

Company Registration No. 7165856

**PEARL BLOODSTOCK LIMITED**

**Report and Financial Statements**

**31 December 2011**

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# **PEARL BLOODSTOCK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

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# **PEARL BLOODSTOCK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R M Levitt  
D J L Redvers

#### **REGISTERED OFFICE**

8 Black Bear Court  
Newmarket  
Suffolk  
CB8 9AF

#### **BANKERS**

Weatherbys Bank Limited  
Sanders Road  
Wellingborough  
Northamptonshire  
NN8 4BX

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge

# **PEARL BLOODSTOCK LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

### **ACTIVITIES**

The principal activity of the company is training of horses for racing

### **BUSINESS REVIEW**

During the full first year of racing the business has continued to focus on building up its racing talent pool. The directors and owner are delighted with the performance of the business which is indicated by prize winnings and sponsorship in the year of £2,941,874 (2010 - £294,815)

As shown in the company's profit and loss account on page 7, the company's sales have increased by 223% over the prior period. This is directly attributable to the company owning more horses in 2011 and operating for a full 12 months period.

The company's key measurement of effectiveness of its operations is calculating operating profit before tax which has increased by 799% since its year of incorporation.

The company's cash levels have increased from £689,923 to £2,094,163, as a result of increased funding and sales.

There have been no significant events since the balance sheet date.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a highly competitive market, whereby winnings cannot be guaranteed. The company manages this risk by using an expert to purchase race horses of good pedigree which have performed well throughout the year.

The company receives winnings from races outside the UK in Euros, and receives proceeds from sales of horses outside the UK in Euros and Dollars. It is therefore exposed to foreign exchange gains and losses. Where possible the company hedges this risk through paying for expenses in local currency.

### **RESULTS AND DIVIDENDS**

The profit after tax for the year was £697,835 (2010 - £77,443). The directors do not propose a dividend for the year.

### **FUTURE PROSPECTS**

The directors intend to continue to purchase and train racehorses, and enter into more races across the World.

### **DIRECTORS**

The directors who served throughout the year were as follows:

R M Levitt  
D J L Redvers

They have no interest in the share capital of the company.

# PEARL BLOODSTOCK LIMITED

## DIRECTORS' REPORT

### AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



R M Levitt

Director

24 August 2012

# **PEARL BLOODSTOCK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEARL BLOODSTOCK LIMITED**

We have audited the financial statements of Pearl Bloodstock Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 15. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its profit for 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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PEARL BLOODSTOCK 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,



**William Crane (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

*30 August 2012*



# PEARL BLOODSTOCK LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Note	Year ended 31 December 2011 £	23 February 2010 to 31 December 2010 £
<b>TURNOVER</b>	2	5,906,606	1,831,180
Cost of sales		<u>(5,043,177)</u>	<u>(1,694,628)</u>
Gross profit		863,429	136,552
Other operating expenses		<u>(163,044)</u>	<u>(58,697)</u>
<b>OPERATING PROFIT</b>	5	700,385	77,855
Interest payable		<u>(2,550)</u>	<u>(412)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		697,835	77,443
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	11	<u><u>697,835</u></u>	<u><u>77,443</u></u>

All activities are derived from continuing operations

There are no other recognised gains and losses other than as stated in the profit and loss account

# PEARL BLOODSTOCK LIMITED

## BALANCE SHEET 31 December 2011

	Note	2011 £	2010 £
<b>CURRENT ASSETS</b>			
Stocks	7	5,502,984	3,680,000
Debtors	8	1,209,156	404,884
Cash at bank and in hand		2,094,163	689,923
		<u>8,806,303</u>	<u>4,774,807</u>
<b>CREDITORS: amounts falling due within one year</b>			
	9	<u>8,030,025</u>	<u>4,696,364</u>
<b>NET CURRENT ASSETS, BEING TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>776,278</u>	<u>78,443</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>775,278</u>	<u>77,443</u>
<b>SHAREHOLDERS' FUNDS</b>			
	12	<u>776,278</u>	<u>78,443</u>

The financial statements of Pearl Bloodstock Limited, registered number 7165856, were approved by the Board of Directors and authorised for issue on 24 August 2012.

Signed on behalf of the Board of Directors



R M Levitt  
Director

**PEARL BLOODSTOCK LIMITED**

**CASH FLOW STATEMENT**  
**Year ended 31 December 2011**

	Note	2011 £	2010 £
Net cash inflow from operating activities	13	<u>1,406,790</u>	<u>689,335</u>
<b>Returns on investments</b>			
Interest paid		<u>(2,550)</u>	<u>(412)</u>
Net cash outflow from returns on investments		<u>(2,550)</u>	<u>(412)</u>
Net cash inflow before financing		1,404,240	688,923
<b>Financing</b>			
Share issues		<u>-</u>	<u>1,000</u>
Increase in cash		<u><u>1,404,240</u></u>	<u><u>689,923</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2011 £	2010 £
Increase in cash in the year	<u>1,404,240</u>	<u>689,923</u>
Change in net funds resulting from cash flows	<u>1,404,240</u>	<u>689,923</u>
Movement in net funds in the year	1,404,240	689,923
Net funds at 1 January 2011	<u>689,923</u>	<u>-</u>
Net funds at 31 December 2011	<u><u>2,094,163</u></u>	<u><u>689,923</u></u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Cash at bank and in hand	<u>689,923</u>	<u>1,404,240</u>	<u><u>2,094,163</u></u>

# PEARL BLOODSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding period.

#### Basis of accounting

The financial statements are prepared under the historical cost convention.

