

SHO124 Limited
(formerly Snug Holdings Limited)

Report and Financial Statements

Year Ended

30 September 2012

Company Number 6477348



SHO124 Limited

Report and financial statements for the year ended 30 September 2012

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Directors

J R Thistlethwayte
M E Thistlethwayte
D A Horner
D C Harbord

Registered office

20 Jewry Street, Winchester, Hampshire, SO23 8RZ

Company number

6477348

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

SHO124 Limited

Report of the directors for the year ended 30 September 2012

The directors present their report together with the audited financial statements for the year ended 30 September 2012

Results and dividends

The statement of comprehensive income is set out on page 6 and shows the profit for the year

During the year dividends of £456,846 (£0.06 per share) (2011 - £613,000 (£0.08 per share)) have been accrued but not paid in respect of preference shares. The total value of dividends that had been accrued but not paid in respect of preference shares as at 30 September 2012 was £456,846 (2011 - £5,000) as a result of the company receiving the benefit of a waiver of dividends due on the preference shares.

In the prior year the preference share holders waived their rights to the cumulative dividends due and the financial statements show reflect the adjustment in the year ending 30 September 2011.

Principal activities

The principal activity of the Company in the year under review was that of a holding company.

The Company is a private limited company and is only incorporated and domiciled in the UK. The registered number of the company is 6477348.

On 5 July 2012, the company changed its name to SHO124 Limited.

Review of business and future developments

As the Company is non-trading, 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.

The business and certain of the assets of its only subsidiary SHO123 Limited were sold on 5 July 2012 and SHO123 Limited ceased trading other than to realise its remaining assets and pay its liabilities.

Principal risks and uncertainties

Following the sale of the business of its subsidiary the directors do not consider there to be any risks or uncertainties affecting it.

Financial Risk Management

The Group's operations may expose it to a variety of financial risks. These are discussed further in note 3 to the financial statements.

Charitable and political donations

The Company made no charitable or political donations in the year (2011 - £Nil).

SHO124 Limited

Report of the directors for the year ended 30 September 2012 (*continued*)

Directors

The directors of the company during the year were

M E Thistlethwayte
J R Thistlethwayte
D A Horner
M Shephard (resigned 5 July 2012)
D C Harbord (appointed 2 July 2012)

Going concern

In preparing these financial statements, the directors have considered the going concern status of the company for 12 months from the date of approval of these accounts

The directors are of the view that with the continued support of its parent company, the Company will continue to trade within its existing funding facilities for that period and have therefore continued to prepare the financial statements on a going concern basis

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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.

SHO124 Limited

Report of the directors for the year ended 30 September 2012 (*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.

PricewaterhouseCoopers LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



D C Harbord
Director

Date 5/8/2013

SHO124 Limited

Independent auditor's report

TO THE MEMBERS OF SHO124 LIMITED

We have audited the financial statements of SHO124 Limited for the year ended 30 September 2012 which comprise the statement of total comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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 Auditing Practices Board'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 Financial Reporting Council'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 company's affairs as at 30 September 2012 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the financial statements 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.

SHO124 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 company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

BDO LLP

Kim Hayward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

Date *5 August, 2013*

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

SHO124 Limited

Statement of total comprehensive income for the year ended 30 September 2012

	Note	2012 £'000	2011 £'000
Administrative expenses	15	5	(117)
Impairment of investments	8	(7,920)	-
Finance costs			
- Redeemable preference share dividends	17	(457)	(613)
- Waiver of preference share dividends		-	1,855
- Other		(52)	(198)
(Loss)/profit before tax		(8,424)	927
Income tax credit	7	13	67
(Loss)/profit for the year		(8,411)	994
Total comprehensive (loss)/profit for the year		(8,411)	994
(Loss)/profit and total comprehensive (loss)/profit attributable to:			
Equity holders of the company		(8,411)	994

All amounts relate to continuing activities

The company has no items of other comprehensive income and as such the statement of total comprehensive income for the year agrees to the loss for the year


