Financial Statements LaserPerformance (Europe) Limited

For the year ended 31 December 2013

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Company No. 922893

Index to the financial statements

Report of the director

The director presents his report together with the financial statements for the year ended 31 December 2013.

Principal activity

The principal activities of the company are the supply, distribution and sale of sailing dinghies, products and related services.

New boats are developed on a regular basis to maintain the company's competitive position.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements and are discussed further in the business review below.

The company has paid no dividends during the year:

Business review

The company is a significant trading subsidiary of Full Moon Holdings Limited, selling sailing boats, spares and accessories within the UK and Europe.

Financial performance

Financial performance for the year has been analysed as follows:

	Year to 31 December 2013 £'000	Year to 31 December 2012 £'000	Change £'000	Change %
Turnover	**7,593**	**8,025**	-432	(5.4)
Gross profit	**2,663**	**2,723**	-60	(2.2)
Administrative expenses	**2,209**	**1,998**	211	10.5
Profit before tax	**55**	**724**	-669	(92.4)

Strategy

The strategy of the company remains to develop the business in existing and new markets with new products and services complementing the existing range.

Turnover

In a testing economic climate, turnover has decreased by 5%.

Gross profit

In the current economic climate, the company's gross profit margin has successfully increased from 34% in 2012 to 35% this year.

Research and development

The company recognises the importance of high quality products, product safety and strong design. The company will continue to invest in the quality and design of the product range; believing that continuing investment in research and development is fundamental to the continuing growth of the business.

Summary of key performance indicators

The company monitors sales, stock, debtors, creditors and cash on a weekly basis and compares to annual budgets and revised forecasts as appropriate.

Future outlook

The director is hopeful that 2014 will be a stable year, with steady performance. New routes to market are to be explored and exploited where possible.

Principal risk and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks.

The director has set out below the principal risks facing the business.

The director is of the opinion that the company applies a thorough risk management process which involves the formal review of all the risks which have been identified and are detailed below. Where possible, processes are in place to monitor and mitigate such risks.

Operating costs

Administrative expenses have increased by £611,000.

The company will continue to review the overhead base required to further develop the business. There is a formal expenditure review process which takes account of sales and margin forecasts and matches overhead expenditure accordingly.

Competition

The company faces competition in all of its product areas and markets. These range from large established and reputable brands to smaller local manufacturers. The company benefits from being one of the leaders in its sector but it must ensure that it develops and supports the products and services demanded by its customers.

Product obsolescence

Many of the Company's products are well established and, given the significant costs of developing new products and tooling, there tends to be limited obsolescence risk in key product areas. Stocks of spare parts and accessories relating to boats no longer sold are regularly reviewed and appropriate provisions are maintained.

Financial risk management objectives and policies

The company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this instance, interest rate risk and price risk are not considered a material risk to the business. The company has no external borrowings.

Currency risk

The company operates internationally and is exposed to translation and transaction foreign exchange risk, arising from currency exposures, primarily with respect to the US Dollar and the Euro. As far possible, payments and receipts are matched in these currencies to minimise currency risks.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company arranges its borrowings to meet expected operational liquidity requirements. This is achieved through short term borrowings, and managing payments terms with a related supplier.

Credit risk

The company's principal financial assets are its cash and trade debtors. The principal credit risk arises from the company's group trade debtors.

In order to manage credit risk the director sets limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

The director

Mr. K Jahanshad is the sole director of the company and served throughout the year.

Insurance of director

Directors and Officers Liability Insurance is maintained for the protection of directors and officers for claims against them for wrongful acts by reason of their acting as a director or officer of the company. The insurance provides cover for legal costs, expenses and any civil damages awarded against insured persons for which they are personally liable.

Statement of director's responsibilities

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 director is required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

In 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 steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Sturgess Hutchinson (Leicester) Limited, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

K Jahanshad
Director

.... Oct. 27th 2014

Independent Auditor's Report to the Members of Laser Performance (Europe) Limited
(registered number 922893)

We have audited the financial statements of Laser Performance (Europe) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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 director and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the director is 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 (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. In addition, we read all the financial and non-financial information in the financial statements 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 audit.

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 2013, 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.

Independent Auditor's Report to the Members of Laser Performance (Europe) Limited
(registered number 922893)

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

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 of the information and explanations we require for our audit.

Mr Jagdish Petha FCCA (Senior Statutory Auditor)
Sturgess Hutchinson (Leicester) Limited
Charterted and Certified Accountants and Registered Auditors
21 New Walk
Leicester
LE1 6TE

Date: 31 October 2014.

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

The principal accounting policies are set out below and have been applied consistently throughout the year and are unchanged from the prior year:

Basis of preparing the financial statements-going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue to trade for the foreseeable future.

