

Falcombe Holdings Limited
Annual report and financial statements
for the year ended 31 October 2011

Registered number: 6429116

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Falcombe Holdings Limited
Annual report and financial statements
for the year ended 31 October 2011
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Falcombe Holdings Limited

Directors' report for the year ended 31 October 2011

The directors present their annual report together with the audited financial statements of the company for the year ended 31 October 2011

Principal activities

The principal activity of the company is that of a holding company

Going concern

The company is party to group banking arrangements as part of Red Poppy (UK) Limited Group. Having regard to group cash flow projections and financing facilities available the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

In addition, the directors have received confirmation that amounts owed to group undertakings will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so.

Business review and future developments

The position of the company is satisfactory. The directors are in a suitable position to take advantage of any possible business opportunities and look forward with confidence to the future.

Results and dividends

The results for the year are set out on page 6. A dividend of £3.30 per ordinary share, amounting to £10,000,000, was declared on 30 March 2011 (2010: 3.3p per ordinary share totalling £100,000).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties.

A discussion of these risks and uncertainties on a group basis, in the context of the Red Poppy (UK) Limited group ("the group"), of which the company is a member, is provided in the directors' report of the consolidated financial statements of Red Poppy (UK) Limited.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Falcombe Holdings Limited

Financial risk management

The company is exposed to a variety of financial risks which result from both its operating and investing activities. The board is responsible for coordinating the company's risk management and focuses on actively securing the company's short to medium term cash flows.

The company does not actively engage in the trading of financial assets and has no financial derivatives.

The most significant financial risks to which the company is exposed to are described below.

Liquidity risk

The company seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Working capital requirements are met principally out of cash.

Credit risk

Credit risk arises from cash and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

I Imrie
DH Biesterfeld
DJ Horrocks

Qualifying third party indemnity provisions

Following shareholder approval, the company has put in place an indemnity for its directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in force during the financial year and also at the date of signing the financial statements.

Statement of 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 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 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 UK accounting standards 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.

Falcombe Holdings Limited

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.

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the board



P. N. Blain
Company secretary

30 July 2012

Falcombe Holdings Limited

Independent auditors' report to the members of Falcombe Holdings Limited

We have audited the financial statements of Falcombe Holdings Limited for the year ended 31 October 2011 which comprise of the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 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.

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 directors' 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 31 October 2011 and of its profit 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.

Falcombe Holdings Limited

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

Mark Webster

Mark Webster (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

30 July 2012

Falcombe Holdings Limited

Profit and loss account for the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Administrative expenses		(1,521)	-
Other operating income		-	336
Exceptional item			
Intergroup balance forgiveness	2	-	974
		-	1,310
Operating (loss)/profit		(1,521)	1,310
Income from shares in group undertakings and other investments	4	11,000	350
Amounts written off investments		(1,348)	-
Interest payable and similar charges	5	(157)	-
Profit on ordinary activities before taxation	1	7,974	1,660
Tax on profit on ordinary activities	6	(139)	(173)
Profit for the financial year	13	7,835	1,487

All amounts relate to continuing operations

The company has no recognised gains or losses other than those included in the results above, and therefore no statement of recognised gains and losses has been prepared

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

Falcombe Holdings Limited

Balance sheet as at 31 October 2011

	Note	£'000	2011 £'000	2010 £'000
Fixed assets				
Investments	8		2,847	4,364
Current assets				
Investments	9	1,952		1,000
Debtors	10	14,670		1,298
Cash at bank and in hand		24		-
		16,646		2,298
Creditors: amounts falling due within one year	11	(17,065)		(2,069)
Net current (liabilities)/assets			(419)	229
Total assets less current liabilities			2,428	4,593
Capital and reserves				
Called up share capital	12		3,034	3,034
Profit and loss account	13		(606)	1,559
Total shareholders' funds	14		2,428	4,593

The financial statements on pages 6 to 16 were approved by the board of directors on 30 July 2012 and are signed on its behalf by



DJ Horrocks
Director

Falcombe Holdings Limited
Registered number: 6429116

Falcombe Holdings Limited

Statement of accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The company is party to group banking arrangements. Having regard to group cash flow projections and financing facilities available, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

In addition, the directors have received confirmation that amounts owed to group undertakings and related parties will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so.

