

Sportdale Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2011

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COMPANIES HOUSE

Company Registration No 04648736

Sportdale Limited

COMPANY INFORMATION

DIRECTORS	V A Tchenguiz M D Watson J D Thorpe
SECRETARY	M H P Ingham
COMPANY NUMBER	04648736 (England & Wales)
REGISTERED OFFICE	5th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Sportdale Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 May 2011

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the letting of investment property

The investment property held at 31 May 2011 was valued as at that date at £69,590,000 by the directors. The increase in value during the year amounted to £1,220,000 as set out in note 7

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2011 were satisfactory

DIRECTORS

The following directors have held office since 1 June 2010

V A Tchenguiz
M D Watson
J D Thorpe

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

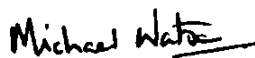
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

On behalf of the board



Michael Watson
Director

24 February 2012

Sportdale Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

Sportdale Limited

INDEPENDENT AUDITOR'S REPORT To The Members Of Sportdale Limited

We have audited the financial statements on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 the directors and auditors

As more fully explained in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

Baker Tilly UK Audit LLP

David Worrow FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

28/2/12

Sportdale Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2011

	Notes	2011 £	2010 £
RENT RECEIVABLE	1	3,551,247	3,438,407
Other operating expenses	2	(41,770)	(41,746)
OPERATING PROFIT		3,509,477	3,396,661
Interest payable and similar charges	3	(3,693,554)	(3,679,872)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(184,077)	(283,211)
Taxation	6	(108,367)	62,756
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(292,444)	(220,455)

All amounts derive from continuing activities

Sportdale Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2011

	Notes	2011 £	2010 £
Loss for the financial year		(292,444)	(220,455)
Unrealised surplus on revaluation of properties	7	1,220,000	840,000
Total recognised gains and losses relating to the year		<u>927,556</u>	<u>619,545</u>

Sportdale Limited

BALANCE SHEET

As at 31 May 2011

Company registration No 04648736

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	69,590,000	68,370,000
CURRENT ASSETS			
Debtors amounts falling due within one year	8	5,543,703	5,474,340
Debtors amounts falling due after more than one year	8	2,011,149	2,125,725
	8	7,554,852	7,600,065
Cash at bank and in hand		268	-
		7,555,120	7,600,065
CREDITORS Amounts falling due within one year	9	(935,508)	(763,976)
NET CURRENT ASSETS		6,619,612	6,836,089
TOTAL ASSETS LESS CURRENT LIABILITIES		76,209,612	75,206,089
CREDITORS Amounts falling due after more than one year	10	(65,027,487)	(64,951,520)
NET ASSETS		11,182,125	10,254,569
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Revaluation reserve	13	18,204,241	16,984,241
Profit and loss account	13	(7,022,117)	(6,729,673)
SHAREHOLDERS' FUNDS	14	11,182,125	10,254,569

The financial statements on pages 4 to 13 were approved by the board of directors and authorised for issue on 24 February 2012 and are signed on its behalf by

Michael Watson

Michael Watson

Director

Sportdale Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards

The financial statements have been prepared under the historical cost convention with the exception of investment properties which are stated at revalued amounts

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment is a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

RENT RECEIVABLE

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on an accruals basis over the term of the lease. The effect of rent reviews is only recognised when such reviews have been agreed with tenants. Where rents are subject to fixed indexation in lieu of rent reviews, the rents are recognised on a systemic basis as income in the periods in which they are earned.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Lease premiums received are deferred and amortised evenly over the lease term.

CASH FLOW STATEMENT

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS 1.

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

1	RENT RECEIVABLE	2011 £	2010 £
	Rent receivable	3,528,770	3,415,930
	Amortisation of lease premium receivable	22,477	22,477
		<u>3,551,247</u>	<u>3,438,407</u>
2	OTHER OPERATING EXPENSES	2011 £	2010 £
	Administrative expenses	<u>41,770</u>	<u>41,746</u>
3	INTEREST PAYABLE AND SIMILAR CHARGES	2011 £	2010 £
	Loan interest	3,687,345	3,673,015
	Amortisation of finance charges	6,209	6,857
		<u>3,693,554</u>	<u>3,679,872</u>
4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2011 £	2010 £
	Loss is stated after charging		
	Auditor's remuneration	<u>3,300</u>	<u>3,300</u>

5 EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

6	TAXATION	2011 £	2010 £
	UK Corporation tax		
	Current tax charge	-	-
	Deferred tax		
	Effects of changes in tax rates and laws	140,910	-
	Deferred tax credit current year	(32,543)	(62,756)
	Total deferred tax	108,367	(62,756)
	Tax on loss on ordinary activities	108,367	(62,756)
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(184,077)	(283,211)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	(47,860)	(79,299)
	Effects of		
	Tax losses carried forward	32,544	62,756
	UK transfer pricing	21,161	22,823
	Other tax adjustments	(5,845)	(6,280)
		47,860	79,299
	Current tax charge	-	-

