

Company Registration Number: 3977439

Concept Outdoor Worldwide Limited

Consolidated Financial Statements  
for the year ended 30 June 2007

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**Concept Outdoor Worldwide Limited**  
**Directors' Report**  
**for the year ended 30 June 2007**

The directors present their report and the audited consolidated financial statements of the group for the year ended 30 June 2007

**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 9

**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 6

**Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Pacific Investments II group, which include those of the company, are discussed within the "Principal risks and uncertainties" paragraph in the directors' report in the consolidated financial statements of Pacific Investments II Limited, which do not form part of this report

**Key performance indicators ("KPIs")**

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

**Dividends**

The directors do not recommend payment of a dividend (2006 £nil)

**Liquidity and interest rate risk**

The company has access to funding from its parent company which constitutes long term funding and in respect of which, repayment will not be demanded in the foreseeable future. This is sufficient for current and planned future operations. Interest rate exposure is not considered a risk given the size of the company's operations and the nature of its interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

**Directors and their interests**

The directors of the company at 30 June 2007 are listed below

SM Halden (resigned 18 October 2007)

CJ Hoddell

SLG Wilson

SD Roberts (appointed 13 February 2007)

SA Holder is Company Secretary

At 30 June 2007 and 30 June 2006, SM Halden was the beneficial holder of 300 A Ordinary Shares, 612 B Ordinary Shares and 54,600 Preference Shares in the company

**Concept Outdoor Worldwide Limited**  
**Directors' Report (continued)**  
**for the year ended 30 June 2007**

Details of SM Halden'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

At 30 June 2007 and 30 June 2006, 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**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

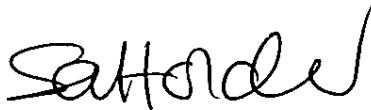
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Concept Outdoor Worldwide Limited**  
**Directors' Report (continued)**  
**for the year ended 30 June 2007**

**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  
Company Secretary  
124 Sloane Street  
London SW1X 9BW

25 April 2008

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

We have audited the financial statements of Concept Outdoor Worldwide Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

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

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2007

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
London

*25 April 2008*

**Concept Outdoor Worldwide Limited**

**Consolidated Profit and Loss Account  
for the year ended 30 June 2007**

	Note	2007 £	2006 £
<b>Turnover</b>		901,108	763,803
Cost of sales		(634,647)	(702,117)
<b>Gross profit</b>		<u>266,461</u>	<u>61,686</u>
Administrative expenses		(314,641)	(313,514)
<b>Operating loss</b>	2	<u>(48,180)</u>	<u>(251,828)</u>
Interest receivable	4	4,542	4,606
Interest payable and similar charges	5	<u>(1,032,200)</u>	<u>(827,540)</u>
<b>Loss on ordinary activities before taxation</b>		(1,075,838)	(1,074,762)
Taxation		-	-
<b>Loss for the year</b>		<u><u>(1,075,838)</u></u>	<u><u>(1,074,762)</u></u>

The operating loss derives wholly from continuing operations

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

The notes on pages 10 to 20 form an integral part of these financial statements

**Concept Outdoor Worldwide Limited**

**Consolidated Balance Sheet  
at 30 June 2007**

	Note	2007 £	Restated 2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>105,383</u>	<u>75,675</u>
<b>CURRENT ASSETS</b>			
Debtors	10	359,683	309,996
Cash at bank and in hand		<u>101,144</u>	<u>94,110</u>
		460,827	404,106
<b>CREDITORS</b> (amounts falling due within one year)	11	(969,170)	(788,370)
<b>NET CURRENT LIABILITIES</b>		<u>(508,343)</u>	<u>(384,264)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(402,960)</u>	<u>(308,589)</u>
<b>CREDITORS</b> (amounts falling due after more than one year)	12	(5,730,126)	(4,748,659)
<b>NET LIABILITIES</b>		<u>(6,133,086)</u>	<u>(5,057,248)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2,500	2,500
Share premium	14	1,500	1,500
Profit and loss account	15	(6,137,086)	(5,061,248)
<b>SHAREHOLDERS' DEFICIT</b>	16	<u>(6,133,086)</u>	<u>(5,057,248)</u>

The financial statements were approved by the Board of Directors on 25 April 2008  
and signed on their behalf by



S Roberts  
Director

The notes on pages 10 to 20 form an integral part of these financial statements

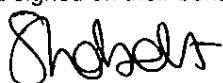


**Concept Outdoor Worldwide Limited**

**Company Balance Sheet  
at 30 June 2007**

	Note	2007 £	Restated 2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	-	206
Investments	9	<u>269,670</u>	<u>210,899</u>
		269,670	211,105
<b>CURRENT ASSETS</b>			
Debtors	10	8,389	9,139
Cash at bank and in hand		<u>-</u>	<u>302</u>
		8,389	9,441
<b>CREDITORS</b> (amounts falling due within one year)	11	(661,200)	(546,602)
<b>NET CURRENT LIABILITIES</b>		<u>(652,811)</u>	<u>(537,161)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(383,141)</u>	<u>(326,056)</u>
<b>CREDITORS</b> (amounts falling due after more than one year)	12	(5,730,126)	(4,748,659)
<b>NET (LIABILITIES)</b>		<u>(6,113,267)</u>	<u>(5,074,715)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2,500	2,500
Share premium	14	1,500	1,500
Profit and loss account	15	(6,117,267)	(5,078,715)
<b>SHAREHOLDERS' (DEFICIT)</b>	16	<u>(6,113,267)</u>	<u>(5,074,715)</u>

