

LMS Leisure Investments Limited

Directors' report and financial statements

31 December 2009

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LMS Leisure Investments Limited

Directors' report and financial statements

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Directors

J D Burns
N Q George
D M A Wisniewski
S P Silver
D G Silverman
P M Williams

Secretary and registered office

T J Kite
25 Savile Row
London
W1S 2ER

Company number

3910677

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

LMS Leisure Investments Limited

Company number 3910677

Directors' report

Principal activities and future developments

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend a payment of a dividend (2008: £nil).

No political or charitable donations were made during the year (2008: £nil).

Directors

The directors who held office during the year were as follows:

J D Burns

N Q George

C J Odom (resigned 1 February 2010)

S P Silver

D G Silverman

P M Williams

D M A Wisniewski was appointed as a director on 1 February 2010.

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.

Business review exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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.

LMS Leisure Investments Limited

Company number 3910677

Directors' report (continued)

In preparing those 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, and
- 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.

By order of the board



T J Kite
Secretary
25 Savile Row
London
W1S 2ER

7th May 2010

LMS Leisure Investments Limited

Company number 3910677

Independent auditors' report to the members of LMS Leisure Investments Limited

We have audited the financial statements of LMS Leisure Investments Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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 members, as a body, 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 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

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 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

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 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.

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.

LMS Leisure Investments Limited

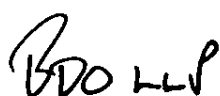
Company number 3910677

Independent auditors' report to the members of LMS Leisure Investments Limited (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, 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

Handwritten signature of Richard Kelly in black ink.

Richard Kelly (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

7th May 2010

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

LMS Leisure Investments Limited*Company number 3910677***Profit and loss account***for the year ended 31 December 2009*

	<i>Note</i>	2009 £	2008 £
Net rental income from investment properties	2	(21,946)	(13,549)
Administrative expenses		(29)	(29)
		<hr/>	<hr/>
Operating loss	3	(21,975)	(13,578)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(21,975)	(13,578)
Tax on loss on ordinary activities	4	67,373	-
		<hr/>	<hr/>
Profit/(loss) for the financial year	9	45,398	(13,578)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities

There is no difference between the results as stated and their historical cost equivalents

The notes on pages 8 to 13 form part of these financial statements

LMS Leisure Investments Limited

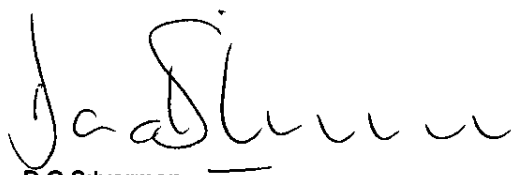
Company number 3910677

Balance sheet

at 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	5		500,000		300,000
Current assets					
Debtors	6	21,749		36,703	
Creditors amounts falling due within one year	7	(55,951)		(116,303)	
Net current liabilities			(34,202)		(79,600)
Total assets less current liabilities			465,798		220,400
Capital and reserves					
Called up share capital	8		1		1
Revaluation reserve	9		8,266		(191,734)
Profit and loss account	9		457,531		412,133
Equity shareholders' funds	10		465,798		220,400

These financial statements were approved by the board of directors on 7th May 2010 and were signed on its behalf by



D G Silverman
Director



P M Williams
Director

The notes on pages 8 to 13 form part of these financial statements

LMS Leisure Investments Limited*Company number 3910677***Statement of total recognised gains and losses***for the year ended 31 December 2009*

	2009 £	2008 £
Profit/(loss) for the financial year	45,398	(13,578)
Unrealised surplus on revaluation of properties	200,000	-
Total recognised gains and losses relating to the financial year	245,398	(13,578)

The notes on pages 8 to 13 form part of these financial statements

LMS Leisure Investments Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain properties and in accordance with the Companies Act 2006

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements

The company's ultimate parent company, Derwent London plc, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will not seek repayment of the amounts currently owing

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities on the company's balance sheet. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Net rental income

Rental income is recognised on an accruals basis. Rent increases arising from rent reviews are recognised as income when, either such reviews have been settled with tenants or, based on estimates, it is reasonable to assume they will be received

