

Financial Statements

Boat International Media Limited

For the year ended 31 December 2012

Registered number 02650007

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Boat International Media Limited

Company Information

| | |
|----------------------------|---|
| Director | A C Harris |
| Registered number | 02650007 |
| Registered office | 1st Floor Hartfield House 41-47 Hartfield Road Wimbledon SW19 3RQ |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT |

Contents

| | Page |
|--|--------|
| Director's report | 1 - 4 |
| Independent auditor's report | 5 - 6 |
| Profit and loss account | 7 |
| Balance sheet | 8 |
| Notes to the financial statements | 9 - 21 |

Director's report

For the year ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the company are the provision of media and marketing services

Business review

Despite an extremely challenging trading environment turnover has only declined by 3.4% in the year. This decline would have been higher but for the strong growth in digital and events revenues with digital revenues growing 39% year on year.

Administrative expenses as a % of turnover have increased from 23.6% in 2011 to 26.7% in 2012 as we continue to invest in digital development and through a number of performance improvement initiatives gross margins have improved from 40.1% to 42.2%. The business has continued to maintain and extend our market leading position whilst enhancing our product offering.

Whilst the future period is expected to provide a challenging trading environment, profit increases in the underlying business are expected in the following years as we maximise our new product development. The company shall continue to invest in its digital future.

The balance sheet on page 8 of the financial statements shows that the company's financial position is consistent with the growth experienced in the business over the last 12 months.

Events since the end of the year

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in the company's ultimate parent undertaking, Boat International Group Limited. On 10 January 2014 Boat Bidco Limited acquired all of the outstanding bank debt and loan notes together with accrued interest and on the same date converted these to 12,488,925 A ordinary shares of £1 at par. As a result the Boat International Group is now debt free.

Boat Bidco Limited is owned by an investment consortium led by Pembroke VCT plc (Pembroke), with support from Lepe Capital.

The new owners look forward to working with the experienced management team and supporting their strategic plan to further develop Boat International's print media platforms as well as accelerate the transition to digital. Their entrepreneurial operational focus and market knowledge will enable management to further cement Boat International's position as the world's leading media group serving the Superyacht community.

Results

The operating profit for the year before impairment of intangible assets was £1,159,408 (2011: £1,367,193). The profit for the year, after impairment, interest and taxation, amounted to £101,455 (2011: £1,261,454).

Director's report

For the year ended 31 December 2012

Going concern

The directors have prepared cash flow forecasts and considered the cash flow requirement for the company for a period including twelve months from the date of the approval of these financial statements. These forecasts show that based on the cash reserves of the company, as at the date of these financial statements, and the cash expected to be generated from the company's operations that the company has sufficient resources available in order to continue trading for a period of at least 12 months from the date of these accounts. Based on these forecasts the directors are confident that the company has sufficient flexibility of resources to enable it to pay its debts as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served during the year were

A C Harris

K Kingwill (resigned 21 January 2012)

Principal risks and uncertainties

The health of the underlying market the business serves is dependent on the number of ultra high net worth individuals in existence and being created globally. Whilst the business is relatively well placed to withstand the highs and lows of a normal economic cycle, it is not immune from the unique and synchronised global economic downturn currently being experienced. The directors believe that the future period will continue to provide a challenging trading environment which will temporarily halt the revenue growth of the business as marketing budgets remain depressed. Beyond this, however, the outlook for the business is strong due to its market leading position, its new product development and its evolving digital platform.

Over the last few years the publishing industry has seen a flight to digital as magazine advertising and circulation has declined with the development of online media offerings. At the same time there has been a consolidation in the building market with the market leaders' order books all but full whereas the smaller builders, who have tended to be more dependent on advertising, are struggling financially. This risk has been mitigated by the company already having launched a website listing yachts for sale (BI.com) and in November 2012 a website listing yachts for charter (Charterfleur.com) was launched.

Overall, the company is at risk from competitive activity and protects itself from this by ensuring its products are of a high quality and of great relevance to its key constituencies.

