SKI LEASING UK NO. 1 LIMITED

Company Number: 4616878

DIRECTORS REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

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DIRECTORS' REPORT
For the year ended 31 December 2013

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013. The Group and the Company qualified for the Small Company exemption under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) regulations 2006, and hence a Strategic Report is not required.

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 Group and 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. At the date of preparation of these financial statements, the group's loan facilities are repayable on demand and no formal commitment has been made by the lenders regarding the continued availability of funds.

The Directors believe it is in the interest of the lenders to maintain the business relationship and 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 as currently proposed in the ongoing negotiations. The forecasts make assumptions in respect of the recoverability of the lease receivable and future operating expenses 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 operating results and any significant deterioration would result in the group ultimately being unable to meet its obligations to repay the debt. In these circumstances the directors would need to seek additional equity funding.

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.

There have been no events since the balance sheet date which materially affect the position of the Group or the Company.

RESULTS

The results for the period ended 31 December 2013 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 Group and the Company made no charitable donations (2012: Nil) during the year. No political donations were made nor any political expenditure incurred during the year (2012: 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 Group's and the Company's aim to pay all creditors within 30 days of receipt of invoice.

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 Group's and the Company's auditors are aware of that information.

AUDITORS

KPMG Audit Plc resigned as auditors on 8th July 2014 pursuant to Section 516 of the Companies Act 2006. On 8th July 2014, the Directors appointed KPMG LLP as auditors of the Company to fill the casual vacancy as auditors under Section 485(3) of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office.

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 2014

Paul Rivlin
Director

Registered office

76 New Cavendish Street
London
W1G 9TB

We have audited the financial statements of Ski Leasing UK No. 1 Limited for the year ended 31 December 2013 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 2013 and of the Group's profit 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; in particular the continued availability of sufficient appropriate bank facilities which are currently repayable on demand, and the substantial achievement of forecasts.

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 Group and Company were 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Jatin Patel

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
30th September 2014

SKI LEASING UK NO. 1 LIMITED
Company number 4616878

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Gross earnings under finance leases	6	**5,019**	5,674
Property expenses recharged		**938**	1,014
Administrative expenses		**(1,401)**	(935)
Other operating income		**3,827**	-
OPERATING PROFIT		**8,383**	5,753
Interest payable and similar charges	7	**(2,701)**	(5,320)
Other finance costs	8	**-**	(494)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**5,682**	(61)
Tax on profit/(loss) on ordinary activities	9	**(1,013)**	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		**4,669**	(61)

There were no recognised gains or losses other than the profit 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 2013

	Note	2013 €'000	2012 €'000
Current assets			
Debtors:			
Net investment in assets subject to finance leases falling due			
- within one year	10	**2,326**	2,508
- after more than one year	10	**52,449**	75,845
Other debtors due within one year	12	**915**	393
Cash at bank and in hand		**7,853**	551
		63,543	79,297
Creditors: amounts falling due within one year	13	**(60,208)**	(80,631)
Net current liabilities		**3,335**	(1,334)
Net assets		**3,335**	(1,334)
Capital and reserves			
Called up share capital	14	**800**	800
Profit and loss account	15	**2,535**	(2,134)
Total		**3,335**	(1,334)
Shareholders' funds			
Equity		**2,635**	(2,034)
Non-Equity		**700**	700
		3,335	(1,334)

These financial statements were approved by the Board of Directors on 30th September 2014.

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 2013

	Note	2013 €'000	2012 €'000
Fixed assets			
Investments	11	**800**	800
Current assets			
Cash at bank and in hand		**1,000**	-
Creditors: amounts falling due within one year	13	**(233)**	-
Net current assets		**767**	-
Net assets		**1,567**	800
Capital and reserves			
Called up share capital	14	**800**	800
Profit and loss account		**767**	-
Total		**1,567**	800
Shareholders' funds			
Equity		**867**	100
Non-equity		**700**	700
		1,567	800

These financial statements were approved by the Board of Directors on 30th September 2014.

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.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Cash flow statement			
Cash flow from operating activities	17	**4,976**	6,771
Returns on investments and servicing of finance	18	**-**	(6,129)
Capital expenditure and financial investment	18	**26,405**	2,291
Cash inflow		**31,381**	2,933
Financing	18	**(24,079)**	(2,887)
Increase in cash in the period		**7,302**	46

Reconciliation of net cash flow to movement in net debt

	Note	2013 €'000	2012 €'000
Increase in cash in the period		**7,302**	46
Cash outflow from decrease in debt		**24,079**	2,887
Change in net debt resulting from cash flows		**31,381**	2,933
Movement in net debt in the period		**31,381**	2,933
Net debt at 1 January		**(79,714)**	(82,647)
Net debt at 31 December	19	**(48,333)**	(79,714)

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 2013

Group

	2013 €'000	2012 €'000
Shareholders' funds at 1 January	**(1,334)**	(1,273)
Profit/(loss) for the year to 31 December	**4,669**	(61)
Shareholders' funds at 31 December	**3,335**	(1,334)

Company

	2013 €'000	2012 €'000
Shareholders' funds at 1 January	**800**	800
Profit for the year to 31 December	**767**	-
Shareholders' funds at 31 December	**1,567**	800

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

NOTES TO THE ACCOUNTS

For the year ended 31 December 2013

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 2013. 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. At the date of preparation of these financial statements, the group's loan facilities are repayable on demand and no formal commitment has been made by the lenders regarding the continued availability of funds.

