

Company Registration Number: 3977439

Concept Outdoor Worldwide Limited

**Consolidated Financial Statements
for the year ended 30 June 2003**



Concept Outdoor Worldwide Limited
Directors' Report
for the year ended 30 June 2003

The directors present their report and the audited consolidated financial statements of the group for the year ended 30 June 2003.

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 10.

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.

Directors and their interests

The directors of the company at 30 June 2003, all of whom have been directors for the whole of the year unless indicated otherwise, are listed below:

SM Halden

CJ Hoddell

MC Johnson

R Silvester (resigned 24 September 2003)

RG Sloss (resigned 16 September 2002)

SLG Wilson (appointed 24 September 2003)

SA Holder is Company Secretary.

At 30 June 2003 and 30 June 2002, 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 2003 and 30 June 2002, 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 subsidiary of Pacific Investments II Limited, are disclosed in the financial statements of each the companies.

At 30 June 2003 and 30 June 2002, CJ Hoddell was the beneficial holder of 300 A Ordinary Shares and 52,529 Preference Shares in the company.

At 30 June 2003 and 30 June 2002, R Silvester was the holder of 40 B Ordinary Shares in the company. Details of R Silvester's interests in *Frontiers Group Limited*, which is a fellow subsidiary of Pacific Investments II Limited, are disclosed in the financial statements of that company.

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

Concept Outdoor Worldwide Limited
Directors' Report
for the year ended 30 June 2003 (continued)

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 period. 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.

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 2003 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next Annual General Meeting.

By Order of the Board



SA Holder
Secretary

124 Sloane Street
London SW1X 9BW

**Independent Auditors' Report To The Members Of
Concept Outdoor Worlwide 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 2003 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**

30 April 2004

Concept Outdoor Worldwide Limited

**Consolidated Profit and Loss Account
for the year ended 30 June 2003**

	Note	2003 £	2002 £
Turnover	1	1,068,221	587,910
Cost of sales		<u>(1,013,214)</u>	<u>(526,219)</u>
Gross profit		55,007	61,691
Administrative expenses		<u>(759,705)</u>	<u>(494,900)</u>
Operating loss	2	(704,698)	(433,209)
Interest receivable	4	4,046	3,016
Interest payable and similar charges	5	(235,729)	(52,644)
Loss on ordinary activities before taxation		<u>(936,381)</u>	<u>(482,837)</u>
Taxation	6	(6,627)	-
Loss on ordinary activities after taxation		<u>(943,008)</u>	<u>(482,837)</u>
Dividends and appropriations	7	(109,200)	(109,499)
Retained loss for the year		<u><u>(1,052,208)</u></u>	<u><u>(592,336)</u></u>

The operating loss derives wholly from continuing operations.

There is no difference between the loss on ordinary activities after taxation and the retained loss stated above and their historical cost equivalents.

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

The notes on pages 8 to 19 form an integral part of these financial statements.

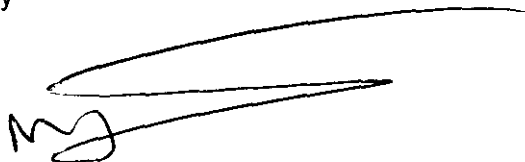
Concept Outdoor Worldwide Limited

Consolidated Balance Sheet
as at 30 June 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	9	251,887	265,438
Tangible assets	10	<u>498,048</u>	<u>388,949</u>
		<u>749,935</u>	<u>654,387</u>
CURRENT ASSETS			
Debtors	12	306,919	235,096
Cash at bank and in hand		<u>82,550</u>	<u>145,623</u>
		389,469	380,719
CREDITORS (amounts falling due within one year)	13	(356,007)	(286,434)
NET CURRENT ASSETS		<u>33,462</u>	<u>94,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		783,397	748,672
CREDITORS (amounts falling due after more than one year)	14	(1,865,385)	(887,652)
NET LIABILITIES		<u>(1,081,988)</u>	<u>(138,980)</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	(1,631,988)	(688,980)
CAPITAL EMPLOYED	18	<u>(1,081,988)</u>	<u>(138,980)</u>
Equity shareholders' deficit		(1,847,686)	(795,479)
Non-equity shareholders' funds		765,698	656,499
TOTAL SHAREHOLDERS' DEFICIT		<u>(1,081,988)</u>	<u>(138,980)</u>

The accounts were approved by the Board of Directors on 23 APRIL 2004
and signed on their behalf by

M C Johnson
Director



The notes on pages 8 to 19 form an integral part of these financial statements.