Director's report

For the year ended 31 December 2012

Financial instruments

The company's principal financial instruments comprise amounts owed by and owed to group undertakings and sterling and foreign currency cash balances. The main purpose of these financial instruments is to fund the company's operations.

The company has various other financial instruments, such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk.

The company's policies for managing these risks are summarised below.

Foreign currency risk

The company is exposed in its trading operations to the risk of changes in foreign currency exchange rates. As the company both buys and sells goods and services within Europe and the USA the overall risk is not considered significant.

Credit risk

The company's principal financial assets are cash, trade debtors and amounts owed by group undertakings which represent the company's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Excluding inter-company balances, the company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The company's policy is to ensure continuity of funding through arranging funding for operations via intra-group loans to aid short term flexibility.

Cash flow interest rate risk

The company's exposure to interest rate risk relates primarily to amounts owed to group undertakings, certain of which are interest bearing at a fixed rate. The director monitors the overall levels of borrowings and interest costs to manage the effects of these on the financial performance of the company.

Director's report

For the year ended 31 December 2012

Director's responsibilities statement

The director is responsible for preparing the Director's report 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 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 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.

Provision of information to auditor

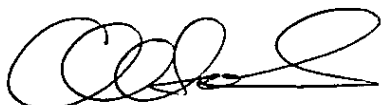
The director at the time when this Director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf



A C Harris
Director

Date 30th JANUARY 2014

Independent auditor's report to the members of Boat International Media Limited

We have audited the financial statements of Boat International Media Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet 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 Director's responsibilities statement, 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 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 Boat International Media Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

David Munton (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Birmingham

Date

6/2/14

Profit and loss account

For the year ended 31 December 2012

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|------------------|
| Turnover | 1,2 | 11,379,508 | 11,782,511 |
| Cost of sales | | (6,575,165) | (7,057,949) |
| Gross profit | | 4,804,343 | 4,724,562 |
| Distribution costs | | (633,334) | (577,672) |
| Administrative expenses | | (3,043,508) | (2,779,697) |
| Impairment of intangible assets | 9 | (1,069,927) | - |
| Total administrative expenses | | (4,113,435) | (2,779,697) |
| Other operating income | 3 | 31,907 | - |
| Operating profit | 4 | 89,481 | 1,367,193 |
| Interest payable and similar charges | 7 | (13) | (2,166) |
| Profit on ordinary activities before taxation | | 89,468 | 1,365,027 |
| Tax on profit on ordinary activities | 8 | 11,987 | (103,573) |
| Profit for the financial year | | 101,455 | 1,261,454 |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 21 form part of these financial statements

Balance sheet

As at 31 December 2012

| | Note | 2012 £ | 2011 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 3,085,229 | 4,501,420 |
| Tangible assets | 10 | 376,278 | 316,301 |
| Investments | 11 | 3,139 | 3,139 |
| | | <u>3,464,646</u> | <u>4,820,860</u> |
| Current assets | | | |
| Stocks | 12 | 169,573 | 188,872 |
| Debtors | 13 | 13,460,371 | 11,397,198 |
| Cash at bank and in hand | | 529,815 | 876,610 |
| | | <u>14,159,759</u> | <u>12,462,680</u> |
| Creditors amounts falling due within one year | 14 | <u>(4,242,513)</u> | <u>(4,003,103)</u> |
| Net current assets | | <u>9,917,246</u> | <u>8,459,577</u> |
| Total assets less current liabilities | | <u>13,381,892</u> | <u>13,280,437</u> |
| Creditors amounts falling due after more than one year | 15 | <u>(6,203,563)</u> | <u>(6,203,563)</u> |
| Net assets | | <u><u>7,178,329</u></u> | <u><u>7,076,874</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 10,000 | 10,000 |
| Profit and loss account | 18 | 7,168,329 | 7,066,874 |
| Equity shareholders' funds | 19 | <u><u>7,178,329</u></u> | <u><u>7,076,874</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



