SKI LEASING UK NO 1 LIMITED

Company Number: 4616878

DIRECTORS REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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For the year ended 31 December 2012

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SKI LEASING UK NO 1 LIMITED
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DIRECTORS' REPORT
For the year ended 31 December 2012

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Ski Leasing UK No 1 Limited is that of a holding company The principal activity of the group is the leasing of hypermarkets

The directors consider that the performance of the company has been in line with expectations for the current period

The company's principal subsidiary, Joparny, S L , is engaged in the finance leasing of hypermarket properties in Spain to a particular retail chain The original acquisition of the hypermarkets on 19 December 2002 was funded by a ten year bank facility from a syndicate of banks in Spain The facility expired on 31 December 2012 The company has net liabilities, has recorded net losses after interest and other finance charges in the current and preceding years, and has net cash outflows after financing

Since 31 December 2012 Joparny has been operating under a succession of facility standstill agreements with its lenders and at the date of preparation of these financial statements the Directors are in ongoing negotiations to renew the expired syndicated bank facility A Terms Sheet has been agreed with the banking syndicate and was signed in June 2013 but the final documentation has not yet been executed The Directors have prepared trading and cash flow forecasts for a period in excess of 12 months from the date of approval of these financial statements and project that the group will be able to operate within the facilities that have been agreed The forecasts make assumptions in respect of the future trading conditions not being significantly worse than achieved in the first half of the 2013 financial year as well as finalising the replacement facility on the basis of the agreed terms However, there can be no certainty as to the replacement facility or future trading results

There have been no events since the balance sheet date which materially affect the position of the company

RESULTS

The results for the period ended 31 December 2012 are shown in the audited financial statements set out on pages 6 to 17

The directors do not recommend the payment of a dividend for the current period

CHARITABLE DONATIONS

The company made no charitable donations (2011 Nil) during the year No political donations were made nor any political expenditure incurred during the year (2011 Nil)

DIRECTORS

The Directors, who held office during the year, were as follows

P D Rivlin
K.S Davidson

PAYMENT OF CREDITORS

It is the company's aim to pay all creditors within 30 days of receipt of invoice

DIRECTORS' REPORT
For the year ended 31 December 2012

STATEMENTS AS TO 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 or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of its business KPMG LLP will be appointed for the 2013 year end

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

By Order of the Board dated 30th September 2013

Paul Rivlin
Director

Registered office

76 New Cavendish Street
London
W1G 9TB

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKI LEASING UK NO. 1 LIMITED

We have audited the financial statements of Ski Leasing UK No 1 Limited for the year ended 31 December 2012 set out on pages 6 to 17 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the company's ability to continue as a going concern The Directors are in the process of negotiating a renewal of the existing bank facility, expiring at 31 December 2012, provided by a syndicate of banks in Spain, the bank facility funds the group's finance lease receivables from the leasing of hypermarket properties to a Spanish retailer, the group is currently loss making and has net liabilities These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the group's and the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Opinion on other matters 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKI LEASING UK NO. 1 LIMITED
(continued)

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

Jatin Patel

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30/9/ 2013

SKI LEASING UK NO 1 LIMITED
Company number 4616878

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

	Note	2012 €'000	2011 €'000
Gross earnings under finance leases	6	**5,674**	5,813
Property expenses recharged		**1,014**	842
Administrative expenses		**(935)**	(1,146)
OPERATING PROFIT		**5,753**	5,509
Interest payable and similar charges	7	**(5,320)**	(5,448)
Other finance costs	8	**(494)**	(530)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**(61)**	(469)
Tax on loss on ordinary activities	9	**-**	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		**(61)**	(469)

There were no recognised gains or losses other than the loss for the period, consequently no statement of total recognised gains and losses has been prepared

All amounts are derived from continuing operations

The notes on pages 11 to 17 form part of these accounts

SKI LEASING UK NO 1 LIMITED
Company number 4616878

CONSOLIDATED BALANCE SHEET
As at 31 December 2012

	Note	2012 €'000	2011 €'000
Current assets			
Debtors			
Net investment in assets subject to finance leases falling due			
- within one year	10	**2,508**	2,292
- after more than one year	10	**75,845**	78,352
Other debtors due within one year	12	**393**	1,216
Cash at bank and in hand		**551**	505
		79,297	82,365
Creditors: amounts falling due within one year	13	**(80,631)**	(83,638)
Net current liabilities		**(1,334)**	(1,273)
Net assets		**(1,334)**	(1,273)
Capital and reserves			
Called up share capital	14	**800**	800
Profit and loss account	15	**(2,134)**	(2,073)
Total		**(1,334)**	(1,273)
Shareholders' funds			
Equity		**(2,034)**	(1,973)
Non-Equity		**700**	700
		(1,334)	(1,273)

These financial statements were approved by the Board of Directors on 30th September 2013

