an Opening Price (also adjusted for the annual hurdle of 12%) for these additional shares which is the share price on the date of issuance

### 7 Investments

	Subsidiaries shares £000
At 27th December 2009	31,800
Impairments	(19,050)
At 2 <sup>nd</sup> January 2011	12,750
Impairments	-
At 1st January 2012	12,750

The investment in Georgica Holdings Limited was written down by £nil (£6.2m 2010) to nil and the investment in Tenpin Limited written down by £nil (£12.8m 2010) to £12.7m

#### Principal investments

The company has investments in the following subsidiary undertakings Details of investments which are not significant have been omitted

	Country of registration	Country of incorporation and operation	Principal activity	Percentage of ordinary shares held
<b>Companies owned directly by Georgica Limited</b>				
Georgica Holdings Limited	England & Wales	Great Britain	Holding Company	100%
Tenpin Limited	England & Wales	Great Britain	Bowling	100%
Georgica Share Incentive Plan Limited	England & Wales	Great Britain	Share Incentive Plan	100%
<b>Companies owned indirectly by Georgica Limited</b>				
Georgica (Lewisham) Limited *	England & Wales	Great Britain	Non trading	100%
GNU 5 Limited *	England & Wales	Great Britain	Dormant	100%
Tenpin (Sunderland) Limited **	England & Wales	Great Britain	Bowling	100%
Tenpin (Halifax) Limited **	England & Wales	Great Britain	Non trading	100%
Tenpin (Widnes) Limited **	England & Wales	Great Britain	Non trading	100%

\* These companies are all directly held subsidiaries of Georgica Holdings Limited

\*\* These companies are all directly held subsidiaries of Tenpin Limited

## Notes to the financial statements

Continued

### 8 Property, plant and equipment

Group	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>		
At 27th December 2009	953	953
Additions	5	5
At 2nd January 2011	958	958
Additions	-	-
Disposals	-	-
<b>At 1st January 2012</b>	<b>958</b>	<b>958</b>
<b>Depreciation and impairment</b>		
At 27th December 2009	929	929
Charge for the period	29	29
At 2nd January 2011	958	958
Charge for the period	-	-
<b>At 1st January 2012</b>	<b>958</b>	<b>958</b>
<b>Net book value</b>		
<b>At 1st January 2012</b>		
<b>At 2nd January 2011</b>		
<b>At 27th December 2009</b>	<b>24</b>	<b>24</b>

### 9 Trade and other receivables

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Amounts owed by Essenden group undertakings	2,828	2,594
Other receivables	2	1
Prepayments and accrued income	2	4
	<b>2,832</b>	<b>2,599</b>

Amounts owed by Essenden group undertakings were loaned at the group's average borrowing rate, being commercial loans repayable on demand. All trade and other receivables are due within 12 months. 50% of the Tenpin Limited loan of £5,368,576 had been provided for as at 2<sup>nd</sup> January 2011. Georgica Limited agreed to release, as part of the Tenpin CVA proposal dated 4<sup>th</sup> August 2011, 50% of the intercompany debt outstanding as at the date of the proposal. Repayment of the remaining balance will be deferred for a period of 36 months and thereafter will be repayable in 36 monthly instalments.

### 10 Cash and cash equivalents

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Cash and cash equivalents	5	147

## Notes to the financial statements

Continued

### 11 Share capital

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
Authorised share capital		
130,000,000(2010 130,000,000) ordinary shares of 5p each	6,500	6,500
200 (2010 200) redeemable shares of £1 each	-	-
	6,500	6,500
Allotted, called up and fully paid share capital		
107,125,000 (2010 107,125,000) ordinary shares of 5p each	5,356	5,356
200 (2010 200) redeemable ordinary shares of £1 each	-	-
	5,356	5,356

The movements on issued share capital in the financial period were as follows

	Number of shares	Value of shares £000
Share capital at 2 <sup>nd</sup> January 2011	107,125,200	5,356
Issuance of redeemable shares at £1 each	-	-
Share capital at 1st January 2012	107,125,200	5,356

In May 2010, 125 redeemable shares were issued by Georgica Limited as part of the Essenden share incentive scheme. In December 2010 a further 75 redeemable shares were issued. Under Articles this is the total allowable issue of redeemable shares.

