

Company Registration Number: 3977439

Concept Outdoor Worldwide Limited

**Consolidated Financial Statements
for the year ended 30 June 2004**



Concept Outdoor Worldwide Limited
Directors' Report
for the year ended 30 June 2004

The directors present their report and the audited consolidated financial statements of the group for the year ended 30 June 2004.

Principal activities

The principal activity of the company is that of an investment holding company of a group engaged in outdoor advertising.

The principal activities of the subsidiary undertakings are disclosed in note 11.

Review of the business and future developments

The directors expect the company to continue in operation for the foreseeable future.

The profit and loss account for the year is set out on page 4.

Dividends

The directors do not recommend payment of a dividend (2003: £nil).

Directors and their interests

The directors of the company at 30 June 2004 are listed below:

SM Halden

CJ Hoddell

MC Johnson

R Silvester (resigned 24 September 2003)

SLG Wilson (appointed 24 September 2003)

SA Holder is Company Secretary.

At 30 June 2004 and 30 June 2003, MC Johnson was the beneficial holder of 92 A Ordinary Shares, 308 B Ordinary Shares and 16,744 Preference Shares in the company. Details of MC Johnson's interests in fellow subsidiaries of the ultimate parent company, Pacific Investments II Limited, are disclosed in the financial statements of that company.

At 30 June 2004 and 30 June 2003, SM Halden was the beneficial holder of 300 A Ordinary Shares, 612 B Ordinary Shares and 54,600 Preference Shares in the company. Details of SM Halden's interests in Frontiers Group Limited and Model Frontiers Limited which are fellow subsidiaries of Pacific Investments II Limited, are disclosed in the financial statements of those companies.

At 30 June 2004 and 30 June 2003, CJ Hoddell was the beneficial holder of 300 A Ordinary Shares and 52,529 Preference Shares in the company.

SLG Wilson does not hold any interest in the shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the group, and of the profit or loss of the company and of the group for that year. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the group will continue in business.

Concept Outdoor Worldwide Limited
Directors' Report
for the year ended 30 June 2004 (continued)

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the consolidated financial statements for the year ended 30 June 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the consolidated financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual general meetings and auditors

Through elective resolutions the company has dispensed with the holding of annual general meetings, the laying of the financial statements before annual general meetings and the appointment of auditors annually.

By Order of the Board



SA Holder
Secretary

124 Sloane Street
London SW1X 9BW

**Independent Auditors' Report to the Members of
Concept Outdoor Worldwide Limited**

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2004 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

16 December 2004

Concept Outdoor Worldwide Limited

**Consolidated Profit and Loss Account
for the year ended 30 June 2004**

	Note	2004 £	2003 £
Turnover		936,388	1,068,221
Cost of sales		(997,703)	(1,013,214)
Gross (loss)/profit		<u>(61,315)</u>	<u>55,007</u>
Administrative expenses		(411,253)	(759,705)
Operating loss	2	<u>(472,568)</u>	<u>(704,698)</u>
Interest receivable	4	4,010	4,046
Interest payable and similar charges	5	(353,077)	(235,729)
Loss on ordinary activities before taxation		<u>(821,635)</u>	<u>(936,381)</u>
Taxation	6	(1,361)	(6,627)
Loss on ordinary activities after taxation		<u>(822,996)</u>	<u>(943,008)</u>
Dividends and appropriations	7	(109,200)	(109,200)
Loss for the year		<u><u>(932,196)</u></u>	<u><u>(1,052,208)</u></u>

The operating loss derives wholly from continuing operations.

There are no recognised gains or losses other than the loss for each year shown above.

The notes on pages 8 to 18 form an integral part of these financial statements.