A C Harris
Director

Date 30th JANUARY 2014

The notes on pages 9 to 21 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The directors have prepared cash flow forecasts and considered the cash flow requirement for the company for a period including twelve months from the date of the approval of these financial statements. These forecasts show that based on the cash reserves of the company, as at the date of these financial statements, and the cash expected to be generated from the company's operations that the company has sufficient resources available in order to continue trading for a period of at least 12 months from the date of these accounts. Based on these forecasts the directors are confident that the company has sufficient flexibility of resources to enable it to pay its debts as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised on the despatch of goods for publications and when the relevant services are provided for events and other services.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life to a maximum of 15 years.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

Titles acquired and intellectual property rights are included at cost and amortised on a straight line basis over their useful lives. The carrying values of other intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|-----------------------|
| Long term Leaschold Property | - | 20% per annum on cost |
| Motor vehicles | - | 25% per annum on cost |
| Fixtures & fittings | - | 25% per annum on cost |
| Computer equipment | - | 33% per annum on cost |

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

Notes to the financial statements

For the year ended 31 December 2012

1. Accounting policies (continued)

1 12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Where a liability is extinguished or repaid earlier than originally anticipated the associated deferred finance costs are released to the profit and loss account.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

1 14 Exceptional items

Where an item or items which arise from events or transactions that fall within the ordinary activities of the company are material either individually or in aggregate such that due to their size or incidence they require separate disclosure in order for the financial statements to give a true and fair view these items are disclosed as exceptional items in the profit and loss account.

Notes to the financial statements

For the year ended 31 December 2012

2. Turnover

An geographical analysis of turnover by destination is as follows

| | 2012 | 2011 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 1,470,600 | 1,809,442 |
| Rest of Europe | 5,161,499 | 5,569,538 |
| USA | 3,658,263 | 3,030,298 |
| Other | 1,089,146 | 1,373,233 |
| | <u>11,379,508</u> | <u>11,782,511</u> |

Notes to the financial statements

For the year ended 31 December 2012

3. Other operating income

| | 2012 | 2011 |
|------------------------------------|--------|------|
| | £ | £ |
| Foreign exchange difference - gain | 31,907 | - |

4. Operating profit

The operating profit is stated after charging/(crediting)

| | 2012 | 2011 |
|---|----------|---------|
| | £ | £ |
| Amortisation - intangible fixed assets | 346,264 | 346,263 |
| Depreciation of tangible fixed assets | | |
| - owned by the company | 190,331 | 194,329 |
| Auditor's remuneration | 29,500 | 28,525 |
| Other auditor's remuneration relating to taxation compliance and advice | 12,000 | 11,900 |
| Operating lease rentals | | |
| - other operating leases | 156,100 | 156,100 |
| (Gain) / loss on foreign exchange | (31,907) | 31,291 |

5. Staff costs

Staff costs, including director's remuneration, were as follows

| | 2012 | 2011 |
|-----------------------|-----------|-----------|
| | £ | £ |
| Wages and salaries | 2,195,010 | 2,385,914 |
| Social security costs | 250,337 | 266,325 |
| Other pension costs | 46,227 | 51,733 |
| | 2,491,574 | 2,703,972 |

The average monthly number of employees, including the director, during the year was as follows

| | 2012 | 2011 |
|-------------|------|------|
| | No | No |
| Editorial | 10 | 11 |
| Advertising | 8 | 7 |
| Events | 3 | 4 |
| Digital | 8 | 7 |
| Corporate | 5 | 6 |
| | 34 | 35 |

Notes to the financial statements

For the year ended 31 December 2012

6. Director's remuneration

| | 2012 | 2011 |
|---|---------|---------|
| | £ | £ |
| Emoluments | 200,278 | 304,373 |
| Company pension contributions to defined contribution pension schemes | 9,534 | 9,534 |
| Compensation for loss of office | - | 50,000 |

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £209,812 (2011 - £237,136)

7. Interest payable

| | 2012 | 2011 |
|------------------------------|------|-------|
| | £ | £ |
| On bank loans and overdrafts | 13 | 2,166 |