The Directors believe it is in the interest of the lenders to maintain the business relationship and 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 as currently proposed in the ongoing negotiations. The forecasts make assumptions in respect of the recoverability of the lease receivable and future operating expenses 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 operating results and any significant deterioration would result in the group ultimately being unable to meet its obligations to repay the debt. In these circumstances the directors would need to seek additional equity funding.

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 2013. 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.

1. **Accounting policies** (continued)

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.

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. **Profit on ordinary activities before taxation**

Fees paid to KPMG LLP (2012: KPMG Audit Plc) have been borne by Joparny SL without recharge. Fees paid to other auditors have been borne by Joparny, S.L.

	2013	2012
	€'000	€'000
Audit of these financial statements	**17**	17
Audit of financial statements of subsidiaries pursuant to legislation	**11**	11

4. **Remuneration of directors**

The aggregate emoluments of persons who were directors of the Company during the period ended 31 December 2013, including pension contributions, was €nil (2012: €nil).

5. **Staff costs**

No staff are employed by the Company, and accordingly no staff costs have therefore been included in these financial statements (2012: €nil).

6. Gross earnings under finance leases

	2013 €'000	2012 €'000
Income from finance leases	**5,019**	5,674

7. Interest payable and similar charges - Group

	2013 €'000	2012 €'000
On bank loans	**(2,701)**	(5,320)

8. Other finance costs – Group

	2013 €'000	2012 €'000
Debt arrangement expenses	**-**	(494)

9. Taxation

	2013 €'000	2012 €'000
Current tax on income for the period	**(233)**	-
Current foreign tax on income for the period	**(780)**	-
Tax on profit on ordinary activities	**(1,013)**	-

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

	2013 €'000	2012 €'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before taxation	**5,682**	(61)
Current tax at 23.25% *(2012: 24.5%)*	**1,321**	(15)
Income taxed at different rates (30%)	**316**	(3)
Deferred tax assets not recognised	**-**	18
Use of tax losses brought forward at different rates (30%)	**(624)**	-
Total current tax charge/(credit)	**1,013**	-

The total unrecognised deferred tax asset is nil *(2012: €624,167 related to unutilised tax losses).*

10. Finance lease receivables - Group

	2013	2012
	€'000	€'000
Amounts receivable	**54,775**	78,353
Due after more than one year	**52,449**	75,845
Due within one year	**2,326**	2,508
Carried forward	**54,775**	78,353

The cost of assets acquired in respect of finance leases as at the balance sheet date was €67,458,837 (2012: €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

	2013	2012
	€'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 which are included in the Group consolidation 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 2013 €'000	Group 2012 €'000
Finance lease income receivable	**258**	367
Other debtors	**657**	26
	915	393

13. Creditors: amounts falling due within one year

	Group 2013 €'000	**Company 2013 €'000**	Group 2012 €'000	Company 2012 €'000
Trade creditors	**161**	**-**	147	-
VAT and withholding taxes payable	**101**	**-**	172	-
Tax payable	**1,013**	**233**		-
Accruals	**2,747**	**-**	47	-
Bank loans and overdrafts	**56,186**	**-**	80,265	-
	60,208	**233**	80,631	-

14. Called up share capital

	2013 €'000	2012 €'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	(2,134)	-
Retained profit for the period	4,669	767
At end of period	2,535	767

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 2013, management service fees paid to Palatium Capital Partners LLP totalled €62,728 (2012: €25,120). At that date a further €69,948 (2012: €62,278) was owed to Palatium Capital Partners LLP. Management service fees totalling €20,152 (2012: €9,016) were also paid to Keith Davidson, a director of the Group. At that date a further €22,428 (2012: €20,152) was owed to Keith Davidson. All transactions were made at arm's length.

17. Reconciliation of operating profit to operating cash flows

	Group 2013 €'000	Group 2012 €'000
Operating profit	8,383	5,753
(Increase)/decrease in debtors	(522)	823
(Decrease) /increase in creditors	(58)	195
Profit on partial redemption of finance lease	(2,827)	-
Net cash inflow from operating activities	4,976	6,771

18. Analysis of cash flows

	Notes	2013 €'000	2012 €'000
Returns on investment and servicing of finance			
Interest paid		-	(6,129)
Capital expenditure and financial investment			
Capital element of finance lease receivables		**23,578**	2,291
Profit on partial redemption of finance lease		**2,827**	-
		26,405	2,291
Financing			
Repayment of loans		**(24,079)**	(2,887)

19. Analysis of net debt

	At beginning of period €'000	Cashflow €'000	At the end of period €'000
Cash at bank and in hand	551	7,302	7,853
Debt due within one year	(80,265)	24,079	(56,186)
Total	**(79,714)**	**31,381**	**(48,333)**