

3576145

**SABLEKNIGHT VICTORIA LIMITED**

**REPORT AND ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2008**

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# **SABLEKNIGHT VICTORIA LIMITED**

## **I N D E X**

**Year ended 31 December 2008**

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**SABLEKNIGHT VICTORIA LIMITED**

**GENERAL INFORMATION**

**Year ended 31 December 2008**

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<b>Directors</b>	R S Broadhurst CBE I C Woodward
<b>Secretary</b>	G Spinks
<b>Registered office</b>	90 Fetter Lane London EC4A 1PT
<b>Company number</b>	3576145
<b>Auditors</b>	KPMG LLP PO Box 695 8 Salisbury Square London EC4Y 8BB
<b>Bankers</b>	Coutts & Co Commercial Banking 440 Strand London WC2R 0QS

# **SABLEKNIGHT VICTORIA LIMITED**

## **R E P O R T   O F   T H E   D I R E C T O R S**

**Year ended 31 December 2008**

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The directors submit their report and accounts for the year ended 31 December 2008.

### **Review of the business**

The principal activity of the company is the holding of an investment in a limited partnership.

### **Results and dividends**

The profit for the financial year amounted to £2,551,449 (2007 - £14,214,761), details of which are given in the attached financial statements. The directors do not propose the payment of a dividend (2007 - £15 million)

### **Directors**

The directors who served throughout the year are as shown on page 2.

### **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 which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. The directors have elected to prepare the company financial statements in accordance with UK Accounting Standards. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

A resolution to re-appoint KPMG LLP as auditors in accordance with section 385 of the Companies Act 1985 will be proposed at the forthcoming annual general meeting.

By order of the board

  
G SPINKS  
Secretary

30 June 2009

## **SABLEKNIGHT VICTORIA LIMITED**

### **AUDITORS' REPORT**

**Year ended 31 December 2008**

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#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SABLEKNIGHT VICTORIA LIMITED**

We have audited the financial statements of Sableknight Victoria Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**SABLEKNIGHT VICTORIA LIMITED**

**AUDITORS' REPORT (continued)**

**Year ended 31 December 2008**

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**KPMG LLP**  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London  
EC4Y 8BB

30 June 2009

**SABLEKNIGHT VICTORIA LIMITED****PROFIT AND LOSS ACCOUNT****Year ended 31 December 2008**

	<b>Note</b>	<b>2008</b> £	<b>2007</b> £
<b>Turnover</b>	<b>1</b>	-	2,650,914
Cost of sales		-	(31,041)
<b>Gross profit</b>		-	2,619,873
Administrative expenses		(27,384)	(150,277)
Other operating income		615,030	295,377
<b>Operating profit</b>	<b>2</b>	587,646	2,764,873
Profit on disposal of investment property		-	5,920,354
Income from limited partnership		-	1,078,845
Profit on disposal of investment in limited partnership		-	8,936,928
Interest receivable and similar income		-	14,808
Interest payable and similar charges	<b>3</b>	-	(1,330,319)
<b>Profit on ordinary activities before taxation</b>		587,646	17,385,589
Tax on profit on ordinary activities	<b>4</b>	1,963,803	(3,170,828)
<b>Profit for the financial year</b>	<b>11</b>	2,551,449	14,214,761

All amounts relate to continuing operations.

**SABLEKNIGHT VICTORIA LIMITED****STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES****Year ended 31 December 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	2,551,449	14,214,761
Unrealised loss on revaluation of fixed asset investments	(4,337,928)	-
<b>Total recognised gains and losses relating to the year</b>	<b>(1,786,479)</b>	<b>14,214,761</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

Reported profit on ordinary activities before taxation	587,646	17,385,589
Realisation of investment property revaluation gains of previous years	-	61,708,446
Historical cost profit on ordinary activities before taxation	587,646	79,094,035
Historical cost profit on ordinary activities after taxation	2,551,449	75,923,207



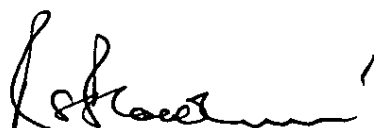
**SABLEKNIGHT VICTORIA LIMITED**

**B A L A N C E   S H E E T**

**At 31 December 2008**

	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Fixed assets</b>			
Investments	5	8,500,050	12,837,978
		<u>8,500,050</u>	<u>12,837,978</u>
<b>Current assets</b>			
Debtors:			
- falling due within one year		2,036,835	19,821
- falling due after more than one year		53,498,149	57,974,997
	6	<u>55,534,984</u>	<u>57,994,818</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(177,113)</u>	<u>(2,772,130)</u>
<b>Net current assets</b>		<u>55,357,871</u>	<u>55,222,688</u>
<b>Total assets less current liabilities</b>		<u>63,857,921</u>	<u>68,060,666</u>
<b>Creditors: amounts falling due after more than one year</b>	8	-	(2,416,266)
<b>Net assets</b>		<u>63,857,921</u>	<u>65,644,400</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Revaluation reserve	10	(4,337,928)	-
Profit and loss account	10	68,195,848	65,644,399
<b>Shareholders' funds</b>	10	<u>63,857,921</u>	<u>65,644,400</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 30 June 2009 and were signed on its behalf by:-



**R S BROADHURST CBE**  
Director

## **SABLEKNIGHT VICTORIA LIMITED**

### **ACCOUNTING POLICIES**

**Year ended 31 December 2008**

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The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed asset investments.

#### **Turnover**

Rental income is recognised evenly over the period of the lease or to the next rent review date, if earlier.