8. Taxation

| | 2012 | 2011 |
|--|----------|----------|
| | £ | £ |
| Analysis of tax (credit)/charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 15,420 | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 22,600 | 105,374 |
| Effect of tax rate change on opening balance | 34,639 | 18,217 |
| Adjustment in respect of prior period | (84,646) | (20,018) |
| Total deferred tax (see note 16) | (27,407) | 103,573 |
| Tax on profit on ordinary activities | (11,987) | 103,573 |

Notes to the financial statements

For the year ended 31 December 2012

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25.67% (2011 - 26.67%). The differences are explained below

| | 2012 £ | 2011 £ |
|---|---------------|------------------|
| Profit on ordinary activities before tax | <u>89,468</u> | <u>1,365,027</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.67% (2011 - 26.67%) | 22,966 | 357,934 |
| Effects of | | |
| Fixed asset differences | 931 | 3,798 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 20,007 | 25,711 |
| Capital allowances for year in excess of depreciation | (4,928) | (15,927) |
| Utilisation of tax losses | (34,099) | (116,271) |
| Short term timing difference | 10,543 | 19,406 |
| Other differences leading to an increase (decrease) in the tax charge | - | (93) |
| Group relief | - | (274,558) |
| Current tax charge for the year (see note above) | <u>15,420</u> | <u>-</u> |

Factors that may affect future tax charges

There is a potential deferred tax asset of £226,037 (2011 £318,968) in respect of unutilised non-trading losses which has not been recognised due to uncertainty as to when these losses will be utilised

Notes to the financial statements

For the year ended 31 December 2012

9. Intangible fixed assets

| | Goodwill £ | Titles acquired £ | Intellectual property rights £ | Total £ |
|--|---------------|-------------------------|---|------------|
| Cost | | | | |
| At 1 January 2012 and 31 December 2012 | 215,000 | 4,851,400 | 327,283 | 5,393,683 |
| Amortisation | | | | |
| At 1 January 2012 | 28,666 | 796,322 | 67,275 | 892,263 |
| Charge for the year | 14,333 | 311,930 | 20,001 | 346,264 |
| Impairment charge | - | 1,069,927 | - | 1,069,927 |
| At 31 December 2012 | 42,999 | 2,178,179 | 87,276 | 2,308,454 |
| Net book value | | | | |
| At 31 December 2012 | 172,001 | 2,673,221 | 240,007 | 3,085,229 |
| At 31 December 2011 | 186,334 | 4,055,078 | 260,008 | 4,501,420 |

During the year the company's intangible fixed assets were reviewed for impairment. Cash flow forecasts were prepared which assume that the revenues of that element of the business will grow in the period ending 31 December 2013 and will remain stable thereafter.

Over the last few years the publishing industry has seen a flight to digital as magazine advertising and circulation has declined with the development of online media offerings. Whilst this decline has not been as steep in the company's publications, the company has already launched a website listing yachts for sale (BI.com) and in November 2012 a website listing yachts for charter (Charterfleet.com) was launched. The view is that these online listings will ultimately replace the Broker print listings and that the decline in print revenues and therefore profitability will continue.

Management have carried out an impairment review as at December 2012 and have taken the view that the current Useful Economic Life of the titles at 15 years is too long. After due consideration the Board consider that a remaining horizon of 9 years for such print titles is therefore more realistic and as such the Useful Economic Life from acquisition has been reduced from 15 years to 12 years with 9 years remaining. A further review will be carried out at the end of 2013.

The revised cash flow forecasts were discounted at 8%, which represents the wider Group's weighted average cost of capital.

This review identified an impairment to titles acquired of £1,069,927 million.

A sensitivity analysis was undertaken on unimpaired intangibles and based on the results of this and the impairment reviews, the director considers the carrying value of the remaining intangible fixed assets to be recoverable.

