

**Aberdeen Leisure Investments
Limited**

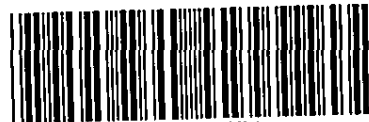
Report and Financial Statements

Year Ended

31 March 2014

Company Number SC323802

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Aberdeen Leisure Investments Limited

Report and financial statements for the year ended 31 March 2014

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Directors

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, 1st Floor, 40 George Street, Edinburgh, EH1 2EN

Solicitors

CMS Cameron McKenna LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH2 2LE

Aberdeen Leisure Investments Limited

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results

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

Directors

The directors of the company during the year were:

Gregor Clark (resigned 28 June 2013)
Marilyn D Cole
Peter K Young

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 2014 (continued)

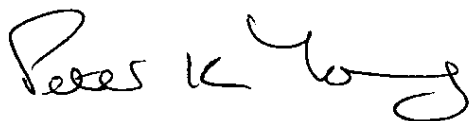
Auditors

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



Peter K Young

Director

11 December 2014

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 2014 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of the group's 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.

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).

Given the short term nature of the funding, there remains the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Opinion on other matters 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 and to the exemption from the requirement to prepare a strategic report.

BDO LLP

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

11 December 2014

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 2014

	Note	2014 £	2013 £
Turnover	2	2,140,496	2,127,769
Administrative expenses- including exceptional credits of £1,000,000 (2013 - £875,000)		90,695	290,847
Group operating profit	3	2,049,801	1,836,922
Other interest receivable and similar income		973	2,275
Interest payable and similar charges	5	(1,629,890)	(1,615,542)
Profit on ordinary activities before and after taxation for the financial year		420,884	223,655

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.

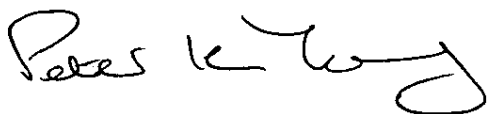
Aberdeen Leisure Investments Limited

Consolidated balance sheet at 31 March 2014

<i>Company number SC323802</i>	<i>Note</i>	<i>2014 £</i>	<i>2014 £</i>	<i>2013 £</i>	<i>2013 £</i>
Fixed assets					
Tangible assets	9		21,000,000		20,000,000
Current assets					
Debtors	11	1,358,801		1,265,888	
Cash at bank and in hand		897,264		659,086	
		<u>2,256,065</u>		<u>1,924,974</u>	
Creditors: amounts falling due within one year	12	<u>28,123,885</u>		<u>27,213,678</u>	
Net current liabilities			<u>(25,867,820)</u>		<u>(25,288,704)</u>
Total assets less current liabilities			<u>(4,867,820)</u>		<u>(5,288,704)</u>
Capital and reserves					
Called up share capital	13		11,000,000		11,000,000
Profit and loss account	14		(15,867,820)		(16,288,704)
Shareholder's deficit	15		<u>(4,867,820)</u>		<u>(5,288,704)</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 11 December 2014.



Peter K Young
Director

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

Aberdeen Leisure Investments Limited

Company balance sheet at 31 March 2014

<i>Company number SC323802</i>	Note	2014 £	2014 £	2013 £	2013 £
Current assets					
Debtors	11	21,463,244		22,363,244	
Cash at bank and in hand		1,700		1,700	
		<u>21,464,944</u>		<u>22,364,944</u>	
Creditors: amounts falling due within one year	12	<u>27,151,797</u>		<u>26,421,907</u>	
Total assets less current liabilities			<u>(5,686,853)</u>		<u>(4,056,963)</u>
Capital and reserves					
Called up share capital	13	11,000,000		11,000,000	
Profit and loss account	14	(16,686,853)		(15,056,963)	
Shareholder's deficit	15		<u>(5,686,853)</u>		<u>(4,056,963)</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 11 December 2014.



Peter K Young
Director

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

**Notes forming part of the financial statements
for the year ended 31 March 2014**

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 2014 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

A company profit and loss account for the parent entity has not been prepared as permitted by Section 408 of the Companies Act 2006.

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).

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.

However, given the short term nature of the funding, there remains the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company 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 service charge 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 2014 (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. Reversal of previous impairments which were charged to the profit and loss account are credited to profit and loss until the revalued amounts reaches original cost.

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 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 2014 *(continued)*

3 Operating profit

	2014 £	2013 £
This is arrived at after charging/(crediting):		
Audit fees	13,500	13,150
Reversal of impairment of investment property	(1,000,000)	(875,000)
	<u> </u>	<u> </u>

4 Directors' remuneration

No director received any emoluments during the current year (2013 - £Nil).