#### Going concern

After making enquiries the directors are happy that the company will continue to receive support and resources from its parent company enabling it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Stocks

Stocks comprises of bloodstock held for the purpose of racing. These thoroughbreds are stated at the lower of purchase cost and net realisable value. Valuations on an individual basis are reviewed by the directors each year end and where an impairment is identified the value of the stock is reduced and the impairment immediately charged in the profit and loss account.

Due to the unique nature of each horse owned replacement cost cannot be easily quantified.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on all timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Foreign currency transactions

Transactions of the company denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

### 2. TURNOVER

Turnover represents amounts derived from the sale of bloodstock, and prizemoney and sponsorship which fall within the company's principal activities after deduction of value added tax.

	Year ended 31 December 2011 £	23 February 2010 to 31 December 2010 £
The geographical analysis of turnover is		
United Kingdom	3,323,650	872,137
Rest of Europe	372,075	959,043
Rest of the World	2,210,881	-
	<u>5,906,606</u>	<u>1,831,180</u>

# PEARL BLOODSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 3. DIRECTORS' REMUNERATION AND TRANSACTIONS

The directors were not remunerated for their services in the year or preceding period, however, details of transactions which took place during the year are disclosed in note 14

### 4. EMPLOYEES

The company employees in the year are the directors

### 5 OPERATING PROFIT

	23
	Year
	ended 31
	December
	2011
	£
	February
	2010 to 31
	December
	2010
	£
<b>Operating profit is after charging :</b>	
The analysis of auditor's remuneration is as follows	
Fees payable to the company's auditor for the audit of the company's annual accounts	6,250
	6,250

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	23
	Year
	ended 31
	December
	2011
	£
	February
	2010 to 31
	December
	2010
	£
<b>Current taxation</b>	
United Kingdom corporation at 20 25% (2010 - 21%)	-
<b>Deferred taxation</b>	
Origination and reversal of timing differences	-
	-

# PEARL BLOODSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	Year ended 31 December 2011 £	23 February 2010 to 31 December 2010 £
Profit on ordinary activities before tax	697,835	77,443
Tax at 20.25% (2010 - 21%) thereon	141,312	16,263
Effect of Profit arising from non taxable activity	(141,312)	(16,263)
Current tax rate for year as a percentage of profit	-	-

In June 2010 the UK Government announced that it would introduce legislation that would reduce the corporation tax rate to 20% with effect from 1 April 2011. This legislation was substantively enacted on 27 July 2010. As a consequence the deferred tax balances are now stated at 20% of the temporary differences, in addition the current tax rate for the year ended 31 December 2011 has reduced to a blended rate of 20.25%.

### 7. STOCKS

	2011 £	2010 £
Bloodstock held for resale	5,502,984	3,680,000

### 8. DEBTORS

	2011 £	2010 £
Due within one year		
Trade debtors	670,608	-
Value added tax	462,769	345,882
Prepayments	75,779	46,400
Other debtors	-	12,602
	1,209,156	404,884

# PEARL BLOODSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 9. CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	808,084	78,222
Amounts owed to parent company	7,064,940	4,598,970
Amounts owed to related parties	46,492	19,172
Accruals and deferred income	110,509	-
	<u>8,030,025</u>	<u>4,696,364</u>

### 10. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up, allotted and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 11. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2011	77,443
Profit for the year	697,835
	<u>775,278</u>
At 31 December 2011	<u>775,278</u>

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	697,835	77,443
Issue of shares	-	1,000
	<u>697,835</u>	<u>78,443</u>
Net addition to shareholders' funds	697,835	78,443
Opening shareholders' funds	78,443	-
	<u>776,278</u>	<u>78,443</u>
Closing shareholders' funds	<u>776,278</u>	<u>78,443</u>

# PEARL BLOODSTOCK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	700,385	77,855
Increase in stocks	(1,822,984)	(3,680,000)
Increase in debtors	(804,272)	(404,884)
Increase in creditors	3,333,661	4,696,364
<b>Net cash inflow from operating activities</b>	<b>1,406,790</b>	<b>689,335</b>

### 14. RELATED PARTY TRANSACTIONS

In the year the company has traded commercially with businesses in which the directors have an interest D J L Redvers is a director and shareholder of Tweenhills Farm & Stud Limited and R M Levitt is a director and shareholder of Mill House Bloodstock Services Limited

	Commissions and expenses in year ended 31 December 2011 £	Amounts owed at 31 December 2011 £	Commissions and expenses in period 23 February 2010 to 31 December 2010 £	Amounts owed at 31 December 2010 £
Mr D J L Redvers	234,479	21,388	219,950	728
Tweenhills Farm & Stud Limited	83,726	15,504	49,303	13,444
Mill House Bloodstock Services Limited	19,000	9,600	7,500	5,000

Pearly Bloodstock Limited has received further funding in this period of £2,465,970 (2010 - £4,398,970) from its parent company Pearling Investments Limited

There are no further related party balances outstanding at the year end other than those disclosed in note 9

### 15. CONTROLLING PARTY

The immediate controlling party of Pearl Bloodstock Limited is Pearling Investments Limited, a company incorporated in Jersey

The ultimate controlling party is Sheikh Fahad bin Abdulla bin Khalifa Al Thani