Investment properties

Tangible assets consist solely of investment properties and, as defined by SSAP19, are revalued annually by independent valuers in accordance with the Valuation Standards published by The Royal Institution of Chartered Surveyors and are included in the balance sheet on the basis of market value less the UITF28 lease incentive debtor. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve. However, if on an individual property, a deficit arising from a valuation below cost is expected to be permanent, it is charged to the profit and loss account with any subsequent reversal being credited to the same

A property in the course of development is stated at its value at the time it was so designated, plus subsequent development costs less any impairment. All outgoings, excluding interest, which can be fairly attributed to a development are considered development costs. The property is revalued once the certificate of practical completion has been issued

Disposal of properties

The disposal of investment properties is accounted for on completion of contract. On disposal, any gain or loss is calculated by reference to the valuation at the last year end plus subsequent additions in the year

LMS Leisure Investments Limited

Notes to the financial statements

1 Accounting policies (continued)

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Net rental income from investment properties

	2009 £	2008 £
Property outgoings less amounts recovered from tenants	(21,946)	(13,549)

3 Operating loss

Audit fees are paid by Derwent London plc

The Company does not have any employees (2008 nil) and there were no directors' emoluments (2008 £nil)

4 Tax on loss on ordinary activities

	2009 £	2008 £
Analysis of credit in the year		
Adjustments in respect of previous periods	(67,373)	-
Total current tax	(67,373)	-

Factors affecting the tax credit for the year

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

LMS Leisure Investments Limited

Notes to the financial statements (continued)

4 Tax on loss on ordinary activities (continued)

	2009 £	2008 £
Current tax reconciliation		
Loss on ordinary activities before taxation	(21,975)	(13,578)
	<hr/>	<hr/>
Current tax at 28% (2008 28.5%)	(6,153)	(3,870)
Effects of		
Group relief surrendered not paid	2,271	3,354
Differences between expenses and deductions for tax purposes	4,260	8
Transfer pricing adjustment	(378)	508
Adjustments to tax charge in respect of previous periods	(67,373)	-
	<hr/>	<hr/>
Current tax credit for the year	(67,373)	-
	<hr/>	<hr/>

LMS Leisure Investments Limited

Notes to the financial statements (continued)

5 Tangible fixed assets

Investment properties	Freehold £
Valuation	
At 1 January 2009	300,000
Surplus on revaluation	200,000
	<hr/>
At 31 December 2009	500,000
	<hr/>
At 1 January 2008	300,000
Surplus on revaluation	-
	<hr/>
At 31 December 2008	300,000
	<hr/>
	£
Historical cost of revalued assets	
At 31 December 2009	491,734
	<hr/>
Historical cost of revalued assets	
At 31 December 2008	491,734
	<hr/>

The investment properties have been independently valued by CB Richard Ellis, Chartered Surveyors as at 31 December 2009 on the basis of "Market Value" in accordance with the Valuation Standards of The Royal Institution of Chartered Surveyors

Properties with a value of £500,000 (2008 £300,000) are secured against borrowings of fellow group undertakings

LMS Leisure Investments Limited

Notes to the financial statements (continued)

6 Debtors

	2009	2008
	£	£
Trade debtors	4,366	4,747
Amounts due from group undertakings	17,152	16,740
Taxation and social security	122	-
Prepayments and accrued income	109	-
Other debtors	-	15,216
	21,749	36,703

All amounts fall due for payment within one year

7 Creditors amounts falling due within one year

	2009	2008
	£	£
Amounts owed to group undertakings	51,763	44,937
Corporation tax	-	67,373
Other creditors	4,188	3,993
	55,951	116,303

8 Called up share capital

	2008	2008
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

9 Reserves

	Profit and loss account	Revaluation reserve
	£	£
At 1 January 2009	412,133	(191,734)
Profit for the financial year	45,398	-
Surplus on revaluations	-	200,000
At 31 December 2009	457,531	8,266

LMS Leisure Investments Limited

Notes to the financial statements (continued)

10 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
Profit/(loss) for the financial year	45,398	(13,578)
Surplus on revaluation of properties	200,000	-
	<hr/>	<hr/>
Net movement in shareholders' funds	245,398	(13,578)
Opening shareholders' funds	220,400	233,978
	<hr/>	<hr/>
Closing shareholders' funds	465,798	220,400
	<hr/>	<hr/>

11 Related party transactions

As a wholly owned subsidiary of Derwent London plc the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

12 Parent company

The Company's immediate parent undertaking is London Merchant Securities Limited, a company incorporated in England and Wales

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address