

**Aberdeen Leisure Investments
Limited**

Report and Financial Statements

Year Ended

31 March 2012

Company Number SC323802

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Aberdeen Leisure Investments Limited

**Report and financial statements
for the year ended 31 March 2012**

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Directors

Gregor Clark
Marilyn D Cole
Peter K Young

Secretary and registered office

Malcolm D Briselden, 41 Charlotte Square, Edinburgh, EH2 4HQ

Company number

SC323802

Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Bankers

Bank of Ireland, Business and Corporate Banking, 1st Floor, Ardmore House, 40 George Street, Edinburgh, EH1 2EN

Solicitors

Dundas & Wilson CS LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH2 2LE

Aberdeen Leisure Investments Limited

Report of the directors for the year ended 31 March 2012

The directors present their report together with the audited financial statements for the year ended 31 March 2012.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities and review of the business

The principal activity of the company is that of a property investment company which acquired the entire share capital of Si City Wharf Limited on 14 May 2008.

During the year the company satisfied drawdown requests of its subsidiary company, Si City Wharf Limited for completion of its site at Ship Row, Aberdeen. Those were met on the basis of an on demand loan facility extended by the Bank of Ireland on behalf of the National Asset Management Agency (NAMA).

The development met practical completion in April 2011 and comprises office space, casino, hotel, leisure/retail units and a car park.

Directors

The directors of the company during the year were:

Gregor Clark
Marilyn D Cole
Stuart Glass (resigned 24 May 2012)
Peter K Young (appointed 3 February 2012)

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 elected to prepare the group and company 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 group and company and of the profit or loss of the group 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;
- 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.

Aberdeen Leisure Investments Limited

Report of the directors for the year ended 31 March 2012 (continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board



Marilyn D Cole

Director

5 December 2012

Aberdeen Leisure Investments Limited

Independent auditor's report

To the member of Aberdeen Leisure Investments Limited

We have audited the financial statements of Aberdeen Leisure Investments Limited for the year ended 31 March 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets 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).

This report is made solely to the company's member 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 member 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 member, 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 statement of directors' responsibilities, 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 of the financial statements

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 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 March 2012 and of the group's loss 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company and the group's ability to continue as a going concern. The company is currently being funded by an on demand loan facility extended by Bank of Ireland on behalf of NAMA (National Asset Management Agency). An earlier committed facility had been withdrawn on account of the insolvency of the site's original developer. The company is in continuing discussions with the lender seeking a new committed facility. The outcome of these discussions is uncertain.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company and the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company and the group were unable to continue as a going concern.

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.

Aberdeen Leisure Investments Limited

Independent auditor's report (*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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 and the directors' report in accordance with the small companies' regime.

BDO LLP

Andrew McNamara (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom

5 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Aberdeen Leisure Investments Limited

Consolidated profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	3	1,535,394	870,732
Administrative expenses- including exceptional costs of £3,864,898 (2011 - £8,548,173)	2	4,629,460	9,074,258
		<u>(3,094,066)</u>	<u>(8,203,526)</u>
Other operating income		-	105,000
		<u>-</u>	<u>105,000</u>
Group operating loss	4	(3,094,066)	(8,098,526)
Other interest receivable and similar income		1,551	24
Interest payable and similar charges	6	(1,787,184)	(1,549,066)
		<u>(1,785,633)</u>	<u>(1,548,842)</u>
Loss on ordinary activities before and after taxation for the financial year		<u>(4,879,699)</u>	<u>(9,647,568)</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

Aberdeen Leisure Investments Limited

Consolidated balance sheet at 31 March 2012

<i>Company number SC323802</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	10		19,125,000		22,750,000
Current assets					
Debtors	12	1,104,757		988,790	
Cash at bank and in hand		684,522		435,989	
		<u>1,789,279</u>		<u>1,424,779</u>	
Creditors: amounts falling due within one year	13	<u>26,426,638</u>		<u>24,807,439</u>	
Net current liabilities			<u>(24,637,359)</u>		<u>(23,382,660)</u>
Total assets less current liabilities			<u>(5,512,359)</u>		<u>(632,660)</u>
Capital and reserves					
Called up share capital	14		11,000,000		11,000,000
Profit and loss account	15		<u>(16,512,359)</u>		<u>(11,632,660)</u>
Shareholder's deficit	16		<u>(5,512,359)</u>		<u>(632,660)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 5 December 2012.



