

Tough Mudder Limited

Directors' report and financial statements for the year ended 31 December 2012



Tough Mudder Limited

Company Information

Directors	William T Dean Guy D Livingstone
Company secretary	William T Dean
Registered number	07202563
Registered office	Abacus House 33 Gutter Lane London EC2V 8AR
Independent auditors	Ernst & Young LLP Barony House Stoneyfield Business Park Stoneyfield Inverness Scotland IV2 7PA

Tough Mudder Limited

Contents

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12

Tough Mudder Limited

**Directors' report
for the year ended 31 December 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the entity during the year was the organising and hosting of 10 - 12 mile obstacle course mud runs around the United Kingdom

Directors

The directors who served during the year were

William T Dean
Guy D Livingstone

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 14/10/2013 and signed on its behalf



William T Dean
Director

Tough Mudder Limited

**Directors' responsibilities statement
for the year ended 31 December 2012**

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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.

Independent auditors' report to the shareholders of Tough Mudder Limited

We have audited the financial statements of Tough Mudder Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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 auditors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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

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 and financial statements 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 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

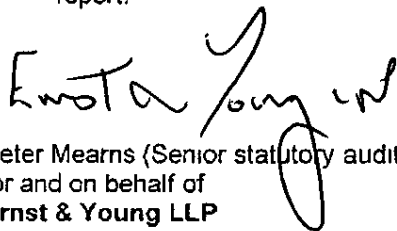
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of Tough Mudder 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.



Peter Mearns (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Registered Auditor
Inverness

Date 14/10/2013

Tough Mudder Limited

**Profit and loss account
for the year ended 31 December 2012**

	Note	2012 £	2011 £
Turnover	1,2	3,684,172	-
Cost of sales		(1,409,152)	-
Gross profit		2,275,020	-
Administrative expenses		(2,259,257)	(317,539)
Other operating income	3	420	20
Profit/(loss) on ordinary activities before taxation		16,183	(317,519)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial year	10	16,183	(317,519)

The notes on pages 7 to 12 form part of these financial statements

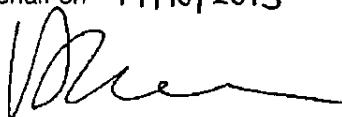
Tough Mudder Limited
Registered number: 07202563

Balance sheet
as at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	6		10,825		-
Current assets					
Debtors	7	2,420,626		6,836	
Cash at bank		114,793		152,323	
		<u>2,535,419</u>		<u>159,159</u>	
Creditors: amounts falling due within one year	8	<u>(2,855,623)</u>		<u>(484,721)</u>	
Net current liabilities			<u>(320,204)</u>		<u>(325,562)</u>
Net liabilities			<u>(309,379)</u>		<u>(325,562)</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		<u>(309,479)</u>		<u>(325,662)</u>
Shareholders' deficit			<u>(309,379)</u>		<u>(325,562)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/10/2013



William T Dean
Director

The notes on pages 7 to 12 form part of these financial statements.

Tough Mudder Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Fundamental accounting concept

The company has no external funding but receives all its financing from Tough Mudder LLC, its immediate parent undertaking. Without the support of its parent undertaking the company would not be a going concern.

The directors have prepared the financial statements on the going concern basis because the parent undertaking has agreed to continue providing sufficient support to enable the company to meet all its liabilities. Amounts advanced are interest free and have no fixed terms of repayment except that Tough Mudder LLC has confirmed to the directors of Tough Mudder Limited that it will not recall any funding until such a time as the company is able to repay these amounts without prejudicing its ability to pay its other liabilities as they fall due.

1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The company also provides sales and marketing support to the group and receives turnover in accordance with the terms of the agreement with the parent undertaking.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 3 - 8 years straight line
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1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Tough Mudder Limited

**Notes to the financial statements
for the year ended 31 December 2012**

1 Accounting policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

Tough Mudder Limited

**Notes to the financial statements
for the year ended 31 December 2012**

2. Turnover

55% of the company's turnover (2011 - NIL) is attributable to geographical markets outside the United Kingdom

3 Other operating income

	2012	2011
	£	£
Other operating income	420	20

4 Profit/(loss)

The profit/(loss) is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets - owned by the company	308	-
Auditors' remuneration	10,000	5,000

During the year, no director received any emoluments (2011 - £NIL)

5. Taxation

	2012	2011
	£	£
UK corporation tax charge on profit/loss for the year	-	-

Tough Mudder Limited

**Notes to the financial statements
for the year ended 31 December 2012**

6. Tangible fixed assets

	Office equipment £
Cost	
At 1 January 2012	-
Additions	11,133
At 31 December 2012	<u>11,133</u>
Depreciation	
At 1 January 2012	-
Charge for the year	308
At 31 December 2012	<u>308</u>
Net book value	
At 31 December 2012	<u>10,825</u>
At 31 December 2011	<u>-</u>

7. Debtors

	2012 £	2011 £
Trade debtors	221,692	-
Amounts owed by group undertakings	2,075,892	-
Other debtors	123,042	6,836
	<u>2,420,626</u>	<u>6,836</u>

**8. Creditors.
Amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	-	19
Trade creditors	67,370	21,200
Amounts owed to group undertakings	1,647,353	264,376
Social security and other taxes	219,368	-
Other creditors	921,532	199,126
	<u>2,855,623</u>	<u>484,721</u>

Tough Mudder Limited

**Notes to the financial statements
for the year ended 31 December 2012**

9 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. Reserves

	Profit and loss account £
At 1 January 2012	(325,662)
Profit for the year	16,183
At 31 December 2012	<u>(309,479)</u>

11. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
Expiry date		
Between 2 and 5 years	<u>75,596</u>	<u>-</u>

12. Related party transactions

Included in other debtors at the year end are amounts due from the directors of £72,550 (2011 - amounts due to the directors £441)

Amounts owed to group undertakings at the year end of £1,647,353 (2011 - £264,376) are amounts owed to the parent undertaking, Tough Mudder LLC. Amounts advanced are interest free and have no fixed terms of repayment

Included in amounts owed from group undertakings at the year end is £2,052,848 (2011 - nil) due from the parent undertaking, Tough Mudder LLC. The balance due from other group companies is £23,044 (2011 - nil)

Tough Mudder Limited

**Notes to the financial statements
for the year ended 31 December 2012**

13 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Tough Mudder LLC. The immediate and ultimate parent undertaking and controlling party is Tough Mudder LLC, a company incorporated in the USA.

It has included Tough Mudder Limited in its group financial statements, copies of which are available from its registered office 63 Pearl Street #221, Brooklyn, NY 11201.