Concept Outdoor Worldwide Limited

**Consolidated Balance Sheet
as at 30 June 2004**

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	9	237,450	251,887
Tangible assets	10	<u>362,995</u>	<u>498,048</u>
		<u>600,445</u>	<u>749,935</u>
CURRENT ASSETS			
Debtors	12	326,183	306,919
Cash at bank and in hand		<u>135,476</u>	<u>82,550</u>
		461,659	389,469
CREDITORS (amounts falling due within one year)	13	(383,012)	(356,007)
NET CURRENT ASSETS		<u>78,647</u>	<u>33,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>679,092</u>	<u>783,397</u>
CREDITORS (amounts falling due after more than one year)	14	(2,584,076)	(1,865,385)
NET LIABILITIES		<u>(1,904,984)</u>	<u>(1,081,988)</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,555	2,555
Share premium	16	547,445	547,445
Profit and loss account	17	(2,454,984)	(1,631,988)
SHAREHOLDERS' DEFICIT	18	<u>(1,904,984)</u>	<u>(1,081,988)</u>
Equity shareholders' deficit		(2,779,883)	(1,847,686)
Non-equity shareholders' funds		874,899	765,698
SHAREHOLDERS' DEFICIT		<u>(1,904,984)</u>	<u>(1,081,988)</u>

The financial statements were approved by the Board of Directors on 16 December 2004 and signed on their behalf by

M C Johnson
Director



The notes on pages 8 to 18 form an integral part of these financial statements.

Concept Outdoor Worldwide Limited

**Company Balance Sheet
as at 30 June 2004**

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	10	782	1,071
Investments	11	2,539,859	2,101,269
		<u>2,540,641</u>	<u>2,102,340</u>
CURRENT ASSETS			
Debtors	12	8,924	115,358
Cash at bank and in hand		728	1,042
		<u>9,652</u>	<u>116,400</u>
CREDITORS (amounts falling due within one year)	13	(43,696)	(42,867)
NET CURRENT (LIABILITIES)/ASSETS		<u>(34,044)</u>	<u>73,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,506,597</u>	<u>2,175,873</u>
CREDITORS (amounts falling due after more than one year)	14	(2,584,076)	(1,865,385)
NET (LIABILITIES)/ASSETS		<u>(77,479)</u>	<u>310,488</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,555	2,555
Share premium	16	547,445	547,445
Profit and loss account	17	(627,179)	(239,512)
SHAREHOLDERS' (DEFICIT)/FUNDS	18	<u>(77,179)</u>	<u>310,488</u>
Equity shareholders' deficit		(952,077)	(455,210)
Non-equity shareholders' funds		874,898	765,698
SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(77,179)</u>	<u>310,488</u>

The financial statements were approved by the Board of Directors on
and signed on their behalf by

M C Johnson
Director

The notes on pages 8 to 18 form an integral part of these financial statements.

Concept Outdoor Worldwide Limited

Consolidated Cash Flow Statement
for the year ended 30 June 2004

	Note	2004 £	2003 £
NET CASH OUT FLOW FROM OPERATING ACTIVITIES	20	(309,628)	(529,201)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		4,010	4,046
Interest paid		(383)	(261)
		<u>3,627</u>	<u>3,785</u>
TAXATION		-	(6,627)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire fixed assets		(7,621)	(273,294)
Disposal of tangible fixed assets		551	-
		<u>(7,070)</u>	<u>(273,294)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(313,071)</u>	<u>(805,337)</u>
FINANCING			
Shareholder loans		365,997	742,264
		<u>365,997</u>	<u>742,264</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR	21	<u>52,926</u>	<u>(63,073)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
INCREASE/(DECREASE) IN CASH IN THE YEAR		52,926	(63,073)
Increase in borrowings		(718,691)	(977,733)
		<u>(665,765)</u>	<u>(1,040,806)</u>
Net debt at 1 July 2003		(1,782,835)	(742,029)
NET DEBT AT 30 JUNE 2004	21	<u>(2,448,600)</u>	<u>(1,782,835)</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004

1 Accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

Basis of consolidation

The consolidated profit and loss account and balance sheet incorporate the accounts of all subsidiaries for the year ended 30 June 2004. Entities are considered to be a subsidiary where the Group controls the majority of the undertaking's voting rights. Subsidiaries are consolidated from the date of acquisition using the acquisition method of accounting.