The notes on pages 10 to 23 form part of these financial statements

SHO124 Limited

Statement of financial position at 30 September 2012

Company number 6477348	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Assets					
Non-current assets					
Investments in subsidiaries	8	-	-	-	7,920
Trade and other receivables	9	-	170	-	123
			<u>170</u>		<u>8,043</u>
Current assets					
Trade and other receivables	9	-	-	86	-
Total current assets		<u>-</u>	<u>-</u>	<u>86</u>	<u>86</u>
Total assets			<u>170</u>		<u>8,129</u>
Equity attributable to equity holders					
Ordinary shares	10	100	-	100	-
Retained earnings	11	(8,912)	-	(501)	-
Total equity		<u>-</u>	<u>(8,812)</u>	<u>-</u>	<u>(401)</u>
Liabilities					
Non-current liabilities					
Borrowings - Redeemable preference shares	13	7,650	-	7,650	-
Total non-current liabilities		<u>7,650</u>	<u>7,650</u>	<u>7,650</u>	<u>7,650</u>
Current liabilities					
Borrowings	13	869	-	869	-
Trade and other payables	14	463	-	11	-
Total current liabilities		<u>1,332</u>	<u>1,332</u>	<u>880</u>	<u>880</u>
Total liabilities			<u>8,982</u>		<u>8,530</u>
Total equity and liabilities			<u>170</u>		<u>8,129</u>

The financial statements were approved and authorised for issue by the Board of Directors on 5/8/2013 and were signed on its behalf by



D C Harbord
Director

The notes on pages 10 to 23 form part of these financial statements

SHO124 Limited

Statement of cash flows for the year ended 30 September 2012

	Note	2012 £'000	2011 £'000
Cash flows used in operating activities	17	-	(117)
Cash flows from investing activities			
Loans to subsidiary company		-	-
Loans repaid by subsidiary company		-	1,354
		<hr/>	<hr/>
Net cash used in investing activities		-	1,354
Cash flows from financing activities			
Issue of loan notes		-	-
Repayment of loans		-	(900)
Interest paid - other		-	(337)
		<hr/>	<hr/>
Net cash used in financing activities		-	(1,237)
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		-	-
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements

SHO124 Limited

Statement of changes in equity for the year ended 30 September 2012

	Ordinary share capital £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2010	100	(1,495)	(1,395)
Comprehensive income			
Profit for the year	-	994	994
Total comprehensive income	-	994	994
Balance at 30 September 2011	100	(501)	(401)
Comprehensive income			
Loss for the year	-	(8,411)	(8,411)
Total comprehensive income	-	(8,411)	(8,411)
Balance at 30 September 2012	100	(8,912)	(8,812)

The notes on pages 10 to 23 form part of these financial statements

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012

1 General information

SHO124 Limited is a holding company

The Company is a private limited company and is incorporated and domiciled in the UK. The registered office is 29 Jewry Street, Winchester, Hampshire, SO23 8RZ

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

The IFRS primary financial statements are presented in accordance with IAS 1 - 'Presentation of Financial Statements'.

Single entity financial statements

The company has taken advantage of the exemption from preparation of consolidated financial statements afforded by section 400 of the Companies Act 2006.

Accordingly, these financial statements present information about the company itself and do not provide consolidated financial information concerning the group as a whole. The smallest company in which the results of the Company are consolidated are those of Portchester Equity Limited.

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012

2 Accounting policies (*continued*)

The following new standards, amendments to standards and interpretations that have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee are to be applied to financial statements with periods commencing on or after the following date

<u>International Accounting and Financial Reporting Standards (IAS/IFRS)</u>		<u>Effective date</u>
IAS 12*	Deferred Tax Recovery of Underlying Assets (Amendment)	1 January 2012
IAS 1*	Presentation of Items of Other Comprehensive Income (Amendment)	1 July 2012
IAS 19*	Employee Benefits	1 January 2013
IAS 27*	Separate Financial Statements	1 January 2013
IAS 28*	Investments In Associates and Joint venture	1 January 2013
IFRS 7*	Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2013
IFRS 10*	Consolidated Financial Statements	1 January 2013
IFRS 11*	Joint Arrangements	1 January 2013
IFRS 12*	Disclosure of Interests in Other Entities	1 January 2013
IFRS 10, 11 & 12*	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance (Amendment)	1 January 2013
IFRS 13*	Fair Value Measurement	1 January 2013
(2009 - 2011 Cycle)*	Annual Improvements to IFRS	1 January 2013
IAS 32*	Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2014
IFRS 10, 12 & IAS 27*	Investment Entities (Amendment)	1 January 2014
IFRS 9*	Financial Instruments	1 January 2015