### 12 Cash used in operations

	52 weeks to 1st January 2012 £000	53 weeks to 2nd January 2011 £000
<b>Cash flows from operating activities</b>		
<b>Profit/(loss) for the financial period</b>	<b>379</b>	<b>(21,837)</b>
Adjustments for		
Tax	(205)	208
Interest income	(134)	-
Interest expense and finance charges	205	(177)
Impairment of investments	-	19,050
Depreciation	-	29
Changes in working capital		
Decrease in trade and other receivables	1	2,864
Decrease in payables	(36)	(128)
Decrease in provisions	(264)	(290)
<b>Cash used in operations</b>	<b>(54)</b>	<b>(281)</b>

## Notes to the financial statements

Continued

### 13 Trade and other payables

	1st January 2012 £000	2 <sup>nd</sup> January 2011 £000
Amounts due to group undertakings	2,618	2,400
Accruals	1	38
	<b>2,619</b>	<b>2,438</b>

Amounts due to group undertakings are loaned at the group's average borrowing rate, being commercial loans repayable on demand

### 14 Provisions

Onerous lease provisions	£000
At 27th December 2009	551
Provided in the period	-
Utilised in the period	(291)
Notional interest on unwinding of discount	4
At 2nd January 2011 - current	49
At 2nd January 2011 - non-current	215
Provided in the period	-
Utilised in the period	(265)
Notional interest on unwinding of discount	1
At 1st January 2012	-

The provision for onerous contracts comprised the provision for the onerous element of the lease of a Rileys club in Luton which was surrendered by the company in 2011 and the provision subsequently released

### 15 Deferred tax

Deferred tax assets are attributable to the following

	Assets	
	1st January 2012 £000	2 <sup>nd</sup> January 2011 £000
Property, plant and equipment	205	-
Total	<b>205</b>	<b>-</b>

The deferred tax asset represents a capital allowance pool in excess of the net book value of property, plant and equipment. The tax effect of the carry forward capital allowances have been recognised as it is expected that there will be future group taxable profits available against which these tax allowances can be group relieved.

## Notes to the financial statements

Continued

Movement in deferred tax during the 52 week period ended 1st January 2012

	2nd January 2011 £000	Recognised in income statement £000	Recognised in equity £000	1st January 2012 £000
Property, plant and equipment	-	205	-	205
Total	-	205	-	205

The company is estimated to have carry-forward tax losses of £9.2m. However, no deferred tax asset is recognised in respect of these losses as it is not probable that future taxable profits will be available against which these temporary differences can be utilised. The potential deferred tax asset of £2.4m on these losses is the only unprovided deferred tax.

### 16 Financial instruments

The company's principal financial instruments comprise cash and short-term deposits and are held in sterling. The company has various other financial instruments such as receivables and payables that arise directly from its activities. All the company's financial instruments are denominated in £ sterling. The carrying value of all the company's financial instruments approximates fair value and they are classified as bank balances, payables and receivables.

#### Financial risk management.

##### Cash flow and fair value interest rate risk

The Essenden group borrows in sterling at floating rates of interest. The interest rate profile of the company's financial liabilities was as follows:

Interest rate risk profile of financial liabilities	1st January 2012 £000	2nd January 2011 £000
Floating rate financial liabilities	-	-
Financial liabilities on which no interest is paid	-	264
	-	264

Cash flow interest rate risk derives from the company's floating rate financial liabilities, being its overdraft facilities, which are linked to LIBOR plus a margin of 4.0%.

##### Credit risk

The company is exposed to minimal credit risk.

##### Liquidity risk

The company's cash position and cash flow forecasts are reviewed by management on a daily basis.

##### Currency risk

The company has no material exposure to currency risk.

### 17 Capital commitments

The company had no capital commitments which were contracted for but not provided for at 1st January 2012 or at 2nd January 2011.

## Notes to the financial statements

Continued

### 18 Related party transactions

During 2011 Georgica received intercompany funding payments of £nil (2010 £0 1m) from Essenden PLC and accrued £0 1m of interest payable on the loan with Essenden Plc. Interest receivable of £0 1m (2010 £0 3m) was accrued on the intercompany debt with Tenpin Limited and £2,684k waived of the debt with Tenpin Limited. Georgica made intercompany funding payments of £nil (2010 £0 2m) to Georgica Holdings Limited.

As at the 1st January 2012, Georgica owed £0 4m (2010 £0 4m) to Georgica Holdings Limited and £2 2m (2010 £2 0m) to Essenden and Georgica was owed £2 8m (2010 £2 6m) by Tenpin Limited.

Georgica Limited is an obligor to the Essenden Group bank facilities with Royal Bank of Scotland and acts as a guarantor to a number of leases of which Tenpin Limited is the tenant.

Since May 2009 the parent company and controlling party is Essenden PLC, a company incorporated in England and Wales.