Concept Outdoor Worldwide Limited

**Company Balance Sheet
as at 30 June 2003**

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	10	1,071	2,994
Investments	11	<u>2,101,269</u>	<u>1,371,143</u>
		<u>2,102,340</u>	<u>1,374,137</u>
CURRENT ASSETS			
Debtors	12	115,358	73,419
Cash at bank and in hand		<u>1,042</u>	<u>15,732</u>
		116,400	89,151
CREDITORS (amounts falling due within one year)	13	(42,867)	(33,426)
NET CURRENT ASSETS		<u>73,533</u>	<u>55,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,175,873	1,429,862
CREDITORS (amounts falling due after more than one year)	14	(1,865,385)	(887,652)
NET ASSETS		<u>310,488</u>	<u>542,210</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	(239,512)	(7,790)
CAPITAL EMPLOYED	18	<u>310,488</u>	<u>542,210</u>
Equity shareholders' deficit		(455,210)	(114,289)
Non-equity shareholders' funds		765,698	656,499
TOTAL SHAREHOLDERS' FUNDS		<u>310,488</u>	<u>542,210</u>

The accounts were approved by the Board of Directors on 23 APRIL 2004
and signed on their behalf by

M C Johnson
Director



The notes on pages 8 to 19 form an integral part of these financial statements.

Concept Outdoor Worldwide Limited

**Consolidated Cash Flow Statement
for the year ended 30 June 2003**

	Note	2003 £	2002 £
NET CASH OUT FLOW FROM OPERATING ACTIVITIES	20	(529,200)	(288,384)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		4,046	3,016
Interest paid		(261)	-
		<u>3,785</u>	<u>3,016</u>
TAXATION		(6,627)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire fixed assets		(273,294)	(266,904)
NET CASH OUTFLOW BEFORE FINANCING		<u>(805,336)</u>	<u>(552,272)</u>
FINANCING			
Issue of share capital		-	400
New unsecured loans	21	<u>742,264</u>	<u>692,525</u>
		742,264	692,925
(DECREASE) / INCREASE IN CASH IN THE PERIOD		<u>(63,073)</u>	<u>140,653</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(DECREASE) / INCREASE IN CASH IN THE PERIOD		(63,073)	140,653
Increase in borrowings		<u>(977,733)</u>	<u>(745,169)</u>
		(1,040,806)	(604,516)
Net debt at 1 July 2002		(742,029)	(137,513)
NET DEBT AT 30 JUNE 2003	21	<u>(1,782,835)</u>	<u>(742,029)</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2003

1 Principal accounting policies

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of more important accounting policies, which have been applied consistently, is set out below as follows:

Basis of preparation - These financial statements have been prepared under the historical cost convention and on a going concern basis.

Going concern - The directors consider the losses incurred to date to be attributable to the costs associated with establishing the business in the period since incorporation. The 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 one year from the date of approval of the financial statements.

Basis of consolidation - The group financial statements consolidate the financial statements of the company and its subsidiary undertakings using the acquisition method. Businesses acquired during the period are consolidated from the date of acquisition.

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 arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation or right to pay more or less taxation in the future. The deferred tax liability, that is the result of timing differences, is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets are liabilities recognised are not discounted.

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2003 (continued)**

2 Operating loss

The operating loss of the group is stated after charging:

	2003 £	2002 £
Auditors' remuneration for audit services	7,000	7,000
Depreciation of owned assets	164,909	56,778
Amortisation of intangible assets	14,437	14,437
Operating lease rentals - equipment	<u>691,384</u>	<u>379,464</u>

The audit fee of the Company was £2,000 (2002: £2,000)

3 Staff costs

	2003 £	2002 £
Wages and salaries	312,150	247,186
Social security costs	33,560	26,560
	<u>345,710</u>	<u>273,746</u>

The average monthly number of employees for the group during the year was 6 in an administrative capacity (2002: 6).