* Not endorsed by the European Union as at the date of approval of these financial statements

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (*continued*)

2 Accounting policies (*continued*)

Foreign current translation

(a) Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency (sterling) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income

Investments in subsidiaries

All investments in subsidiaries are held at cost less impairment charges (if any). The cost of investments in subsidiaries includes expenditure that is directly attributable to the costs of acquiring subsidiary companies

Financial assets

Classification

The company classifies its financial assets in one category - loans and receivables. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalent' in the statement of financial position (see accounting policies)

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (continued)

2 Accounting policies (continued)

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase the asset. Financial assets are derecognised when the risk and reward of ownership have transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised within administrative expenses in the statement of total comprehensive income. Subsequent recoveries of amounts written off are credited to administrative expenses in the income statement.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (continued)

2 Accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specified date are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of total comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

Revenue

The Company receives dividends from its subsidiary company. These are recognised as revenue when the Company becomes entitled to receive such dividends, which is typically on receipt of the monies.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders or, in the case of cumulative preference share dividends, the period in which the Company becomes contractually obliged to pay a dividend to the shareholders.

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (*continued*)

2 Accounting policies (*continued*)

Interest and dividends

Cash flows from interest and dividends received and paid are each disclosed separately. Each is classified in a consistent manner from period to period as either operating, investing or financing activities.

3 Financial risk management

Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the executive directors.

(a) Interest rate cash flow risk

The company has interest bearing liabilities. Interest bearing liabilities comprise amounts due in respect of redeemable preference shares which have a fixed interest rate of 8%, convertible loan stock which has a fixed interest rate of 8% and loan notes which have a fixed interest rate of 8%. Portchester Equity Limited have confirmed that going forward they will waive all future dividends and interest payable by SHO124 Limited.

(b) Capital risk management

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management regard the capital structure of the Company to consist of the ordinary and redeemable preference shares, the convertible loan stock and the loan notes in issue.

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (continued)

3 Financial risk management (continued)

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements. Operating cash flows are actively managed with annual cash flow forecasts updated as required and subject to board review.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 30 September 2012				
Accrued expenses	6	-	-	-
Convertible loan stock	869	-	-	-
Loan notes	-	-	-	-
Redeemable preference shares	-	7,650	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2011				
Accrued expenses	11	-	-	-
Convertible loan stock	869	-	-	-
Loan notes	-	-	-	-
Redeemable preference shares	-	7,650	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company's borrowings are analysed in note 13.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The financial statements include no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Employee benefit expense

The company did not incur any expenses in connection with employment during the year (2011 - £Nil).

The average monthly number of persons (including executive directors) employed during the year was Nil (2011 - 5).

The number of employees at 30 September 2012 was Nil (2011 - 4).

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (continued)

6 Auditors' remuneration

The auditors' remuneration has been borne the parent undertaking, Portchester Equity Limited, and amounted to £1,500 in respect of audit services

In the prior year the auditors' remuneration has been borne by a subsidiary company, Snug Company Limited and amounted to £1,500 in respect of audit services

No amounts were payable in respect of non audit services (2011 - £Nil)

7 Income tax credit

	2012 £'000	2011 £'000
<i>Current tax</i>		
Current tax on profits for the year	13	67
	<hr/>	<hr/>
Total current tax	13	67
	<hr/>	<hr/>

There is no deferred tax arising in the company

The tax on the profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the profit of the Company as follows

	2012 £'000	2011 £'000
(Loss)/profit before tax	(8,424)	927
	<hr/>	<hr/>
Tax calculated at domestic tax rates applicable at 25% (2011 - 27%)	(2,106)	250
Effects of		
Expenses not deductible for tax purposes	2,094	(317)
Movement on unrecognised tax losses	(43)	-
Transfer of intercompany chargeable gain	42	-
	<hr/>	<hr/>
Current tax credit for year	(13)	(67)
	<hr/>	<hr/>

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the Autumn Statement. Further reductions to the main rate are proposed to reduce the rate to 23% from 1 April 2013 and a further reduction to 21% from 1 April 2014. These further changes had not been substantively enacted at the statement of financial position date and, therefore, are not included in these financial statements. The proposed reductions of the main rate of corporation tax are expected to be enacted separately each year.