Cash flow Statement

The company is a wholly-owned subsidiary of Sina Holdco Limited and is included in the consolidated financial statements of Sina Holdco Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Turnover

Turnover is the revenue arising from the sale of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration.

Tangible assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Plant and machinery	3 - 7 years
Fixtures, fittings, tools and office equipment	3 -10 years
Motor vehicles and boats	3 - 5 years

Research and development

Research and development expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

Current tax

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise.

Retirement benefits

The pension costs charged against operating profits are the contributions payable to a Group Personal Pension (defined contribution) scheme managed by Acela Limited on behalf of Laser Performance (Europe) Limited in respect of the accounting period. In addition, the company operates two other separate defined contribution pension schemes which are administered separately. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the Company are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Provisions for liabilities and charges

Provisions (other than provisions for post-retirement benefits and deferred taxation) are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

A contingent liability arises where the company has a possible obligation as a result of past events, or where the company has a present obligation as a result of past events, but where the transfer of economic benefit to settle the obligation is not probable, or the amount of the liability cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

Warranty Provision

The Company offers a twelve month product warranty. Using historical data, a warranty provision to service potential warranty claims has been calculated.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2013 £	2012 £
Turnover	1	7,593,146	8,024,627
Cost of sales	2	(4,929,667)	(5,302,100)
Gross profit		2,663,479	2,722,527
Administrative expenses	2	(2,608,712)	(1,998,394)
Profit on ordinary activities before taxation	1	54,767	724,133
Tax on profit on ordinary activities	4	(20,971)	(5,504)
Retained profit for the year	13	33,796	718,629

All of the activities of the company are classed as continuing.

There were no recognised gains or losses other than the result for the financial year.

Balance sheet

	Note		2013 £		2012 £
Fixed assets					
Tangible assets	5		17,717		41,793
Current assets					
Stocks	6	734,983		672,377	
Debtors	7	2,985,327		3,248,217	
Cash at bank and in hand		323,035		282,987	
		4,043,345		4,203,581	
Creditors: amounts falling due within one year	8	(1,422,978)		(1,836,187)	
Net current assets			2,620,367		2,367,394
Total assets less current liabilities			2,638,084		2,409,187
Creditors: amounts falling due after more than one year	9		(2,563,062)		(2,355,697)
Provisions for liabilities and charges	10		(46,924)		(59,188)
			28,098		(5,698)
Capital and reserves					
Called up share capital	12		50,000		50,000
Profit and loss account	13		(21,902)		(55,698)
Shareholders' funds	14		28,098		(5,698)

These financial statements were approved and authorised for issue by the director on ....

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K Jahanshad
Director

Oct. 27th 2014

Company registration number: 922893

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover is attributable to the exploitation of the Laser and Dart trademarks and the distribution and sale of Laser and Dart sailing boats together with related spares and accessories.

An analysis of turnover by geographical market is given below:

	2013	2012
	£	£
United Kingdom	1,990,863	2,772,875
Europe	3,598,473	4,732,604
Others	1,514,039	297,187
USA	489,771	221,961
	7,593,146	8,024,627

In arriving at the profit on ordinary activities the following items have been charged to the profit and loss account:

	2013	2012
	£	£
Auditor's remuneration:		
Audit services	15,500	15,500
Non-audit services	500	500
Depreciation:		
Tangible fixed assets, owned	30,492	33,629
Research and development	527	176
Operating leases:		
Land and buildings	145,044	84,397
Other operating leases	11,908	15,076
Foreign exchange loss	26,599	67,543

2 Cost of sales and administrative expenses

	2013	2012
	£	£
Cost of sales	4,929,667	5,302,100
Administrative expenses	2,608,712	1,998,394

3 Director and employees

	2013	2012
	£	£
Wages and salaries	326,922	353,823
Social security costs	47,412	47,840
Other pension costs	13,057	12,475
	387,391	414,138

The average number of employees of the company during the year was:

	2013	2012
By category:		
Office and management	4	8
Distribution and selling	6	8
	10	16

Remuneration in respect of directors was as follows:

	2013	2012
	£	£
Emoluments	12,500	12,500

Payments amounting of £12,500 (2012 - to £12,500) were made to Blue Creek Enterprises LLC for the services of Mr K Jahanshad.