Going concern

These financial statements have been prepared on a going concern basis which assumes the continued support of the parent company, Pacific Leisure, Entertainment & Media Limited. The directors have received a letter from the parent company confirming their support for a period of at least 12 months from the date of approval of the financial statements.

Turnover

Turnover represents the net amount receivable, excluding value added tax, of goods and services provided in respect of outdoor advertising. Revenue is recognised over the period of the underlying contract with the advertising customer. Turnover relates to the one principal activity of the company and is derived wholly within the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Billboards	3 - 5 years
Fixtures and fittings	5 years
Office equipment	3 - 5 years

Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Intangible assets

Goodwill represents the excess of the fair value of the consideration paid over the identifiable net assets acquired. Goodwill is capitalised and amortised in equal instalments over its estimated useful economic life of 20 years. The carrying value of goodwill is assessed annually and any impairment in value is charged to the profit and loss account.

Investments

Investments held as fixed assets are stated at cost, less any provision for diminution in value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation 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 laws.

Deferred tax assets are recognised only 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.

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2004 (continued)**

2 Operating loss

The operating loss of the group is stated after charging:

	2004 £	2003 £
Auditors' remuneration for audit services	7,150	7,000
Depreciation of owned assets	139,062	164,909
Amortisation of intangible assets	14,437	14,437
Operating lease rentals - equipment	<u>742,487</u>	<u>691,384</u>

The audit fee of the Company was £2,200 (2003: £2,000)

3 Staff costs

	2004 £	2003 £
Wages and salaries	171,099	312,150
Social security costs	17,564	33,560
	<u>188,663</u>	<u>345,710</u>

The average monthly number of employees for the group during the year was 3 in an administrative capacity (2003: 6).

Directors' emoluments, included within the staff costs above:

	2004 £	2003 £
Aggregate emoluments	<u>-</u>	<u>45,897</u>

4 Interest receivable

	2004 £	2003 £
Bank deposit interest	<u>4,010</u>	<u>4,046</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2004 (continued)**

5 Interest payable and similar charges

	2004 £	2003 £
Interest payable to immediate parent company	288,145	188,491
Interest payable on loans from other shareholders	64,549	46,977
Other interest payable	383	261
	<u>353,077</u>	<u>235,729</u>

6 Taxation

	2004 £	2003 £
Under provision in respect of prior years	<u>1,361</u>	<u>6,627</u>

6.1 Reconciliation of tax charge

	2004 £	2003 £
Loss on ordinary activities before taxation	(821,635)	(936,381)
Tax credit on loss on ordinary activities before taxation at 30%	(246,491)	(280,914)
Under provision in prior year	1,361	6,627
Expenses disallowed for tax purposes	27,031	20,399
Depreciation in excess of capital allowances	6,762	5,164
Trading losses carried forward	212,697	255,351
	<u>1,361</u>	<u>6,627</u>

6.2 Deferred tax asset

	2004 £ Unrecognised	2003 £ Unrecognised
Tax effect of timing differences due to losses carried forward	691,041	478,344
Tax effect of accelerated capital allowances	(10,229)	(16,991)
	<u>680,812</u>	<u>461,353</u>

7 Dividends and appropriations

Appropriations in respect of Preference Shares are reflected in the profit and loss account on a time basis. Where there are insufficient distributable reserves to pay such appropriations, the amount is credited back to the profit and loss account reserve in accordance with FRS 4.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

8 Company profit and loss account

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The loss after taxation attributable to Concept Outdoor Worldwide Limited was £387,667 (2003: £231,722).