Notes to the financial statements

For the year ended 31 December 2012

10. Tangible fixed assets

| | Leasehold Property £ | Computer equipment and plant and machinery £ | Fixtures & fittings £ | Motor vehicles £ |
|-----------------------|----------------------------|--|-----------------------------|------------------------|
| Cost | | | | |
| At 1 January 2012 | 89,728 | 776,209 | 155,194 | 31,046 |
| Additions | 11,309 | 234,723 | 4,276 | - |
| At 31 December 2012 | <u>101,037</u> | <u>1,010,932</u> | <u>159,470</u> | <u>31,046</u> |
| Depreciation | | | | |
| At 1 January 2012 | 62,855 | 506,945 | 135,031 | 31,045 |
| Charge for the year | 18,134 | 159,120 | 13,077 | - |
| At 31 December 2012 | <u>80,989</u> | <u>666,065</u> | <u>148,108</u> | <u>31,045</u> |
| Net book value | | | | |
| At 31 December 2012 | <u>20,048</u> | <u>344,867</u> | <u>11,362</u> | <u>1</u> |
| At 31 December 2011 | <u>26,873</u> | <u>269,264</u> | <u>20,163</u> | <u>1</u> |

| | Total £ |
|-----------------------|------------------|
| Cost | |
| At 1 January 2012 | 1,052,177 |
| Additions | 250,308 |
| At 31 December 2012 | <u>1,302,485</u> |
| Depreciation | |
| At 1 January 2012 | 735,876 |
| Charge for the year | 190,331 |
| At 31 December 2012 | <u>926,207</u> |
| Net book value | |
| At 31 December 2012 | <u>376,278</u> |
| At 31 December 2011 | <u>316,301</u> |

Notes to the financial statements

For the year ended 31 December 2012

11. Fixed asset investments

| | Investments in subsidiary companies £ |
|--|--|
| Cost or valuation | |
| At 1 January 2012 and 31 December 2012 | 3,139 |
| Net book value | |
| At 31 December 2012 | 3,139 |
| At 31 December 2011 | 3,139 |

Subsidiary undertakings

The following were subsidiary undertakings of the company

| Name | Country of incorporation | Holding |
|---------------------------------------|--------------------------|---------|
| Boat International Media Inc | USA | 100% |
| SuperYacht Media Limited | England & Wales | 100% |
| Luxury Yacht Listing Services Limited | England & Wales | 80% |

All shareholdings are in ordinary shares. The principal activities of all subsidiaries are the provision of media and marketing services.

12. Stocks

| | 2012 £ | 2011 £ |
|----------------|-----------|-----------|
| Finished goods | 169,573 | 188,872 |

The difference between purchase price of stocks and their replacement cost is not material.

13. Debtors

| | 2012 £ | 2011 £ |
|------------------------------------|------------|------------|
| Trade debtors | 927,415 | 988,660 |
| Amounts owed by group undertakings | 11,558,177 | 9,661,381 |
| Other debtors | 133,901 | - |
| Prepayments and accrued income | 691,166 | 624,852 |
| Deferred tax asset (see note 16) | 149,712 | 122,305 |
| | 13,460,371 | 11,397,198 |

Notes to the financial statements

For the year ended 31 December 2012

14. Creditors:

Amounts falling due within one year

| | 2012 | 2011 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 1,256,121 | 822,392 |
| Amounts owed to group undertakings | 2,456,864 | 2,550,820 |
| Corporation tax | 419 | - |
| Social security and other taxes | 68,501 | 88,501 |
| Accruals and deferred income | 460,608 | 541,390 |
| | <u>4,242,513</u> | <u>4,003,103</u> |

15. Creditors:

Amounts falling due after more than one year

| | 2012 | 2011 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed to group undertakings | <u>6,203,563</u> | <u>6,203,563</u> |

Amounts owed to group undertakings are repayable on 31 December 2016, are unsecured and attract a variable rate of interest

16. Deferred tax asset

| | 2012 | 2011 |
|----------------------|----------------|----------------|
| | £ | £ |
| At beginning of year | 122,305 | 225,878 |
| Charged for the year | 27,407 | (103,573) |
| | <u>149,712</u> | <u>122,305</u> |