Directors' emoluments, included within the staff costs above:

	2003 £	2002 £
Aggregate emoluments	20,897	30,769
Compensation for loss of office	25,000	-
	<u>45,897</u>	<u>30,769</u>

4 Interest receivable

	2003 £	2002 £
Bank deposit interest	4,046	2,910
Other interest receivable	-	106
	<u>4,046</u>	<u>3,016</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2003 (continued)**

5 Interest payable and similar charges

	2003 £	2002 £
Group interest payable	188,491	45,003
Interest on loans from other shareholders	46,977	7,641
Other interest payable	261	-
	<u>235,729</u>	<u>52,644</u>

6 Taxation

	2003 £	2002 £
Under provision in respect of prior years	6,627	-
	<u>6,627</u>	<u>-</u>

6.1 Reconciliation of tax charge

	2003 £	2002 £
Loss on ordinary activities before taxation	(936,381)	(482,837)
Tax credit on loss on ordinary activities before taxation at 30%	(280,914)	(144,851)
Under provision in prior year	6,627	-
Expenses disallowed for tax purposes	20,399	6,548
Capital allowances in excess of depreciation	5,164	(14,224)
Trading losses carried forward (not recognised)	255,351	152,527
	<u>6,627</u>	<u>-</u>

6.2 Deferred tax asset

	2003 £ Unrecognised	2002 £ Unrecognised
Tax effect of timing differences due to losses carried forward	(478,344)	(222,993)
Tax effect of accelerated capital allowances	16,991	22,155
	<u>(461,353)</u>	<u>(200,838)</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 Financial Reporting Standard 4.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2003 (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 £231,722 (2002: £4,774).

9 Intangible fixed assets

	Group £
Goodwill	
Cost	
At 30 June 2002	287,861
Reclassification	886
At 30 June 2003	<u>288,747</u>
Amortisation	
At 30 June 2002	22,423
Amortisation charge for the year	14,437
At 30 June 2003	<u>36,860</u>
Net book value at 30 June 2002	<u>265,438</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 2002	445,285	4,720	10,413	460,418
Additions	274,206	835	1,004	276,045
Disposals	-	-	(2,751)	(2,751)
At 30 June 2003	<u>719,491</u>	<u>5,555</u>	<u>8,666</u>	<u>733,712</u>
Accumulated depreciation				
At 30 June 2002	69,714	730	1,025	71,469
Charge for the year	161,626	1,091	2,192	164,909
Disposals	-	-	(714)	(714)
At 30 June 2003	<u>231,340</u>	<u>1,821</u>	<u>2,503</u>	<u>235,664</u>
Net book value at 30 June 2002	<u>375,571</u>	<u>3,990</u>	<u>9,388</u>	<u>388,949</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 2003 (continued)**

10 Tangible fixed assets (continued)

The tangible assets of the company are analysed as follows:

	Office Equipment £
Cost	
At 30 June 2002	3,136
Additions	371
Disposals	(2,222)
At 30 June 2003	<u>1,285</u>
Accumulated depreciation	
At 30 June 2002	142
Charge for the year	627
Disposals	(555)
At 30 June 2003	<u>214</u>
Net book value at 30 June 2002	<u>2,994</u>
Net book value at 30 June 2003	<u><u>1,071</u></u>

11 Investment in subsidiaries

	2003 £	2002 £
Share capital at cost:		
Ordinary shares	1,600	1,600
Preference shares	546,000	546,000
Loans to subsidiary undertakings at cost	1,778,948	823,543
	<u>2,326,548</u>	<u>1,371,143</u>
Provision for diminution in value	(225,279)	0
At 30 June 2003	<u><u>2,101,269</u></u>	<u><u>1,371,143</u></u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2003 (continued)

11 Investment in subsidiaries (continued)

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	75%	100%	Ordinary & Preference Shares	Outdoor Advertising	England & Wales
Concept Solution Limited	85%	100%	Ordinary Shares	Outdoor Advertising Development	England & Wales

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

12 Debtors

	Group 2003 £	Group 2002 £
Trade debtors	232,036	196,934
Affiliate debtors	4,838	-
Prepayments and accrued income	69,664	38,162
Other taxation and social security	381	-
	<u>306,919</u>	<u>235,096</u>
	Company 2003 £	Company 2002 £
Trade debtors	-	3,519
Amounts owed by subsidiary undertakings	109,737	68,001
Group debtors	4,838	-
Other taxation and social security	783	1,899
	<u>115,358</u>	<u>73,419</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2003 (continued)**

13 Creditors (amounts falling due within one year)

	Group 2003 £	Group 2002 £
Trade creditors	39,118	112,002
Amounts due to other affiliate undertakings	148,687	74,339
Other taxation and social security	24,950	7,984
Accruals and deferred income	142,852	91,709
Other creditors	400	400
	<u>356,007</u>	<u>286,434</u>
	Company 2003 £	Company 2002 £
Trade creditors	-	1,116
Amounts due to ultimate parent undertaking	40,739	29,352
Accruals and deferred income	2,128	2,958
	<u>42,867</u>	<u>33,426</u>

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

	Group 2003 £	Group 2002 £
Amounts owed to immediate parent undertaking	1,508,380	781,338
Amounts owed to other shareholders (refer to Note 22)	357,005	106,314
	<u>1,865,385</u>	<u>887,652</u>
	Company 2003 £	Company 2002 £
Amounts owed to immediate parent undertaking	1,508,380	781,338
Amounts owed to other shareholders (refer to Note 22)	357,005	106,314
	<u>1,865,385</u>	<u>887,652</u>

Amounts owed to the immediate parent undertaking are unsecured and bear interest at a rate of 20% per annum. There are no fixed terms of repayment and the immediate parent undertaking has confirmed that they will not demand repayment within the next 12 months.