Marilyn D Cole
Director

The notes on pages 8 to 16 form part of these financial statements.

Aberdeen Leisure Investments Limited

Company balance sheet at 31 March 2012

<i>Company number SC323802</i>	Note	2012 £	2012 £	2011 £	2011 £
Current assets					
Debtors	12	23,002,563		23,224,603	
Cash at bank and in hand		1,700		1,756	
		<u>23,004,263</u>		<u>23,226,359</u>	
Creditors: amounts falling due within one year	13	<u>25,422,519</u>		<u>23,857,375</u>	
Total assets less current liabilities			<u>(2,418,256)</u>		<u>(631,016)</u>
Capital and reserves					
Called up share capital	14	11,000,000		11,000,000	
Profit and loss account	15	<u>(13,418,256)</u>		<u>(11,631,016)</u>	
Shareholder's deficit	16		<u>(2,418,256)</u>		<u>(631,016)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 05 December 2012.



Marilyn D Cole
Director

The notes on pages 8 to 16 form part of these financial statements.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Aberdeen Leisure Investments Limited and all of its subsidiary undertakings as at 31 March 2012 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Going concern

The accounts have been prepared on a going concern basis.

The group is funded by an on demand loan facility extended by Bank of Ireland on behalf of National Asset Management Agency (NAMA). Aberdeen Leisure Investments Limited is in continuing discussion with the lender seeking a new committed facility.

In view of the successful management of the property and the opportunities that exist to further enhance the value of the asset, the directors have a reasonable expectation that funding will continue to be made available by the lender for the foreseeable future and consequently the company has adequate resources to continue in operating existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing this annual report and financial statements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company and the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company and the group were unable to continue as a going concern.

Cash flow statement

The group has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' group under the Companies Act 2006.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents rental income and is accounted for on an accruals basis.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Investment properties

Investment properties are accounted for in accordance with SSAP 19 'Accounting for investment properties', whereby investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Expenses

All expenses are accounted for on an accruals basis.

2 Exceptional items

	2012 £	2011 £
Goodwill impairment in excess of normal amortisation	-	3,579,369
Impairment of investment property	3,864,898	4,968,804
	<hr/>	<hr/>
	3,864,898	8,548,173
	<hr/>	<hr/>

3 Turnover

Turnover arises solely within the United Kingdom.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

4 Operating loss

	2012 £	2011 £
This is arrived at after charging:		
Annual amortisation of goodwill	-	209,014
Auditors' remuneration - fees payable to the group's auditor for the audit of the group's annual accounts	9,500	9,500
Impairment of investment property	3,864,898	4,968,804
Impairment of goodwill	-	5,701,238
	<u> </u>	<u> </u>

5 Directors' remuneration

No director received any emoluments during the current year (2011 - £Nil).

6 Interest payable and similar charges

	2012 £	2011 £
Bank interest	-	959
Bank loan interest	1,787,184	1,443,785
Bank loan fee amortisation	-	104,322
	<u> </u>	<u> </u>
	1,787,184	1,549,066
	<u> </u>	<u> </u>

7 Taxation on loss on ordinary activities

The tax assessed for the year differs from the small company rate of corporation tax in the UK applied to loss before tax.

	2012 £	2011 £
Loss on ordinary activities before tax	(4,879,699)	(9,647,568)
	<u> </u>	<u> </u>
Loss on ordinary activities at the small company rate of corporation tax in the UK of 20% (2011 - 21%)	(975,940)	(2,025,989)
Effect of:		
Expenses not deductible for tax purposes	758,655	1,839,009
Tax losses carried forward	217,285	196,955
Non taxable credit entry	-	(9,975)
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

7 Taxation on loss on ordinary activities (*continued*)

Factors that may affect future tax charges

The group has tax losses and non trade loan relationship deficits of approximately £3.8m (2011: £2.7m) which will be carried forward for potential future utilisation.

8 Loss for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The company loss for the year after tax is £1,787,240 (2011 - £9,409,721).