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

7 TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 June 2010	68,370,000
Revaluation	1,220,000
	<u>69,590,000</u>
At 31 May 2011	<u>69,590,000</u>

The property was valued as at 31 May 2011 at £69,590,000 (2010 £68,370,000) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company

The original cost of the property was £51,385,759

	2011 £	2010 £
Investment property at net book value comprises		
Long Leasehold	<u>69,590,000</u>	<u>68,370,000</u>

The company has the option to acquire the freehold interest for £10 exercisable at any time after 30 April 2028

8 DEBTORS	2011 £	2010 £
Amounts owed by group undertakings	1	1
Other debtors	5,537,493	5,468,130
Prepayments and accrued income	152,979	159,188
Deferred tax asset (see note 11)	1,864,379	1,972,746
	<u>7,554,852</u>	<u>7,600,065</u>

Amounts falling due after more than one year and included in the debtors above are

	2011 £	2010 £
Deferred tax asset	1,864,379	1,972,746
Prepayments	146,770	152,979
	<u>2,011,149</u>	<u>2,125,725</u>

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

9	CREDITORS amounts falling due within one year	2011 £	2010 £
	Bank overdraft	-	7
	Loan (note 10)	82,666	-
	Amounts owed to group undertakings	91,200	45,120
	Other creditors	45	45
	Accruals and deferred income	761,597	718,804
		<u>935,508</u>	<u>763,976</u>
10	CREDITORS amounts falling due after more than one year	2011 £	2010 £
	Loan	64,551,714	64,453,270
	Accruals and deferred income	475,773	498,250
		<u>65,027,487</u>	<u>64,951,520</u>
	Loan maturity analysis		
	In more than one year but not more than two years	87,489	-
	In more than two years but not more than five years	392,431	179,630
	In more than five years	64,071,794	64,273,640
		<u>64,551,714</u>	<u>64,453,270</u>

The Loan is repayable by instalments by 2036 and bears interest at 5.71% per annum and is secured by a fixed and floating charge over the company's investment property, and by a fixed charge over the company's bank accounts

The loan is structured to include further drawdowns to cover interest shortfalls up to January 2011 with annual repayments commencing thereafter

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

11 DEFERRED TAXATION

The deferred tax asset (included in debtors, note 8) is made up as follows

	2011 £
Balance at 1 June 2010	(1,972,746)
Profit and loss account	108,367
Balance at 31 May 2011	<u>(1,864,379)</u>

	2011 £	2010 £
Tax losses available	<u>(1,864,379)</u>	<u>(1,972,746)</u>

No provision for deferred taxation has been made in respect of the property held as an investment which is included in these financial statements at a valuation of £69,590,000 (2010 £68,370,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £746,821 (2010 £1,441,054).

During the year, as a result of the change in the UK main corporation tax rate from 28% to 26% that was substantively enacted on 29 March 2011 and that became effective from 1 April 2011, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were confirmed on 23 March 2011. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

12 SHARE CAPITAL	2011 £	2010 £
Allotted, issued and fully paid		
Equity		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

13 RESERVES

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2010	16,984,241	(6,729,673)
Loss for the year	-	(292,444)
Revaluation during the year	1,220,000	-
Balance at 31 May 2011	<u>18,204,241</u>	<u>(7,022,117)</u>

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2011 £	2010 £
Loss for the financial year	(292,444)	(220,455)
Other recognised gains and losses	1,220,000	840,000
Net addition to shareholders' funds	927,556	619,545
Opening shareholders' funds	10,254,569	9,635,024
Closing shareholders' funds	11,182,125	10,254,569

15 CONTROL

The company's immediate holding company is Wellzone Limited, a company incorporated in the United Kingdom

The directors regard the ultimate holding company is Sunnymist Limited, a company incorporated in the British Virgin Islands

The ultimate controlling party is the Tchenguiz Family Trust

16 RELATED PARTY TRANSACTIONS

The company is related to other companies controlled by the Tchenguiz Family Trust. At the balance sheet date, and included within Other debtors, £5,529,813 (2010 £5,461,410) was due from one such company, Vincos Limited

The company is related to fellow subsidiaries of Sunnymist Limited, with whom in many cases it has directors in common. At the balance sheet date, and included within Amounts owed to group undertakings, £91,200 (2010 £45,120) was due to one such company, Rotch Property Group Limited

Rotch Property Group Limited provides management services to the company. Management fees payable for the year amounted to £38,400 (2010 £38,400)

At the balance sheet date £1 (2010 £1) was due from the company's holding company, Wellzone Limited

No interest accrues on these related party balances