4 Taxation on (loss)/profit on ordinary activities

The tax charge represents:

	2013	2012
	£	£
Corporation tax @ 23.25% (2012-24.50%)	-	-
Deferred taxation	-	-
Origination/reversal of timing differences	20,971	5,504
	20,971	5,504

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012- 24.50%). The differences are explained as follows:

	2013	2012
	£	£
Profit on ordinary activities before tax	54,767	724,133
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012-24.50%)	12,733	177,413
Effect of:		
Expenses not deductible for tax purposes	23	4,410
Differences between capital allowances and depreciation	(5,460)	(16,214)
Other timing differences	(13,090)	6,660
Utilisation of tax losses	-	(10,965)
Creation of tax losses	5,794	-
Group relief surrendered/(claimed)	-	(161,304)
Current tax charge for the year	-	-

5 Tangible fixed assets

	Motor Vehicles and boats £	Plant and machinery £	Fixtures, fittings, tools and Equipment £	Total £
Cost				
At 1 January 2013	119,279	298,103	3,112,908	3,530,290
Additions	4,444	-	1,972	6,416
Disposals	-	-	-	-
At 31 December 2013	123,723	298,103	3,114,880	3,536,706
Depreciation				
At 1 January 2013	118,363	298,103	3,072,031	3,488,497
Provided in the year	916	-	29,576	30,492
Eliminated on disposal	-	-	-	-
At 31 December 2013	119,279	298,103	3,101,607	3,518,989
Net book amount at 31 December 2013	**4,444**	**-**	**13,273**	**17,717**
Net book amount at 31 December 2012	**916**	**-**	**40,877**	**41,793**

6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	**734,983**	**672,377**

7 Debtors

	2013	2012
	£	£
Trade debtors	184,308	672,273
Amounts owed by group undertakings	2,736,519	2,481,676
Other debtors	146	13,166
Prepayments and accrued income	6,464	2,241
Deferred tax asset (Note 11)	57,890	78,861
	2,985,327	3,248,217

8 Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	1,076,871	1,479,040
Other tax and social security	8,477	14,818
Accruals and deferred income	319,022	322,441
Amounts owed to group companies	18,608	19,888
	1,422,978	1,836,187

9 Creditors: amounts falling due after more than one year

	2013	2012
	£	£
Amounts owed to group undertakings	2,563,062	2,355,697

10 Provisions for liabilities and charges

	Warranty Provision £
At 1 January 2013	59,188
Provided during the year	33,790
Utilised during the year	(46,054)
At 31 December 2013	46,924

The warranty provision at the year end is the company's best estimate of the cost of fulfilling this obligation based upon the underlying claims rate by product line, largely expected to be settled within a twelve month period.

11 Deferred taxation

Deferred tax assets are recognised as set out below:

	2013 £	2012 £
Differences between capital allowances and depreciation	46,980	54,086
Other timing differences	10,910	24,775
	57,890	78,861

12 Share capital

	2013 £	2012 £
Authorised, allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

13 Profit and loss account

	2013	2012
	£	£
At 1 January 2013	(55,698)	(774,327)
Retained profit for the year	33,796	718,629
At 31 December 2013	(21,902)	(55,698)

14 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for financial year and net increase in shareholders' funds	33,796	718,629
Opening shareholders' funds	(5,698)	(724,327)
Closing shareholders' funds	28,098	(5,698)

15 Capital commitments

The company had no capital commitments at 31 December 2013.

16 Contingent liabilities

The company has entered into a guarantee along with its holding company, Full Moon Holdings Limited and its fellow subsidiary Laser Sailboats Limited, in favour of Barclays Bank plc, to secure the bank borrowings of these group companies. At 31 December 2013 these borrowings amounted to £439,526 (2012 - £777,778).

The Company is subject to pending litigation in respect of, inter alia, licensing claims and contract. No damages have been specified. The company believes the case is without merit and will likely be dismissed.

17 Leasing commitments

Operating lease payments amounting to £239,587 (2012 - £245,076) are due within one year. The leases to which these amounts relate expire as follows:

	2013		2012	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	1,767	-	-
Between one and five years	-	7,820	-	15,076
More than five years	230,000	-	230,000	-
	230,000	9,587	230,000	15,076

18 Pension schemes

The company operates defined contribution pension schemes covering those employees who wish to take part. The pension costs represent the contributions payable to the pension schemes in respect of the accounting period. The total pension cost to the company during the financial year was £13,057 (2012 - £12,475). Unpaid pension contributions as at 31 December 2013 amounted to £nil (2012 - £1,494).

19 Transactions with related parties

As a wholly owned subsidiary of Sina Holdco Limited, the company is exempt from the requirements of FRS 8 to disclose other transactions with members of the group headed by that company.

20 Ultimate parent undertaking

The director considers that Full Moon Holdings Limited is the intermediate holding company and the controlling related party by virtue of its shareholding in Laser Performance (Europe) Limited. The ultimate parent undertaking is Spring Meadow Holdings Limited, a company registered in the British Virgin Islands.

The largest group of undertakings for which group accounts are drawn up is at the Sina Holdco Limited level.