A deferred tax asset exists of £45,584 in respect of tax losses earned forward. This has not been recognised as it is uncertain as to when sufficient taxable profits will be realised to enable the losses to be utilised.

SHO124 Limited

Notes forming part of the financial statements
for the year ended 30 September 2012 (*continued*)

8 Investments in subsidiaries

Shares in
company
undertakings
£'000

Cost and net book value
At 30 September 2011
Impairment

7,920
(7,920)

At 30 September 2012

-

Principal subsidiaries

Name	Country of incorporation	Proportion of ordinary shares	Nature of business
SHO123 Limited (formerly Snug Company Limited)	UK	100%	Manufacture of textiles

The proportion of the voting rights on the subsidiary companies do not differ from the proportion of ordinary shares held

During the year, the Company subscribed for an additional 750,000 £1 ordinary shares at par on Snug Company Limited. Consideration was satisfied via inter-company account

In July 2012 the trade and certain assets within SHO123 Limited (formerly Snug Company Limited) were sold. The investment in SHO123 Limited has subsequently been assessed and is not deemed recoverable. The investment in SHO123 Limited has been fully impaired accordingly.

9 Trade and other receivables

	2012 £'000	2011 £'000
Non-current		
<i>Current</i>		
Other receivables	-	86
<i>Non-current</i>		
Amounts receivable from group companies	170	123
Total trade and other receivables	170	209

The fair value of trade and other receivables at 30 September 2012 and 30 September 2011 approximate to the book value stated above

SHO124 Limited

Notes forming part of the financial statements
for the year ended 30 September 2012 (*continued*)

10 Ordinary shares

	Number of shares	Ordinary shares £'000
At 30 September 2011 and 30 September 2012	100,000	100

The total authorised number of ordinary shares is 100,000 (2011 - 100,000) with a par value of £1 per share (2011 - £1 per share) All of the ordinary shares issued are fully paid (2011 - 100,000)

11 Reserves

	Retained earnings £'000
At 1 October 2010	(1,495)
Profit for the year	994
At 30 September 2011	(501)
Loss for the year	(8,411)
At 30 September 2012	(8,912)

12 Trade and other payables

	2012 £'000	2011 £'000
<i>Current</i>		
Accrued expenses	6	11
Other creditors	457	-
Total trade and other payables	463	11

The fair value of trade and other payables at 30 September 2012 and 30 September 2011 approximate the book values above.

SHO124 Limited

Notes forming part of the financial statements
for the year ended 30 September 2012 (continued)

13 Borrowings

	2012 £'000	2011 £'000
<i>Non-current</i>		
Redeemable preference shares	7,650	7,650
Total non-current borrowings	7,650	7,650
<i>Current</i>		
Convertible loan stock	869	869
Other creditors	457	-
Total current borrowings	1,326	869
Total borrowings	8,976	8,519

i) Redeemable preference shares

	Number of shares		Value		
	'A' preference Number	'B' preference Number	'A' preference £	'B' preference £	Total £
At 30 September 2011 and 30 September 2012	7,000,000	650,000	7,000	650	7,650

All preference shares have a par value of £1 (2011 - £1) per share and are all fully paid (2011 - £7,650,000)

The 'A' preference shares and the 'B' preference shares carry a fixed dividend rate of 8% which accrue on a daily basis and are payable quarterly

The holders of both classes of preference shares are not entitled to receive notice of, or attend and vote at any general meeting of the Company unless the business of the meeting includes a resolution for any one of the following matters

- 1 to wind up or dissolve the company,
- 2 to repay or reduce the share capital of the company, or
- 3 to vary or sabotage any of the class rights attached to the preference shares

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (continued)

13 Borrowings (continued)

The shares can be redeemed at the shareholders request on or after 30 May 2013. The carrying value of the preference shares approximates their fair value.

(ii) Convertible loan stock

The convertible loan stock is interest bearing at rate of 8%. The loan was due for repayment in one instalment by 30 May 2010 and now may be converted at any time, at the lender's option, into cumulative participating redeemable preference shares. There is a mutual understanding with the lender that this amount will only be repaid when there are sufficient funds available.