5 Interest payable and similar charges

	2014 £	2013 £
Bank loan interest	1,629,890	1,615,542
	<u> </u>	<u> </u>

6 Taxation on profit on ordinary activities

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

	2014 £	2013 £
Profit on ordinary activities before tax	420,884	223,655
	<u> </u>	<u> </u>
Profit on ordinary activities at the small company rate of corporation tax in the UK of 20% (2013 - 20%)	84,177	44,731
Effect of:		
Expenses not deductible for tax purposes	611	150
Depreciation in excess of capital allowances	13,616	-
Fixed asset timing differences	3,960	-
Tax losses carried forward	97,636	130,119
Non taxable income	(200,000)	(175,000)
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The group has tax losses and non trade loan relationship deficits of approximately £4.9m (2013: £3.7m) which will be carried forward for potential future utilisation.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

7 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 £1,629,890 (2013: £1,638,707).

8 Intangible fixed assets

Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 April 2013 and 31 March 2014	4,180,284
<i>Amortisation</i>	
At 1 April 2013 and 31 March 2014	4,180,284
<i>Net book value</i>	
At 31 March 2013 and 31 March 2014	-

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (continued)

9 Tangible fixed assets

Group

	Investment property £
<i>Valuation</i>	
At 1 April 2013	20,000,000
Reversal of impairment	1,000,000
	<hr/>
At 31 March 2014	21,000,000
	<hr/>
At 31 March 2013	20,000,000
	<hr/>

In assessing the valuation of the asset as at 31st March 2014 as compared to the valuation at 31st March 2013 the Directors have taken into account various factors which have had an influence on the valuation.

Demand for office accommodation in Aberdeen remains strong as the Oil and gas sector continues to invest in the North Sea and there is potential for rental growth in the office sector which will benefit the asset. Under the terms of the office leases within City Wharf we have seen the expiry of further tenant incentives resulting in the full rent roll under the terms of their leases now being received.

During the year there has been an improvement in the actual rents received as a result of rent reviews which have taken place during the year.

There has been a improvement in demand from investors looking for good quality regional property investment assets, this combined with being one of the better performing regional economies has helped to make Aberdeen one of the more attractive regional cities to investors.

Based on the above factors, in our opinion the valuation for the asset at 31st March 2014 was in the order of £21m.

The historical cost of the investment property is:

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Cost	27,958,702	27,958,702	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

10 Fixed asset investments

Group

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 April 2013 and 31 March 2014	4,306,921
<i>Provisions</i>	
At 1 April 2013 and 31 March 2014	4,306,921
<i>Net book value</i>	
At 31 March 2013 and 31 March 2014	-

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.

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (continued)

11 Debtors

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade debtors	61,706	4,973	-	-
Amounts owed by group undertakings	418,891	344,729	21,463,244	22,363,244
Other debtors	878,204	916,186	-	-
	<u>1,358,801</u>	<u>1,265,888</u>	<u>21,463,244</u>	<u>22,363,244</u>

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

12 Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Bank loans and overdrafts (secured)	26,932,420	26,212,778	26,932,420	26,212,778
Trade creditors	12,544	45,052	-	-
Taxation and social security	90,075	44,598	-	-
Other creditors	1,088,846	911,250	219,377	209,129
	<u>28,123,885</u>	<u>27,213,678</u>	<u>27,151,797</u>	<u>26,421,907</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 2014 was a liability of £1,741,788 (2013: £2,869,506).

13 Share capital

	2014 £	2013 £
<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>

Aberdeen Leisure Investments Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 *(continued)*

14 Reserves

Group

Profit and
loss account
£

At 1 April 2013	(16,288,704)
Profit for the year	420,884
	<hr/>
At 31 March 2014	(15,867,820)
	<hr/>

Company

Profit and
loss account
£

At 1 April 2013	(15,056,963)
Loss for the year	(1,629,890)
	<hr/>
At 31 March 2014	(16,686,853)
	<hr/>

15 Reconciliation of movements in shareholder's deficit

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Profit/(loss) for the year	420,884	223,655	(1,629,890)	(1,638,707)
Opening shareholder's deficit	(5,288,704)	(5,512,359)	(4,056,963)	(2,418,256)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's deficit	(4,867,820)	(5,288,704)	(5,686,853)	(4,056,963)
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Aberdeen Leisure Investments Limited

**Notes forming part of the financial statements
for the year ended 31 March 2014 (continued)**

16 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.

During the year the subsidiary company, Si City Wharf Limited, had transactions with the parent company of the General Partners of Si Limited Partnership No 7, Strategic Property Asset Management Limited. Strategic Property Asset Management Limited invoiced fees of £177,000 (2013: £168,000) in relation to management of the group's properties.

17 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. The accounts are available to the public and may be obtained from 41 Charlotte Square, Edinburgh, EH2 4HQ.