Paul Rivlin

For and on behalf of the
Board of Directors

The notes on pages 11 to 17 form part of these accounts

SKI LEASING UK NO 1 LIMITED
Company number 4616878

COMPANY BALANCE SHEET
As at 31 December 2012

	Note	2012 €'000	2011 €'000
Fixed assets			
Investments	11	**800**	800
Total assets		**800**	800
Capital and reserves			
Called up share capital	14	**800**	800
Shareholders' funds			
Equity		**100**	100
Non-equity		**700**	700
		800	800

These financial statements were approved by the Board of Directors on 30th September 2013

Paul Rivlin

For and on behalf of the
Board of Directors

Company Number 4616878

The notes on pages 11 to 17 form part of these accounts

SKI LEASING UK NO 1 LIMITED
Company number 4616878

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2012

	Note	2012 €'000	2011 €'000
Cash flow statement			
Cash flow from operating activities	18	**6,771**	4,436
Returns on investments and servicing of finance	19	**(6,129)**	(5,466)
Capital expenditure and financial investment	19	**2,291**	2,069
Cash inflow		**2,933**	1,039
Financing	19	**(2,887)**	(2,069)
Increase / (decrease) in cash in the period		**46**	(1,030)

Reconciliation of net cash flow to movement in net debt

	Note	2012 €'000	2011 €'000
Increase / (decrease) in cash in the period		**46**	(1,030)
Cash outflow from decrease in debt		**2,887**	2,069
Change in net debt resulting from cash flows		**2,933**	1,039
Movement in net debt in the period		**2,933**	1,039
Net debt at 1 January		**(82,647)**	(83,686)
Net debt at 31 December	20	**(79,714)**	(82,647)

The notes on pages 11 to 17 form part of these accounts

SKI LEASING UK NO 1 LIMITED
Company number 4616878

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2012

Group

	2012 €'000	2011 €'000
Shareholders' funds at 1 January	**(1,273)**	(804)
Loss for the period to 31 December	**(61)**	(469)
Shareholders' funds at 31 December	**(1,334)**	(1,273)

Company

	2012 €'000	2011 €'000
Shareholders' funds at 1 January	**800**	800
Profit for the period to 31 December	**-**	-
Shareholders' funds at 31 December	**800**	800

The notes on pages 11 to 17 form part of these accounts

SKI LEASING UK NO 1 LIMITED
Company number 4616878

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1 Accounting policies

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards The particular accounting policies are described below

Basis of preparation

These financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2012 Under section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account

The financial statements are being prepared on going concern basis which the Directors believe to be appropriate for the following reasons

The Company's principal subsidiary, Joparny, S L , is engaged in the finance leasing of hypermarket properties in Spain to a particular retail chain The original acquisition of the hypermarkets on 19 December 2002 was funded by a ten year bank facility from a syndicate of banks in Spain The facility expired on 31 December 2012 The company has net liabilities, has recorded net losses after interest and other finance charges in the current and preceding years, and has net cash outflows after financing

Since 31 December 2012 Joparny has been operating under a succession of facility standstill agreements with its lenders and at the date of preparation of these financial statements the Directors are in ongoing negotiations to renew the expired syndicated bank facility A Terms Sheet has been agreed with the banking syndicate and was signed in June 2013 but the final documentation has not yet been executed The Directors have prepared trading and cash flow forecasts for a period in excess of 12 months from the date of approval of these financial statements and project that the group will be able to operate within the facilities that have been agreed The forecasts make assumptions in respect of the future trading conditions not being significantly worse than achieved in the first half of the 2013 financial year as well as finalising the replacement facility on the basis of the agreed terms However, there can be no certainty as to the replacement facility or future trading results

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the group's and Company's ability to continue as a going concern and therefore the group and Company may be unable to continue to realise their assets and discharge their liabilities in the normal course of business These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate

Basis of consolidation

The group accounts consolidate the accounts of Ski Leasing UK No 1 Limited and its subsidiary undertaking drawn up to 31 December 2012 The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

Fixed asset investments

Investments are held at cost less any amounts provided for any permanent diminution in value

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account The financial statements are presented in Euros, which is the group and company's functional currency All financial information is presented in Euros

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

1 **Accounting policies** (continued)

Turnover
Turnover primarily represents, excluding value added tax, finance lease rental income derived from periodic payments made for the use of land and buildings Finance charges are allocated to the profit and loss account using a pre-tax actuarial method to produce a constant rate of return on the investment in the lease

Leases
Net investment in finance leases is stated as the total future rentals receivable less finance charges

Financial instruments
The group has commitments under swaps to hedge exposure to interest risk Cash flows arising under the hedge contracts are accounted for on an accruals basis so as to match their effect with the amount payable on the underlying borrowing

Cash
Cash for the purpose of the consolidated cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2. **Segmental information**

In the opinion of the directors, the group operates primarily in one geographic area, Spain, and in one industry segment, that of the leasing of hypermarkets

3. **Loss on ordinary activities before taxation**

Fees paid to KPMG Audit Plc have been borne by Joparny SL without recharge Fees paid to other auditors have been borne by Joparny, S L

	2012	2011
	€'000	€'000
Audit of these financial statements	**17**	16
Audit of financial statements of subsidiaries pursuant to legislation	**11**	13