9 Intangible fixed assets

	Group £
Goodwill	
Cost	
At 30 June 2003 and 30 June 2004	<u>288,747</u>
Amortisation	
At 30 June 2003	36,860
Amortisation charge for the year	14,437
At 30 June 2004	<u>51,297</u>
Net book value at 30 June 2004	<u>237,450</u>
Net book value at 30 June 2003	<u>251,887</u>

10 Tangible fixed assets

The fixed assets of the group are analysed as follows:

	Billboards £	Fixtures and Fittings £	Office Equipment £	Total £
Cost				
At 30 June 2003	719,491	5,555	8,666	733,712
Additions	7,621	-	-	7,621
Disposals	-	(4,878)	(2,107)	(6,985)
At 30 June 2004	<u>727,112</u>	<u>677</u>	<u>6,559</u>	<u>734,348</u>
Accumulated depreciation				
At 30 June 2003	231,340	1,821	2,503	235,664
Charge for the year	136,774	802	1,486	139,062
Disposals	-	(2,256)	(1,117)	(3,373)
At 30 June 2004	<u>368,114</u>	<u>367</u>	<u>2,872</u>	<u>371,353</u>
Net book value at 30 June 2004	<u>358,998</u>	<u>310</u>	<u>3,687</u>	<u>362,995</u>
Net book value at 30 June 2003	<u>488,151</u>	<u>3,734</u>	<u>6,163</u>	<u>498,048</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

10 Tangible fixed assets (continued)

The tangible assets of the company are analysed as follows:

	Office Equipment £
Cost	
At 30 June 2003 and 30 June 2004	<u>1,285</u>
Accumulated depreciation	
At 30 June 2003	214
Charge for the year	289
At 30 June 2004	<u>503</u>
Net book value at 30 June 2004	<u>782</u>
Net book value at 30 June 2003	<u>1,071</u>

11 Investment in subsidiaries

	Shares £	Loan £	Total £
Cost			
At 1 July 2003	547,600	1,778,948	2,326,548
Additions	-	823,618	823,618
At 30 June 2004	<u>547,600</u>	<u>2,602,566</u>	<u>3,150,166</u>
Provision for permanent diminution in value			
At 1 July 2003	(850)	(224,429)	(225,279)
Provided during the year	(50)	(384,978)	(385,028)
At 30 June 2004	<u>(900)</u>	<u>(609,407)</u>	<u>(610,307)</u>
Net book value at 30 June 2004	<u>546,700</u>	<u>1,993,159</u>	<u>2,539,859</u>
Net book value at 30 June 2003	<u>546,750</u>	<u>1,554,519</u>	<u>2,101,269</u>

The Company has two subsidiaries, details of which are as follows:

Name of undertaking	% owned	% voting rights	Holding	Nature of business	Place of Incorporation
Concept Outdoor (UK) Limited	100%	100%	Ordinary & Preference Shares	Outdoor Advertising	England & Wales

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

11 Investment in subsidiaries (continued)

Concept Outdoor (UK) Limited has one subsidiary, details of which are as follows:

Name of undertaking	% owned	% voting rights	Holding	Nature of business	Place of incorporation
Concept Outdoor Limited	100%	100%	Ordinary Shares	Non-trading	England & Wales
Concept Solution Limited	92.5%	100%	Ordinary Shares	Outdoor advertising	England & Wales

12 Debtors

	Group 2004 £	Group 2003 £
Trade debtors	235,892	232,036
Amounts owed by other group undertakings	8,355	4,838
Prepayments and accrued income	81,936	69,664
Other taxation and social security	-	381
	<u>326,183</u>	<u>306,919</u>
	Company 2004 £	Company 2003 £
Amounts owed by subsidiary undertakings	-	109,737
Amounts owed by other group undertakings	8,355	4,838
Other taxation and social security	569	783
	<u>8,924</u>	<u>115,358</u>

13 Creditors (amounts falling due within one year)

	Group 2004 £	Group 2003 £
Trade creditors	73,116	39,117
Amounts due to other group undertakings	100,467	148,687
Other taxation and social security	21,951	24,950
Accruals and deferred income	186,398	142,852
Corporate tax payable	980	-
Other creditors	100	400
	<u>383,012</u>	<u>356,007</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

13 Creditors (amounts falling due within one year) (continued)

	Company 2004 £	Company 2003 £
Amounts due to other group undertakings	40,396	40,739
Accruals and deferred income	3,300	2,128
	<u>43,696</u>	<u>42,867</u>

In addition to the amounts disclosed above, cumulative preference dividend of £327,899 have been accrued on a time basis, but cannot currently be paid by reference to available distributable reserves and have therefore been credited back to distributable reserves.