#### **Other operating income**

Other operating income consists of income received in relation to the disposal of the investment in the limited partnership in 2007. This income covers a two year period and is accounted for on an accruals basis.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax liabilities in respect of all timing differences arising from the different treatment of items for accounting and taxation purposes without discounting.

#### **Investments**

The investment in the limited partnership represents the company's share of capital and loan accounts as shown in the financial statements of the partnership prepared under the historical cost convention modified by the revaluation of investment property.

#### **Investment properties**

Investment properties are included in the balance sheet at open market values based on annual valuations. Such valuations are undertaken by independent valuers at least once every five years and by the directors in the interim periods.

All changes in the open market values of the investment properties are taken to the statement of total recognised gains and losses, being a movement on the investment property revaluation reserve.

No depreciation is provided on the investment properties. This constitutes a departure from the statutory accounting requirements of the Companies Act 1985, but in the opinion of the directors, the effect of this departure is that the financial statements present a true and fair view of the value of the properties. Depreciation or amortisation is only one of the many factors reflected in the valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

**SABLEKNIGHT VICTORIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008**

<b>1. Turnover</b>	<b>2008</b>	<b>2007</b>
	£	£
Turnover represents rental income receivable	-	2,650,914
<b>2. Operating profit</b>	<b>2008</b>	<b>2007</b>
	£	£
This is stated after charging:		
Auditors' remuneration for statutory audit services	3,000	5,000
<b>3. Interest payable and similar charges</b>	<b>2008</b>	<b>2007</b>
	£	£
Bank loan	-	1,330,319
<b>4. Tax on profit on ordinary activities</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Current tax:</b>		
UK corporation tax on profit of the year	167,463	3,129,161
Adjustments in respect of prior periods	(2,131,266)	-
	(1,963,803)	3,129,161
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	41,667
	(1,963,803)	3,170,828
Factors affecting the tax charge for the year:		
Profit on ordinary activities before tax	587,646	17,385,589
Profit on ordinary activities multiplied by the applicable corporation tax rate of 28% (2007 – 30%)	164,541	5,215,677
Effects of:		
Change in corporation tax rate during the year	2,922	-
Transfer of property to limited partnership	-	(1,753,217)
Losses brought forward	-	(333,299)
Adjustment in respect of prior years	(2,131,266)	-
	(1,963,803)	3,129,161

**SABLEKNIGHT VICTORIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008**

<b>5. Fixed asset investments</b>	<b>Investment in limited partnership £</b>	<b>Investment in joint venture £</b>	<b>Total £</b>
<b>Cost and net book value</b>			
At 1 January 2008	12,837,928	50	12,837,978
Revaluation	(4,337,928)	-	(4,337,928)
At 31 December 2008	<u>8,500,000</u>	<u>50</u>	<u>8,500,050</u>

The company's limited partnership investment at 31 December 2008 was:

<b>Name</b>	<b>Principal activity</b>	<b>Share of Partnership</b>
The SKV 160QVS LP	Property investment	9.009009%

The company's investment in the limited partnership consists of its partnership capital and loan account balances modified by the revaluation of investment property.

The company's joint venture investment at 31 December 2008 was:

<b>Name</b>	<b>Country of registration</b>	<b>Principal activity</b>	<b>Interest in ordinary shares</b>
QVS Developments Limited	England and Wales	Property development company	* 55.5%

\* Sableknight Victoria Limited shares management control on a 50%/50% basis with LD (Victoria) Limited, a subsidiary of Louis Dreyfus & Co Limited.

At 31 December 2008 the aggregate capital and reserves of QVS Developments Limited was £70,211 (2007 – £61,063). The profit for the year ended 31 December 2008 was £9,148 (2007 – £12,012).

<b>6. Debtors</b>	<b>2008 £</b>	<b>2007 £</b>
Amounts owed by group undertakings	53,498,149	57,974,997
Amounts owed by joint ventures	-	547
Other debtors	2,193	19,274
Corporation tax	2,034,642	-
	<u>55,534,984</u>	<u>57,994,818</u>

<b>7. Creditors: amounts falling due within one year</b>	<b>2008 £</b>	<b>2007 £</b>
Corporation tax	-	1,779,161
Other creditors	9,671	204,601
Accruals and deferred income	167,442	788,368
	<u>177,113</u>	<u>2,772,130</u>

**SABLEKNIGHT VICTORIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008**

<b>8. Creditors: amounts falling due after more than one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	-	2,416,266

<b>9. Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Authorised 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 1 ordinary share of £1	1	1

**10. Reconciliation of movements in shareholders' funds**

	<b>Share Capital</b>	<b>Revaluation Reserve</b>	<b>Profit and loss account</b>	<b>2008 Total</b>	<b>2007 Total</b>
	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
At 1 January	1	-	65,644,399	65,644,400	66,429,639
Revaluation of fixed asset investments	-	(4,337,928)	-	(4,337,928)	-
Profit for the financial year	-	-	2,551,449	2,551,449	14,214,761
Dividends	-	-	-	-	(15,000,000)
At 31 December	1	(4,337,928)	68,195,848	63,857,921	65,644,400

**11. Related party transactions**

As the company is a wholly owned subsidiary of Sableknight Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Sableknight Limited. The consolidated financial statements of Sableknight Limited, within which this company is included, can be obtained from Companies House.

**12. Ultimate parent company**

The company's controlling party and parent undertaking is Sableknight Limited, a company incorporated in Great Britain and registered in England and Wales. The company's ultimate controlling party is the Observer Publishing Trust.

The only group in which the results of the company are consolidated is that headed by Sableknight Limited.