

Sportdale Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2009

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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	4th 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 2009

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company, which has remained unchanged during the year, was property investment. There were no additions or disposals of investment property during the year.

The investment property held at 31 May 2009 was valued as at that date at £67,530,000 by the directors. The decrease in value during the year amounted to £3,590,000 as set out in note 8.

No rent review was undertaken during the year. Rent reviews are every 5 years. The next review is due to occur on 25 March 2011.

There have been no changes in tenancy during the year.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2009 were satisfactory.

KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance:

	2009	2008
Percentage change in net assets	(28%)	(18%)
Ratio of loan to property value	95%	90%
Interest rental cover	93%	94%

RISKS AND UNCERTAINTIES

It is the company's policy that no trading in financial instruments shall be undertaken. The company only enters into derivative contracts as part of its risk mitigation strategy.

The company is exposed to interest rate risk, tenant credit risk, cashflow risk and market value risk and details of its mitigation approaches are as follows:

Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans.

Tenant credit risk

The risk has been mitigated by the company only taking on appropriate tenants with credit checks undertaken by Prime Estates Property Management Limited, a related company.

Cashflow risk

The company minimises its cashflow risk of non performance on its loan agreements by minimising its tenant credit risk and by arranging for its rentals to be paid by direct transfer.

Sportdale Limited

DIRECTORS' REPORT (CONTINUED)

Market value risk

The company's investment property values are determined by market forces outside of the company's control

The company is not exposed to a loan default resulting from a fall in property values as the loan agreement does not include a loan to value covenant

DIVIDENDS

The directors do not recommend payment of a dividend

DIRECTORS

The following directors have held office since 1 June 2008

V A Tchenguiz

M D Watson

J D Thorpe

(Appointed 5 February 2009)

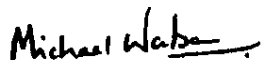
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the board



Michael Watson

Director

19 February 2010

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. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and 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 5 to 14. 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 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/UKNP.

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 2009 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.

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

19 February 2010

Sportdale Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2009

	Notes	2009 £	2008 £
RENT RECEIVABLE	1	3,438,477	3,438,477
Other operating expenses	2	(41,835)	(41,089)
OPERATING PROFIT		3,396,642	3,397,388
Investment income	3	-	69
Interest payable and similar charges	4	(3,664,653)	(3,651,555)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(268,011)	(254,098)
Taxation	7	29,213	(158,933)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	14	(238,798)	(413,031)

All amounts derive from continuing activities

Sportdale Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2009

	2009	2008
	£	£
Loss for the financial year	(238,798)	(413,031)
Unrealised deficit on revaluation of properties	(3,590,000)	(2,660,000)
Total recognised gains and losses relating to the year	<u>(3,828,798)</u>	<u>(3,073,031)</u>

Sportdale Limited

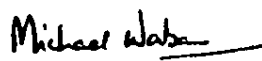
BALANCE SHEET

As at 31 May 2009

Company registration No 04648736

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	8	67,530,000	71,120,000
CURRENT ASSETS			
Debtors amounts falling due within one year	9	5,463,438	8,914,283
Debtors amounts falling due after more than one year	9	2,070,246	2,046,838
	9	7,533,684	10,961,121
Cash at bank and in hand		7,172	7,211
		7,540,856	10,968,332
CREDITORS Amounts falling due within one year	10	(716,947)	(4,124,199)
NET CURRENT ASSETS		6,823,909	6,844,133
TOTAL ASSETS LESS CURRENT LIABILITIES		74,353,909	77,964,133
CREDITORS Amounts falling due after more than one year	11	(64,718,885)	(64,500,311)
NET ASSETS		9,635,024	13,463,822
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Revaluation reserve	14	16,144,241	19,734,241
Profit and loss account	14	(6,509,218)	(6,270,420)
SHAREHOLDERS' FUNDS	15	9,635,024	13,463,822

The financial statements on pages 5 to 14 were approved by the board of directors and authorised for issue on 19 February 2010 and are signed on its behalf by



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 land and buildings 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 a straight line basis over the term of the lease. Contingent rents such as turnover rents and indexed rents are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants

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

Rent receivable also includes the amortisation, on a straight line basis over the lease period, of a reverse lease premium received

CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

1	RENT RECEIVABLE	2009 £	2008 £
	Rent receivable	3,416,000	3,416,000
	Amortisation of lease premium receivable	22,477	22,477
		<u>3,438,477</u>	<u>3,438,477</u>
2	OTHER OPERATING EXPENSES	2009 £	2008 £
	Administrative expenses	<u>41,835</u>	<u>41,089</u>
3	INVESTMENT INCOME	2009 £	2008 £
	Other interest	<u>-</u>	<u>69</u>
4	INTEREST PAYABLE AND SIMILAR CHARGES	2009 £	2008 £
	Loan interest	3,658,848	3,645,564
	Amortisation of finance charges	5,805	5,991
		<u>3,664,653</u>	<u>3,651,555</u>
5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £	2008 £
	Profit is stated after charging		
	Auditor's remuneration	<u>3,300</u>	<u>2,200</u>
6	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 2009

7	TAXATION	2009 £	2008 £
	UK Corporation tax		
	Current tax charge	-	-
	Deferred tax		
	Effects of changes in tax rates and laws	-	135,981
	Deferred tax charge current year	(29,213)	22,952
	Total deferred tax	(29,213)	158,933
	Tax on loss on ordinary activities	(29,213)	158,933
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(268,011)	(254,098)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	(75,043)	(71,147)
	Effects of		
	Non deductible expenses	28	112
	Tax losses carried forward/(utilised)	29,213	(22,952)
	UK transfer pricing	52,096	100,281
	Other tax adjustments	(6,294)	(6,294)
		75,043	71,147
	Current tax charge	-	-

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

8 TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 June 2008	71,120,000
Revaluation (deficit)	(3,590,000)
At 31 May 2009	<u>67,530,000</u>

The property was valued as at 31 May 2009 at £67,530,000 (2008 £71,120,000) by the directors

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

Investment property at net book value comprises	2009 £	2008 £
Long Leasehold	<u>67,530,000</u>	<u>71,120,000</u>

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

9 DEBTORS	2009 £	2008 £
Trade debtors	81	81
Amounts owed by group undertakings	1	1
Other debtors	5,457,567	8,908,412
Prepayments and accrued income	166,045	171,850
Deferred tax asset (see note 12)	1,909,990	1,880,777
	<u>7,533,684</u>	<u>10,961,121</u>

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

	2009 £	2008 £
Deferred tax asset	1,909,990	1,880,777
Prepayments	160,256	166,061
	<u>2,070,246</u>	<u>2,046,838</u>

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

10	CREDITORS amounts falling due within one year	2009 £	2008 £
	Other creditors	45	3,409,094
	Accruals and deferred income	716,902	715,105
		<u>716,947</u>	<u>4,124,199</u>

11	CREDITORS amounts falling due after more than one year	2009 £	2008 £
	Loan	64,198,157	63,957,106
	Accruals and deferred income	520,728	543,205
		<u>64,718,885</u>	<u>64,500,311</u>

Loan maturity analysis		
In more than five years	<u>64,198,157</u>	<u>63,957,106</u>
	<u>64,198,157</u>	<u>63,957,106</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

12 PROVISIONS FOR LIABILITIES

The deferred tax asset (included in debtors, note 9) is made up as follows

	2009 £	
Balance at 1 June 2008	(1,880,777)	
Profit and loss account	(29,213)	
Balance at 31 May 2009	<u>(1,909,990)</u>	
	2009 £	2008 £
Tax losses available	<u>(1,909,990)</u>	<u>(1,880,777)</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 £67,530,000 (2008 £71,120,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £2,011,582 (2008 £2,829,738).

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

13	SHARE CAPITAL	2009	2008
		£	£
	Allotted, issued and fully paid		
	Equity Shares		
	1 Ordinary share of £1	1	1
14	RESERVES		
		Revaluation reserve	Profit and loss account
		£	£
	Balance at 1 June 2008	19,734,241	(6,270,420)
	Loss for the year	-	(238,798)
	Revaluation during the year	(3,590,000)	-
	Balance at 31 May 2009	16,144,241	(6,509,218)
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
		£	£
	Loss for the financial year	(238,798)	(413,031)
	Other recognised gains and losses	(3,590,000)	(2,660,000)
	Net depletion in shareholders' funds	(3,828,798)	(3,073,031)
	Opening shareholders' funds	13,463,822	16,536,853
	Closing shareholders' funds	9,635,024	13,463,822

16 CONTROL

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

The company's ultimate holding company is Sunnymist Limited, a company incorporated in the British Virgin Islands

The ultimate controlling party is the Tchenguiz Family Trust

Sportdale Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

17 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, £5,451,807 (2008 £8,901,692) was due from one such company, Vincos Limited.

At the balance sheet date, and included within Other creditors, £nil (2008 £3,409,049) was due to one such company, Rotch Property Group Limited ("Rotch").

Management fees of £38,400 (2008 £38,400) were paid to Rotch during the year.

At the balance sheet date £1 (2008 £1) was due from the company's holding company, Wellzone Limited.

No interest accrues on these related party balances.