14 Creditors (amounts falling due after more than one year)

Group and Company

	2004 £	2003 £
Amounts owed to immediate parent undertaking	2,113,119	1,508,380
Amounts owed to other shareholders (refer to Note 22)	470,957	357,005
	<u>2,584,076</u>	<u>1,865,385</u>

The loan from the company's immediate parent has no fixed date of repayment, and interest accrues at 20% per annum. The loan is equity in nature, and repayment will not be demanded until alternative external funding is secured, either via trade sale, flotation, or similar.

15 Share capital

At 30 June 2004 and 30 June 2003, the authorised and issued share capital of the company comprised:

	Authorised		Issued	
	Number	£	Number	£
£1 A Ordinary Shares	3,300	3,300	692	692
£0.35 A Special Ordinary Shares	2,308	808	2,308	808
£1 B Ordinary Shares	1,000	1,000	1,000	1,000
0.01p Preference Shares	1,000,000	100	546,000	55
£1 Deferred Shares	1,000	1,000	-	-
	<u>1,007,608</u>	<u>6,208</u>	<u>550,000</u>	<u>2,555</u>

All classes of shares, together with related share premium, are fully paid up.

Rights regarding income

The A Ordinary Shares and the A Special Ordinary Shares rank pari passu for any dividend or other distribution by the company. The B Ordinary Shares do not carry any right to dividend unless or until the occurrence of a listing, a take-over or a liquidation or a winding up of the company. Following either of these events the B Ordinary Shares, A Ordinary Shares and the A Special Ordinary Shares (together the "Ordinary Shares") rank pari passu for any dividend or other distribution by the company. The Deferred Shares do not carry any right to dividend or other distribution by the company.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

15 Share capital (continued)

The Preference Shares carry the right to a fixed cumulative preferential dividend of 20% per annum on the amount paid up or credited as paid up on each Preference Share (including as to any premium). This dividend ranks for payment in priority to the payment of a dividend on any other shares of the company.

Rights regarding capital

On a return of assets on liquidation, reduction of capital or otherwise, the surplus capital of the company is returned as follows, and in the following order:

- 1 To the Preference Shareholders an amount equal to the capital paid up on the Preference Shares together with any arrears of or deficiency in the fixed cumulative dividend on such shares;
- 2 To the Ordinary Shareholders a sum equal to any premium paid on such Ordinary Shares;
- 3 To the Ordinary Shareholders a sum equal to the nominal value of such shares (to the extent paid up);
- 4 To the A Ordinary Shareholders and the A Special Ordinary Shareholders so as to give them a return with an IRR of not less than 20% on their investment in the company;
- 5 To the Deferred Shareholders a sum equal to the nominal value of such shares (to the extent paid up); &
- 6 The balance of such assets (if any) shall belong to and be distributed amongst the Ordinary Shareholders *pari passu*.

Rights regarding voting

The A Ordinary Shareholders and the A Special Ordinary Shareholders have the right to receive notice of and to attend, speak and vote at all general meetings of the company. The B Ordinary Shareholders have the right to receive notice of and to attend and speak at all general meetings of the company but not to vote unless or until the occurrence of a listing, a take-over, a liquidation or a winding up of the company. The Deferred and Preference Shareholders do not have the right to receive notice of or to attend or vote at any general meeting of the company at any time.

Conversion of B Shares

In certain circumstances which relate either to the occurrence of a listing, a take-over, a liquidation or a winding up of the company or to the cessation of employment of a B Ordinary Shareholder who is an employee or director of the company, the B Ordinary Shares may be converted into Deferred Shares. The circumstances in which this conversion may arise are set out in full in the Articles of Association of the company.