Consolidation

The company is a wholly-owned subsidiary of Red Poppy (UK) Limited and is included in the consolidated financial statements of that company. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of s400 of the Companies Act 2006.

Fixed asset investments

Fixed asset investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Current asset investments

Current asset investments are recorded at current cost, which equates to market value. Any profit or loss arising from the valuation of current asset investments is credited or debited to the revaluation reserve.

Pension costs

Contributions are made to the personal plans of certain employees. The expenditure is charged to the profit and loss account in the period to which it relates.

Income from shares in group investments and other investments

Income from shares in group undertakings is recognised when approval has been received for payment of the dividend. Income from the investment in Orion Entertainment Limited is accounted for as and when it becomes due.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 (revised 1996) "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary of Red Poppy (UK) Limited and its cash flows are included within the consolidated financial statements of that company, which are publicly available.

Falcombe Holdings Limited

Notes to the financial statements for the year ended 31 October 2011

1 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is arrived at after charging/(crediting)

	2011 £'000	2010 £'000
Management charges receivable	-	(3,954)
Impairment of investment	1,348	-
Auditors' remuneration		
- audit fees	-	189
- taxation services	-	458
- other non-audit services	-	71

2 Exceptional item

The exceptional item of £974,000 in the prior year arose on the forgiveness by members of the Red Poppy (UK) Limited group of balances owed to them by other group companies

3 Staff costs

There were no employees employed by the company during the year or in the prior year, other than directors

Emoluments of the directors for their services to the company during the year were as follows

	2011 £'000	2010 £'000
Directors' emoluments were as follows		
Aggregate emoluments	-	947
Pension contributions	-	87
	-	1,034
Highest paid director		
Aggregate emoluments	-	368
Pension contributions	-	46

There are 2 directors (2010 2) accruing benefits to a personal pension plan

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4 Income from shares in group undertakings

	2011	2010
	£'000	£'000
Dividend income from subsidiary undertakings	11,000	100
Income from other investments	-	250

5 Interest payable and similar charges

	2011	2010
	£'000	£'000
Interest on related party loans	157	-

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6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2011 £'000	2010 £'000
Current tax		
UK corporation tax on profits for the year	-	173
Adjustments in respect of prior years	139	-
Total current tax	139	173
Tax on profit on ordinary activities	139	173

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	7,974	1,660
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.83% (2010 28%)	2,139	465
Effects of		
Income not taxable for tax purposes	(2,181)	(292)
Group relief	42	-
Adjustments in respect of prior years	139	-
Current tax charge for the year	139	173

(c) Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011 and substantively enacted on 5 July 2011.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of changes enacted after the balance sheet date is not expected to have a material impact on the financial statements.

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7 Dividends payable

	2011	2010
	£'000	£'000
Equity – ordinary		
Interim declared £3 30 (2010 3 3p) per £1 share	10,000	100

8 Investments

	2011	2010
	£'000	£'000
Shares in group undertakings	2,697	4,214
Other investments	150	150
	2,847	4,364

(a) Shares in group undertakings

	£'000
Cost and net book amount	
At 1 November 2010	4,214
Disposals	(1,517)
At 31 October 2011	2,697

The summary winding up of Ajouter Limited was completed on 27 October 2011

Details of the company's principal subsidiary undertakings as at 31 October 2011, all of which, unless otherwise indicated, are wholly owned, registered in England and operate in the United Kingdom, are as follows

Name	Nature of business	Country of incorporation
i) Directly owned		
Falcombe	Holding company	United Kingdom
Standard Aviation Limited	Provision of aviation services	United Kingdom
Mechanised Project Management	Property and machine rentals	United Kingdom
DC Bingo Limited	Holding company	United Kingdom
Steakhouse Holdings Limited	Holding company	United Kingdom
DC Gaming Limited	Holding company	United Kingdom
Erudicus Limited	Website development	United Kingdom
Addbudget Limited	Holding company	United Kingdom
Wm Noble (Automatics) Limited	Provision of leisure services	United Kingdom