4. **Remuneration of directors**

The aggregate emoluments of persons who were directors of the company during the period ended 31 December 2012, including pension contributions, was €nil (2011 €nil)

5 **Staff costs**

No staff are employed by the company, and accordingly no staff costs have therefore been included in these financial statements (2011 €nil)

6. Gross earnings under finance leases

	2012 €'000	2011 €'000
Income from finance leases	5,674	5,813

7. Interest payable and similar charges - Group

	2012 €'000	2011 €'000
On bank loans	(5,320)	(5,448)

8. Other finance costs – Group

	2012 €'000	2011 €'000
Debt arrangement expenses	(494)	(530)

9. Taxation

	2012 €'000	2011 €'000
Current tax on income for the period	-	-

The current tax charge for the period is higher than the standard rate of corporation tax in the UK The difference is explained below

	2012 €'000	2011 €'000
Current tax reconciliation		
Loss on ordinary activities before taxation	(61)	(469)
Current tax at 24 5% *(2011 26 5%)*	(15)	(124)
Income taxed at different rates (30%)	(3)	(17)
Deferred tax assets not recognised	18	141
Total current tax charge/(credit)	-	-

The total unrecognised deferred tax asset is €639,993 all of which relates to unutilised tax losses *(2011 total €1,733,522 of which €621,739 related to unutilised tax losses and €1,111,783 to unrealised valuation adjustments)*

10. Finance lease receivables - Group

	2012	2011
	€'000	€'000
Amounts receivable	**78,353**	80,644
Due after more than one year	**75,845**	78,352
Due within one year	**2,508**	2,292
Carried forward	**78,353**	80,644

The cost of assets acquired in respect of finance leases as at the balance sheet date was €93,119,536 (2011 €93,119,536) The assets acquired in respect of finance leases are subject to a mortgage charge in favour of the Senior and Junior debt holders

11. Fixed asset investments - Company

	2012	2011
	€'000	€'000
At 1 January and as at 31 December	**800**	800

The principal undertakings in which the company's interest at the end of the period is more than 20% and are included in the group consolidation account are as follows

	Country of Incorporation	**Principal activity**	**Class and percentage of shares held Company**
Subsidiary undertakings			
Joparny, S L *	Spain	Property investment company	Ordinary 100%
Ski Leasing UK No 2 Limited	United Kingdom	Holding company	Ordinary 100%

*Joparny, S L is a direct subsidiary undertaking of Ski Leasing UK No 2 Limited

12. Debtors

	Group 2012 €'000	Group 2011 €'000
Finance lease income receivable	**367**	378
Other debtors	**26**	838
	393	1,216

13. Creditors: amounts falling due within one year - Group

	Group 2012 €'000	Group 2011 €'000
Trade creditors	**147**	53
VAT and withholding taxes payable	**172**	118
Accruals	**47**	808
Bank loans and overdrafts	**80,265**	83,152
Unamortised deferred expenses	**-**	(493)
	80,631	83,638

14. Called up share capital

	2012 €'000	2011 €'000
Allotted, issued and fully paid		
Equity		
9,501 'A' ordinary shares of €10 each	**95**	95
499 'B' ordinary shares of €10 each	**5**	5
Non-Equity		
70,000 'C' preference shares of €10 each	**700**	700
	800	800

The 'C' preference shares are entitled to be repaid before the 'A' or 'B' ordinary shares

15. Reserves

	Group Profit and loss account €'000	Company Profit and loss account €'000
At beginning of period	**(2,073)**	-
Retained loss for the period	**(61)**	-
At end of period	**(2,134)**	-

16. Related party transactions

The group is jointly controlled by P D Rivlin and N Lawson-May

Palatium Capital Partners LLP is a partnership also controlled by P D Rivlin and N Lawson-May During the period ended 31 December 2012, management service fees paid to Palatium Capital Partners LLP totalled €25,120 (2011 €64,553) At that date a further €62,278 (2011 €20,016) was owed to Palatium Capital Partners LLP All transactions were made at arm's length

17. Fair value of assets and liabilities

As at 31 December 2012 the Company has interest rate swaps with a fair value of nil (2011 €3,705,944) that it has not recognised

18. Reconciliation of operating profit to operating cash flows

	Group 2012 €'000	Group 2011 €'000
Operating profit	**5,753**	5,509
Decrease/(Increase) in debtors	**823**	(829)
Increase/(Decrease) in creditors	**195**	(244)
Net cash inflow from operating activities	**6,771**	4,436

19. Analysis of cash flows

	Notes	2012 €'000	2011 €'000
Returns on investment and servicing of finance			
Interest paid		**(6,129)**	(5,466)
Capital expenditure and financial investment			
Capital element of finance lease receivables		**2,291**	2,069
Financing			
Debt due within one year			
Secured loan repayable in 2013 (senior)		**(2,887)**	(2,069)

20. Analysis of net debt

	At beginning of period €'000	Cashflow €'000	At the end of period €'000
Cash at bank and in hand	505	(46)	551
Debt due within one year	(83,152)	2,887	(80,265)
Total	**(82,647)**	**2,933**	**(79,714)**