16 Share premium account

	2004 £	2003 £
Share premium arising on A Special Ordinary Shares of £0.35	1,500	1,500
Share premium arising on Preference Shares of 0.01p	545,945	545,945
	<u>547,445</u>	<u>547,445</u>

17 Profit and loss account

	Group £	Company £
At 30 June 2003	(1,631,988)	(239,512)
Loss for the year	(932,196)	(496,867)
Preference share appropriation not payable by reference to available distributable reserves	109,200	109,200
At 30 June 2004	<u>(2,454,984)</u>	<u>(627,179)</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

18 Reconciliation of movement in shareholders' funds

	Group £	Company £
Shareholders' (deficit) / funds at 30 June 2003	(1,081,988)	310,488
Loss for the year	(932,196)	(496,867)
Preference dividend not payable by reference to available distributable reserves	109,200	109,200
Shareholders' deficit at 30 June 2004	<u>(1,904,984)</u>	<u>(77,179)</u>

19 Operating lease commitments

The group had annual commitments under non-cancellable operating leases expiring as follows:

	2004 £	2003 £
In less than one year	137,900	49,841
In two to five years	403,586	430,750
In more than five years	179,315	241,050
	<u>720,801</u>	<u>721,641</u>

20 Reconciliation of operating loss to net cash outflow from operating activities

	2004 £	2003 £
Operating loss	(472,568)	(704,698)
Loss on disposal of fixed assets	3,061	-
Depreciation charges	139,062	164,195
Amortisation charges	14,437	14,437
Increase in debtors	(19,264)	(72,329)
Increase in creditors	25,644	69,194
Net cash outflow from operating activities	<u>(309,628)</u>	<u>(529,201)</u>

21 Analysis of net debt

	At 30 June 2003 £	Cash flow £	Other non cash changes £	At 30 June 2004 £
Cash at bank and in hand	82,550	52,926	-	135,476
Debt due after one year	(1,865,385)	(365,997)	(352,694)	(2,584,076)
	<u>(1,782,835)</u>	<u>(313,071)</u>	<u>(352,694)</u>	<u>(2,448,600)</u>

Other non cash changes relate to interest accrued but not paid on shareholder loans.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

22 Related parties

During the year, the company incurred but did not pay interest on shareholder loans to the following shareholder directors at a rate of 20% per annum:

	2004 £	2003 £
SM Halden	19,973	18,838
CJ Hoddell	33,469	20,964
MC Johnson	<u>11,107</u>	<u>7,174</u>

At the balance sheet date, the following balances were due to the shareholders:

	2004 £	2003 £
Amounts falling due after more than one year:		
SM Halden	146,835	126,862
CJ Hoddell	243,899	171,431
MC Johnson	80,223	58,712
	<u>470,957</u>	<u>357,005</u>

During the year, the group carried out a number of transactions with other Pacific Investments II Limited group companies. The names of the related parties, nature of these transactions and their total value is shown below:

	Value of transactions
	2004 £
Transactions with Pacific Investments PLC	
- Guarantee charge	7,316
- Office rent	20,884
- Salary and wages	170,196
- Other	<u>379</u>
	<u>198,775</u>

At 30 June 2004, the group owed Pacific Investments PLC £22,659 (2003: £32,505).

Transactions with Ravenstone House Schools Limited

- Accountancy services	<u>4,864</u>
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At 30 June 2004, Ravenstone House Schools Limited owed the group £8,355 (2003: £4,118).

Transactions with Frontiers Group Limited

- Travel costs	<u>905</u>
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At 30 June 2004, the Group owed Frontiers Group Limited £nil (2003: £nil).

All these transactions were on an arm's length basis.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2004 (continued)

23 Ultimate parent undertaking

The company's immediate parent company is Pacific Leisure, Entertainment & Media Limited, a company registered in England and Wales.

The company's ultimate holding company is Pacific Investments II Limited, a company registered in England and Wales, which is the largest group of which the company is a member and for which group financial statements are prepared. The consolidated financial statements of that company can be obtained from the Company Secretary at 124 Sloane Street, London, SW1X 9BW.

The directors consider the ultimate controlling party to be JL Beckwith, a director and majority shareholder of the ultimate holding company.

24 Post balance sheet events

On 18 August 2004, the company acquired 100 B Ordinary Shares in Concept Solution Limited at £1 each.