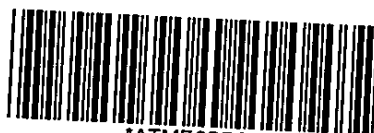


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SPORTGRADE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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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 2010.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The financial statements have not been prepared on a going concern basis as the Company did not trade during the year, which makes the going concern presumption in FRS 18 "Accounting Policies" inappropriate. Therefore, the financial statements have 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 dormant 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 business.

DIVIDENDS

The directors do not recommend the payment of a dividend (2009 £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 Company is not trading. The Directors have relied on Section 480 of the Companies Act 2006 not to appoint auditors to the Company on the grounds that it is dormant.

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
26 January 2011

SPORTGRADE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Profit/(Loss) on ordinary activities before taxation	3	-	(7,796)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial year		<u>-</u>	<u>(7,796)</u>

All activities have been discontinued. All recognised gains and losses are included in the profit and loss account.

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 2010

	Notes	2010 £	2009 £
Net assets		-	-
Capital and reserves			
Called up equity share capital	6	100	100
Profit and loss reserve	7	(100)	(100)
Total shareholders' deficit		-	-

- for the year ending 31 December 2010 the Company was entitled to a exemption from audit under Section 480 of the Companies Act 2006,
- the members have not required the company to obtain an audit in accordance with Section 476 of the Companies Act 2006,
- the directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts

The financial statements on pages 3 to 7 were approved by the board of directors on 26 January 2011 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 2010

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.

Going concern As stated in the Director's Report, the financial statements have been prepared on a break-up basis.

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 PROFIT/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £	2009 £
Net operating expenses		
Administrative expenses before exceptional items	-	-
Exceptional administrative expenses	-	(7,796)
Profit/(Loss) on ordinary activities before taxation	<u>-</u>	<u>(7,796)</u>

In 2009, 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 (2009 £nil).

SPORTGRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

5 TAX ON PROFIT/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% (2009 28%) The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	-	(7,796)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK of 28% (2009 28%)	-	(2,183)
Effect on tax charge of Permanent differences	-	2,183
Current tax charge for the year	-	-

6 CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised 30,100 ordinary shares of £1 each	30,100	30,100
Allotted, issued and fully paid At 1 January 2010 and 31 December 2010 100 ordinary shares of £1 each		100

7 PROFIT AND LOSS RESERVE

	£'000
At 1 January 2010 and 31 December 2010	(100)

SPORTGRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8 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

9 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

10 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 2010 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 2010 The consolidated financial statements of Pentland Group plc can be obtained from the company's registered office at 8 Manchester Square, London W1U 3PH