9 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 April 2011 and 31 March 2012	4,180,284
<i>Amortisation</i>	
At 1 April 2011 and 31 March 2012	4,180,284
<i>Net book value</i>	
At 31 March 2011 and 31 March 2012	-

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

10 Tangible fixed assets

Group

	Investment property £
<i>Valuation</i>	
At 1 April 2011	22,750,000
Additions	239,898
Impairment	(3,864,898)
	<hr/>
At 31 March 2012	19,125,000
	<hr/>
At 31 March 2011	22,750,000
	<hr/>

The directors obtained an independent valuation of the property as at 31 March 2012 from Howard Ounsley MRICS, a director of the property manager DTZ. Given that the property market shows no sign of significant growth in values over the short to medium term, the property has been written down to £19.125m, with the impairment of £3,864,898 being charged to administrative expenses in the year.

The historical cost of the investment property is:

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Cost	27,958,702	27,718,804	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

11 Fixed asset investments

Company

	Shares in group undertakings £
<i>Cost</i>	
At 1 April 2011 and 31 March 2012	4,306,921
	<hr/>
<i>Provisions</i>	
At 1 April 2011 and 31 March 2012	4,306,921
	<hr/>
<i>Net book value</i>	
At 31 March 2011 and 31 March 2012	-
	<hr/>

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

11 Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>		
Si City Wharf Limited	100%	Property investment

Si City Wharf Limited has been included in the consolidation of the Aberdeen Leisure Investments Limited group.

12 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	44,487	198,115	-	-
Amounts owed by group undertakings	272,102	208,466	23,002,563	23,224,603
Other debtors	788,168	582,209	-	-
	<u>1,104,757</u>	<u>988,790</u>	<u>23,002,563</u>	<u>23,224,603</u>

All amounts shown under debtors fall due for payment within one year.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

13 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans and overdrafts (secured)	25,203,723	23,675,161	25,203,723	23,675,161
Trade creditors	207,372	373,901	-	-
Taxation and social security	25,469	21,665	-	-
Other creditors	990,074	736,712	218,796	182,214
	<u>26,426,638</u>	<u>24,807,439</u>	<u>25,422,519</u>	<u>23,857,375</u>

Bank borrowings are secured by a standard security over the group's investment property and by a bond and floating charge over the assets of the group. Rental income has also been assigned to the Bank of Ireland.

Interest rate swap contract

The company has entered into a £22.5m interest rate swap agreement with Bank of Ireland where variable rate interest rate payments are swapped for fixed rate interest payments of 5.42%. This has been done in order to hedge against cash flow interest rate risk arising from the variable rate bank loan with Bank of Ireland. The interest rate swap contract matures on 1 February 2016 and its fair value at 31 March 2012 was a liability of £3,353,069 (2011: £2,795,944).

14 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
11,000,000 Ordinary shares of £1 each	<u>11,000,000</u>	<u>11,000,000</u>

15 Reserves

Group

	Profit and loss account £
At 1 April 2011	(11,632,660)
Loss for the year	(4,879,699)
	<u> </u>
At 31 March 2012	<u>(16,512,359)</u>

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

15 Reserves (continued)

Company

	Profit and loss account £
At 1 April 2011	(11,631,016)
Loss for the year	(1,787,240)
	<hr/>
At 31 March 2012	(13,418,256)
	<hr/>

16 Reconciliation of movements in shareholder's deficit

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Loss for the year	(4,879,699)	(9,647,568)	(1,787,240)	(9,409,721)
Opening shareholder's (deficit)/funds	(632,660)	9,014,908	(631,016)	8,778,705
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's deficit	(5,512,359)	(632,660)	(2,418,256)	(631,016)
	<hr/>	<hr/>	<hr/>	<hr/>

17 Contingent liabilities

The company has given the Bank of Ireland a cross guarantee in respect of borrowings due by Si City Wharf Limited. As at 31 March 2012, these borrowings amounted to £22,730,461 (2011: £23,016,137).

18 Related party disclosures

The company is a wholly owned subsidiary of Si Limited Partnership No 7 and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Si Limited Partnership No 7 or other wholly owned subsidiaries within the group.

19 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Si Limited Partnership No 7 which is the ultimate parent entity and is a Limited Partnership registered in Scotland. The general partners of Si Limited Partnership No 7 are considered to be the ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by Si Limited Partnership No 7. No other group accounts include the results of the company.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

20 Capital commitments

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Contracted but not provided for	-	90,519	-	-
	<hr/>	<hr/>	<hr/>	<hr/>