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2003 (continued)

15 Share capital (continued)

At 30 June 2003 and 30 June 2002, 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.

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 of 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); and
- 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 Shareholders 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.

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2003 (continued)**

15 Share capital (continued)

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

	2003 £	2002 £
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 £
At 30 June 2002	(688,980)
Loss for the year	(1,052,208)
Preference share appropriation not payable by reference to available distributable reserves	109,200
At 30 June 2003	<u>(1,631,988)</u>
	Company £
At 30 June 2002	(7,790)
Loss for the year	(340,922)
Preference share appropriation not payable by reference to available distributable reserves	109,200
At 30 June 2003	<u>(239,512)</u>

Concept Outdoor Worldwide Limited

**Notes to the Financial Statements
for the year ended 30 June 2003 (continued)**

18 Reconciliation of movement in shareholders' funds

	Group £	Company £
Shareholders' (deficit) / funds at 30 June 2002	(138,980)	542,210
Loss on ordinary activities after taxation	(1,052,208)	(340,922)
Preference dividend not payable by reference to available distributable reserves	109,200	109,200
Shareholders' (deficit) / funds at 30 June 2003	<u>(1,081,988)</u>	<u>310,488</u>

19 Operating lease commitments

At 30 June 2003 and 30 June 2002, the group had annual commitments under non-cancellable operating leases expiring as follows:

	2003 £	2002 £
In less than one year	49,841	45,150
In two to five years	430,750	321,400
In more than five years	241,050	155,200
	<u>721,641</u>	<u>521,750</u>

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

	2003 £	2002 £
Operating loss	(704,698)	(433,209)
Depreciation charges	164,195	56,778
Amortisation charges	14,437	11,312
Increase in debtors	(72,329)	(668)
Increase in creditors	69,195	77,403
Net cash outflow from operating activities	<u>(529,200)</u>	<u>(288,384)</u>

21 Analysis of net debt

	At 30 June 2002 £	Cash flow £	Other non cash changes £	At 30 June 2003 £
Cash at bank and in hand	145,623	(63,073)	-	82,550
Debt due after one year	(887,652)	(742,264)	(235,469)	(1,865,385)
	<u>(742,029)</u>	<u>(805,337)</u>	<u>(235,469)</u>	<u>(1,782,835)</u>

Concept Outdoor Worldwide Limited

Notes to the Financial Statements for the year ended 30 June 2003 (continued)

22 Related parties

During the year, the company accrued interest payable on shareholder loans to the following shareholder directors at a rate of 20% per annum:

	2003 £	2002 £
SM Halden	18,838	3,013
CJ Hoddell	20,964	2,973
MC Johnson	<u>7,174</u>	<u>1,655</u>

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

	2003 £	2002 £
Amounts falling due after more than one year:		
SM Halden	(126,862)	(54,531)
CJ Hoddell	(171,431)	(35,466)
MC Johnson	(58,712)	(16,317)
	<u>(357,005)</u>	<u>(106,314)</u>

During the period, 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 2003 £	Receivable/ (payable) at the year end 2003 £
Transactions with Pacific Investments PLC		
- Guarantee charge	(27,114)	(19,053)
- Office rent	(33,682)	(14,943)
- Other	127	1,492
	<u>(60,669)</u>	<u>(32,505)</u>
Transactions with Ravenstone House Schools Limited		
- Accountancy services	<u>4,492</u>	<u>4,118</u>
Transactions with Model Frontiers (UK) Limited		
- Accountancy services	<u>2,995</u>	<u>-</u>
Transactions with Frontiers Group Limited		
- Other	<u>60</u>	<u>-</u>

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 2003 (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 31 October 2003, the company acquired 250 B Ordinary Shares in Concept Outdoor (UK) Limited at £1 each.

On the same date, the company acquired 50 B Ordinary Shares in Concept Solution Limited at £1 each.