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**SPORTGRADE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

# **SPORTGRADE LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 December 2009

## **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The Company was party to a group debt forgiveness exercise but did not trade during the year, which makes the going concern presumption in FRS 18 "Accounting policies" inappropriate. The financial statements have therefore been prepared on a break-up basis, which has not had a material impact on the financial statements. The state of the company's affairs is shown in the attached financial statements.

### **Principal risks and uncertainties**

The directors of Pentland Group plc manage the group's risk at a group level, rather than at an individual entity level. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of the Sportgrade Limited's business.

The principal risks and uncertainties of Pentland Group plc, which include those of the company, are discussed on page 1 of the group's annual report which does not form part of this report. Copies of the Pentland Group plc consolidated financial statements are available from the Company secretary at 8 Manchester Square, London, W1U 3PH.

### **Key performance indicators**

Given the straightforward nature of the activity in the year, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

## **RESULTS AND DIVIDENDS**

On 18 December 2009 the Company reduced its issued share capital by special resolution supported by a solvency statement by £30,000 to 100 ordinary shares of £1 each.

As a result of a debt forgiveness exercise, effective on 22 December 2009, an amount of £7,796 owed to the company was waived by the parent undertaking, giving rise to a loss for the year of £7,796 (2008: £nil), which is shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2008: £nil).

## **DIRECTORS**

The following directors who held office during the year unless noted and up to the date of signing the financial statements were:

A M Long  
P J Campbell

## **QUALIFYING THIRD PARTY AND PENSION SCHEME INDEMNITY PROVISIONS**

Pentland Group plc (the ultimate parent company) has provided an indemnity for the directors and the secretary of the company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

# **SPORTGRADE LIMITED**

## **DIRECTORS' REPORT (continued)**

### **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 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 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.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors' report, of which the auditors are unaware. Having made enquiries of fellow directors and the group auditors, each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

### **AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



P J Campbell  
**Company secretary**

30 June 2010

# **SPORTGRADE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTGRADE LIMITED**

We have audited the financial statements of Sportgrade Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, 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 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 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.

### **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 2009 and of its 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.

# **SPORTGRADE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTGRADE LIMITED (continued)**

### **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



Alison Lees (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 June 2010

# SPORTGRADE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
<b>Loss on ordinary activities before taxation</b>	3	<b>(7,796)</b>	-
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	8	<b><u>(7,796)</u></b>	<b><u>-</u></b>

All activities have been discontinued. All recognised gains and losses are included in the profit and loss account. The current year loss is a result of the debt forgiveness exercise.

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

# SPORTGRADE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
<b>Current assets</b>			
Debtors	6	-	7,796
<b>Net assets</b>		<u>-</u>	<u>7,796</u>
<b>Capital and reserves</b>			
Called up equity share capital	7	100	30,100
Profit and loss account	8	(100)	(22,304)
<b>Total shareholders' deficit</b>		<u>-</u>	<u>7,796</u>

The financial statements on pages 5 to 10 were approved by the board of directors on 30 June 2010 and signed on its behalf by



P J Campbell  
Director

Registered number 1340413

# SPORTGRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 1 ACCOUNTING POLICIES

**Basis of preparation** These financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently with the prior year, is given in the following paragraphs.

The Company was party to a group debt forgiveness exercise but did not trade during the year, which makes the going concern presumption in FRS 18 "Accounting policies" inappropriate. The financial statements have therefore been prepared on a break-up basis, which has not had a material impact on the financial statements. The state of the company's affairs is shown in the attached financial statements.

### 2 CASH FLOW STATEMENT

Pentland Group plc, of which the company is a wholly owned subsidiary, has presented in its consolidated financial statements a group cash flow statement drawn up under the provisions of Financial Reporting Standard 1 Cash flow statements (FRS 1 Revised 1996). Accordingly the company has taken advantage of the exemption available under FRS 1 revised 1996 to dispense with presenting its own cash flow statement.

### 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £	2008 £
<b>Net operating expenses</b>		
Administrative expenses before exceptional items	-	-
Exceptional administrative expenses	(7,796)	-
<b>Loss on ordinary activities before taxation</b>	<u>(7,796)</u>	<u>-</u>

Exceptional administration expenses comprise a net loss of £7,796 from the forgiveness of amounts owed from the parent undertaking.

### 4 DIRECTORS AND EMPLOYEES

The directors, who were the only employees of the company, did not receive any emoluments in respect of their services to the company during the year (2008: £nil).



# SPORTGRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 5 TAX ON LOSS ON ORDINARY ACTIVITIES

Based upon the results for the year there was no tax payable

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 28.5%) The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before taxation	(7,796)	-
Loss on ordinary activities multiplied by standard rate in the UK of 28% (2008 28.5%)	(2,183)	-
Effect on tax charge of Permanent differences	2,183	-
Current tax charge for the year	-	-

### 6 DEBTORS: amounts falling due within one year

	2009 £	2008 £
Amounts due from parent undertaking	-	7,796
	-	7,796

Amounts owed by the parent undertaking have reduced by £7,796 as a result of the debt forgiveness exercise

# SPORTGRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

### 7 CALLED UP SHARE CAPITAL

	2009 £	2008 £
<b>Authorised</b>		
30,100 ordinary shares of £1 each	30,100	30,100
	<hr/>	<hr/>
		£
<b>Allotted, issued and fully paid</b>		
At 1 January 2009		
30,100 ordinary shares of £1 each		30,100
Transferred to Profit and Loss account		(30,000)
		<hr/>
At 31 December 2009		100
100 ordinary shares of £1 each		<hr/>

Transfer from called up share capital to profit and loss reserves of £30,000 was carried out to facilitate the debt forgiveness exercise

### 8 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2009	(22,304)
Loss for the financial year	(7,796)
Transfer from share capital	30,000
	<hr/>
At 31 December 2009	(100)
	<hr/>

### 9 COMMITMENTS AND CONTINGENCIES

Bank overdrafts are reported gross but the company and its UK fellow subsidiary undertakings have arrangements with their clearing banks whereby sterling and, if applicable, US dollar and euro cleared credit balances are set off against the respective sterling and foreign currency cleared debit balances on their current accounts and interest is paid only on the aggregate net overdrafts

The company is party to a guarantee in favour of its bank regarding the aggregate indebtedness on the cleared current account balances in sterling, US dollars and euros, respectively, of Pentland Group plc and of several UK fellow subsidiaries, which together comprise the overdraft group and participate in the set-off arrangements with the bank

The company's liability under the guarantee is limited to the lower of the account indebtedness of the relevant group companies and its own current account credit balances in sterling and the respective foreign currencies with the bank

**10 RELATED PARTIES**

Pentland Group plc, of which the company is an indirect wholly owned subsidiary, has presented in its consolidated financial statements, which are publicly available, a related parties disclosure note under the provisions of Financial Reporting Standard 8 Related party disclosures (FRS 8). Accordingly, the company has taken advantage of the exemption available under FRS 8 to dispense with disclosing related party transactions with entities within the group, or investees of the group, qualifying as related parties.

**11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The intermediate parent undertaking Berghaus Ltd, a company registered in England, has prepared accounts for the year ended 31 December 2009 and these can be obtained from the company's registered office at 8 Manchester Square, London W1U 3PH. The ultimate parent undertaking is Pentland Group plc, a company registered in England. R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group plc. Consolidated financial statements have been prepared by Pentland Group plc, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2009. The consolidated financial statements of Pentland Group plc can be obtained from the company's registered office at 8 Manchester Square, London W1U 3PH.