(iii) Loan notes

The loan notes were unsecured, interest bearing debt instruments issued by the company. Interest was payable at 8% and the loan notes were repayable at the holders request when sufficient funds are available to facilitate their repayment. These were settled on 30 September 2011 as part of an arrangement to reduce the intercompany balance between the Company and Snug Company Limited. The £457,000 accrued dividend within other creditors was waived by Portchester Equity Limited after the year end.

14 Financial instruments

By category

Loans and receivables

	2012 £'000	2011 £'000
Trade and other receivables	170	209
Cash and cash equivalents	-	-
	<u>170</u>	<u>209</u>

Financial liabilities at amortised cost

Borrowings	8,976	8,519
Trade and other payables	6	11
	<u>8,982</u>	<u>8,530</u>

15 Expenses by nature

	2012 £'000	2011 £'000
Legal and professional fees	-	117
Other	(5)	-
	<u>(5)</u>	<u>117</u>

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (*continued*)

16 Finance income and costs

	2012 £'000	2011 £'000
Finance expense		
Loan interest	52	129
On redeemable preference shares	456	613
Waiver of redeemable preference shares	-	(1,855)
On loan notes	-	-
On convertible loan stock	-	69
Other	(5)	-
	<hr/>	<hr/>
Total finance expense	504	(1,044)
	<hr/>	<hr/>

The dividends paid on the redeemable preferences shares in 2012 and 2011 were £Nil (£Nil per share) respectively

On 30 September 2011, Portchester Equity Limited waived its rights to all accumulated dividends accruing on its holding of 'A' preference shares up to 15 September 2011. Accordingly a credit has been booked to the value of these accrued dividends

17 Cash used in operations

	2012 £'000	2011 £'000
Profit before tax	(8,424)	927
Adjustments for		
Impairment of investment	7,920	-
Finance costs		
- redeemable preference share dividends paid	457	(1,242)
- other	47	198
	<hr/>	<hr/>
Cash used in operations	-	(117)
	<hr/>	<hr/>

18 Commitments

(a) Capital commitments

The Company had no outstanding commitments to acquire capital expenditure (2011 - £Nil) at the year end

(b) Lease commitments

The Company had no non-cancellable operating leases (2011 - £Nil) at the year end

SHO124 Limited

Notes forming part of the financial statements for the year ended 30 September 2012 (*continued*)

19 Related party transactions

Key management compensation

The directors are considered to be the only key management of the business. The directors received no (2011 - £Nil) compensation in respect of services provided to this company during the period.

Consultancy fees

During the year, the company paid £Nil (2011 - £20,000) in respect of consultancy fees to Chelverton Asset Management Limited of which D A Homer and M E Thistlethwayte are both directors. £Nil remained outstanding as at 30 September 2012 (2011 - £5,000).

Interest charges

During the year the company accrued interest payable of £Nil (2011 - £69,520) in respect of convertible loan notes held by J R Thistlethwayte, Portchester Equity Limited and Buckland Capital Limited. At 30 September 2012 £Nil (2011 - £Nil) remains outstanding.

Interest was also paid to Portchester Equity Limited totalling £52,045 (2011 - £34,310) and interest paid to Buckland Capital Limited totalling £Nil (2011 - £24,986), both relating to loan interest. At 30 September 2012 £52,045 (2011 - £Nil) remains outstanding.

Working Capital Facility Monitoring Fees

During the year, the company incurred working capital facility monitoring fees totalling £Nil (2011 - £97,497) payable to Portchester Equity Limited. Loan interest relating to this facility totalled £Nil for the year ending 30 September 2012 (2011 - £69,822).

20 Ultimate controlling party

The immediate and ultimate parent company is Portchester Equity Limited, a private company incorporated in the UK. The largest and smallest company in which the results of the Company are consolidated is that headed by Portchester Equity Limited. Copies of these financial statements can be obtained from 20 Jewry Street, Winchester, Hampshire, SO23 8RZ.

The directors recognise M E Thistlethwayte as the ultimate controlling party by virtue of his majority holding in the ordinary shares of Portchester Equity Limited.