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Name	Nature of business	Country of incorporation
ii) Indirectly owned		
Matchurban	Provision of leisure services	United Kingdom
Leaguenotion	Provision of leisure services	United Kingdom
Luxury Leisure	Provision of leisure services	United Kingdom
Piccadilly	Provision of leisure services	United Kingdom
Southern Amusements	Provision of leisure services	United Kingdom
Sun Valley Holdings	Provision of leisure services	United Kingdom
Sun Valley Leisure	Provision of leisure services	United Kingdom
Sun Valley Social Clubs	Provision of leisure services	United Kingdom
Crossco No 3 Unlimited	Property holding company	United Kingdom
Welbeck C P	Property holding company	United Kingdom
Kwiktan	Holding company	United Kingdom
Brighton Marine Palace & Pier Company	Provision of leisure services	United Kingdom
ATFC Limited	Provision of leisure services	United Kingdom
B J 's Leisure Limited	Provision of leisure services	United Kingdom
Clennell Properties Limited	Property management	United Kingdom
TC Projects Limited	Provision of leisure services	United Kingdom
Edenpace Limited	Provision of leisure services	United Kingdom
Michaeljohn Group Limited	Hair salon operator	United Kingdom

The directors believe that the carrying value of the investments is supported by their underlying net assets or the value of their underlying businesses

(b) Other investments

	£'000
Cost and net book amount	
At 1 November 2010 and 31 October 2011	150

The other investment represents a 50% holding in the issued share capital of Orion Entertainments Limited, a company registered in England providing leisure services. This has not been treated as an associated undertaking as, in the opinion of the directors, the company does not, at present, exercise significant influence over its operations

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9 Current asset investments

	£'000
Cost	
At 1 November 2010	1,000
Additions	2,300
At 31 October 2011	3,300
Provision against diminution in value	
At 1 November 2010	-
Charge in the year	1,348
At 31 October 2011	1,348
Net book amount	
At 31 October 2011	1,952
At 31 October 2010	1,000

The provision against diminution in value relate to the group's share holding in Marwyn Management Partners plc. As at 5 July 2012, the value of this shareholding had reduced by a further £724,000

10 Debtors

	2011	2010
	£'000	£ 000
Trade debtors	45	-
Amounts owed by group undertakings	13,080	32
Amounts owed by related parties	438	439
Corporation tax	1,104	827
Other	3	-
	14,670	1,298

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

Amounts owed by related parties are unsecured, interest free and repayable on demand

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11 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	10	-
Amounts owed to group undertakings	8,061	1,796
Loan from related parties	8,652	-
Accruals and deferred income	342	273
	17,065	2,069

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

The directors have received confirmation that amounts owed to group undertakings will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so

The loan from related parties has interest charged at Barclays Bank plc base rate plus 2.65%, is unsecured and is repayable on demand. On 21 December 2011, the loan was novated to a related party

The company has given a cross guarantee on the obligations by fellow group undertakings under a facilities agreement with the group's bankers. At 31 October 2011 the liability was £nil (2010: £nil)

12 Called up share capital

	2011	2010
	£'000	£'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
Allotted and fully paid		
3,034,040 ordinary shares of £1 each	3,034	3,034

13 Profit and loss account

	£'000
At 1 November 2010	1,559
Profit for the financial year	7,835
Dividends	(10,000)
At 31 October 2011	(606)

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14 Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	7,835	1,487
Dividends	(10,000)	(100)
Movement in shareholders' funds	(2,165)	1,387
Opening shareholders' funds	4,593	3,206
Closing shareholders' funds	2,428	4,593

15 Ultimate parent undertaking

The immediate parent undertaking is Red Poppy (UK) Limited, a company registered in England. The ultimate parent undertaking is Red Poppy (Gibraltar) Limited, a company registered in Gibraltar. Red Poppy (UK) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 October 2011 and Red Poppy (Gibraltar) Limited the parent company of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Red Poppy (UK) Limited can be obtained from the Company secretary, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX.

The ultimate controlling party is P Noble.

16 Related party transactions

Transactions with other Red Poppy (Gibraltar) Limited group companies are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related party disclosures", as the company is a wholly owned subsidiary of Red Poppy (Gibraltar) Limited.

Amounts owed by related parties are shown in note 10.