The deferred tax asset is made up as follows

| | 2012 | 2011 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Accelerated capital allowances | 90,072 | 102,934 |
| Tax losses carried forward | - | 1,058 |
| Short term timing differences | 59,640 | 18,313 |
| | <u>149,712</u> | <u>122,305</u> |

Details of unprovided deferred tax are shown in Note 7

Notes to the financial statements

For the year ended 31 December 2012

17. Share capital

| | 2012 £ | 2011 £ |
|--|---------------|---------------|
| Authorised, allotted, called up and fully paid | | |
| 10,000- Ordinary Shares of £1 each | <u>10,000</u> | <u>10,000</u> |

18. Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2012 | 7,066,874 |
| Profit for the year | <u>101,455</u> |
| At 31 December 2012 | <u>7,168,329</u> |

19. Reconciliation of movement in equity shareholders' funds

| | 2012 £ | 2011 £ |
|-----------------------------|------------------|------------------|
| Opening shareholders' funds | 7,076,874 | 5,815,420 |
| Profit for the year | <u>101,455</u> | <u>1,261,454</u> |
| Closing shareholders' funds | <u>7,178,329</u> | <u>7,076,874</u> |

20. Contingent liabilities

The bank held a composite guarantee between BIP1 Limited and BIP2 Limited, Boat International Publications Limited, Boat International Media Limited, Boat International Holdings 1 Limited, Boat International Holdings 2 Limited, Boat International Holdings Limited and Boat International Group Limited. The total indebtedness covered by the cross guarantee at 31 December 2012 amounts to £10,889,330 (2011 £11,923,750). The bank also had a fixed and floating charge over all the current and future assets of the company.

The composite guarantee and fixed asset floating charge were released subsequent to the transaction detailed in note 24.



Notes to the financial statements

For the year ended 31 December 2012

21. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|-----------------------|--------------------|----------|
| | 2012 | 2011 |
| | £ | £ |
| Expiry date | | |
| Within 1 year | - | 156,100 |
| Between 2 and 5 years | <u>124,880</u> | <u>-</u> |

22. Related party transactions

The company has taken advantage of the exemption in 'FRS 8 Related Party Disclosures' from disclosing transactions with companies where 100% of the voting rights are controlled within the group as consolidated accounts are publicly available

During the year ended 31 December 2012, the company recharged expenses of £nil (2011 £47,151) to Linkfern Limited. Amounts due to the company from Linkfern Limited are £nil (2011 £nil) at the year-end following the dormant status of that company.

During the year ended 31 December 2012, the company recharged expenses of £292,943 (2011 £194,337) to Luxury Yacht Listings Limited. At the balance sheet date, the company owed £nil (2011 £nil) and was due £80,482 (2011 £81,025) from Luxury Yacht Listings Limited.

During the year management fees of £75,000 (2011 £75,000) were paid to August Equity LLP. August Equity Capital LLP is a related party by virtue of its shareholding in the ultimate parent. The group also accrued interest due to August Equity LLP of £148,940 (2011 £122,450). At the year end £1,291,806 (2011 £1,142,866) was due as loan notes.

23. Ultimate parent undertaking and controlling party

At the balance sheet date, the company considered its ultimate parent undertaking to be Boat International Group Limited, the majority of shares in the company being owned by funds managed by August Equity LLP. Note 24 includes details of a change in control subsequent to the year-end. By virtue of the spread of shareholdings there is no one controlling party.

24. Post balance sheet events

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in the company's ultimate parent undertaking, Boat International Group Limited. On 10th January 2014 Boat Bidco Limited acquired all of the outstanding bank debt and loan notes together with accrued interest and on the same date converted these to 12,488,925 A ordinary shares of £1 at par. As a result the Boat International Group is now debt free.

Boat Bidco Limited is owned by an investment consortium led by Pembroke VCT plc (Pembroke), with support from Lepe Capital.