The financial statements were approved by the Board of Directors on **25 April 2008** and signed on their behalf by



S Roberts  
Director

The notes on pages 10 to 20 form an integral part of these financial statements

**Concept Outdoor Worldwide Limited**

**Consolidated Cash Flow Statement  
for the year ended 30 June 2007**

	Note	2007 £	Restated 2006 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	18	<u>49,810</u>	<u>(175,886)</u>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest received		<u>4,542</u>	<u>4,606</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire fixed assets		(105,785)	(8,752)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<u>(51,433)</u>	<u>(180,032)</u>
<b>FINANCING</b>			
Shareholder loans		58,467	191,690
<b>INCREASE IN CASH IN THE YEAR</b>		<u>7,034</u>	<u>11,658</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
<b>INCREASE IN CASH IN THE YEAR</b>		7,034	11,658
Increase in borrowings		<u>(1,090,667)</u>	<u>(2,002,030)</u>
		(1,083,633)	(1,990,372)
Net debt at 1 July 2006		(5,200,549)	(3,210,177)
<b>NET DEBT AT 30 JUNE 2007</b>	19	<u>(6,284,182)</u>	<u>(5,200,549)</u>

## Concept Outdoor Worldwide Limited

### Notes to the Financial Statements for the year ended 30 June 2007

#### 1 Principal accounting policies

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

The company is a subsidiary of the Pacific Investments II Limited group of companies and is included in the consolidated financial statements of Pacific Investments II Limited, which are publicly available

The principal accounting policies of the company are set out below and have remained unchanged from the prior year except for the adoption of FRS 25 (IAS 32) Financial Instruments in full. The financial effect of this adoption has resulted in a prior year adjustment as set out in note 24

**Going concern** - The financial statements have been prepared on a going concern basis which assumes the continued support of the parent company and group undertakings. The directors have received a letter from the parent company, Pacific Leisure, Entertainment & Media Ltd confirming their support for a period of at least one year from the date of approval of these 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 group and is derived wholly within the United Kingdom

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

**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
Office equipment	3 years
Fixtures and fittings	5 years

**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 where considered necessary

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

**Deferred taxation** - Deferred tax 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 law

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

#### **Financial Instruments**

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

## Concept Outdoor Worldwide Limited

### Notes to the Financial Statements for the year ended 30 June 2007 (continued)

#### 1 Accounting policies (continued)

##### Financial Instruments (continued)

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

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

#### 2 Operating loss

The operating loss of the group is stated after charging

	2007 £	2006 £
Auditors' remuneration for audit services (including subsidiary)	4,500	1,750
Depreciation of tangible fixed assets	50,869	71,690
Loss on sale of fixed assets	<u>25,208</u>	<u>85,347</u>

The audit fee of the company was £1,500 (2006 £750)

#### 3 Staff costs

	2007 £	2006 £
Wages and salaries	139,875	75,148
Social security costs	15,311	8,056
	<u>155,186</u>	<u>83,204</u>

The average monthly number of employees for the group during the year was 4 (2006 3)

Directors' remuneration, included within the staff costs above

	2007 £	2006 £
Aggregate emoluments	<u>55,420</u>	<u>46,477</u>

#### 4 Interest receivable

	2007 £	2006 £
Bank deposit interest receivable	<u>4,542</u>	<u>4,606</u>

**Concept Outdoor Worldwide Limited**

**Notes to the Financial Statements  
for the year ended 30 June 2007 (continued)**

**5 Interest payable and similar charges**

	2007 £	2006 £
Interest payable to immediate parent company	769,197	595,923
Interest payable on loans from other shareholders	153,803	122,417
Finance charge on preference shares	109,200	109,200
	<u>1,032,200</u>	<u>827,540</u>

**6 Taxation**

	2007 £	2006 £
UK Corporation tax at 30%	<u>-</u>	<u>-</u>

**6.1 Reconciliation of tax charge**

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(1,075,838)</u>	<u>(1,074,762)</u>
Tax credit on loss on ordinary activities before taxation at 30%	(322,751)	(322,429)
Expenses disallowed for tax purposes	310,690	248,695
Depreciation in excess of capital allowances	607	27,374
Loss on sale of fixed assets	7,562	-
Unrelieved trading losses carried forward	3,892	46,360
	<u>-</u>	<u>-</u>

**6.2 Deferred tax asset**

	2007 £	2006 £
Unrecognised	Unrecognised	
Tax effect of timing differences due to losses carried forward	632,133	628,241
Tax effect of accelerated capital allowances	12,048	38,240
	<u>644,181</u>	<u>666,481</u>

# **Concept Outdoor Worldwide Limited**

## **Notes to the Financial Statements for the year ended 30 June 2007 (continued)**

### **7 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 £1,038,552 (2006 £1,476,203)

### **8 Tangible fixed assets**

#### **Group**

	Billboards £	Fixtures & Fittings £	Office Equipment £	Total £
<b>Cost</b>				
At 30 June 2006	350,596	489	4,106	355,191
Additions	105,785	-	-	105,785
Disposals	(221,225)	(489)	(4,106)	(225,820)
At 30 June 2007	235,156	-	-	235,156
<b>Accumulated depreciation</b>				
At 30 June 2006	275,411	376	3,729	279,516
Charge for the year	50,271	97	501	50,869
Disposals	(195,909)	(473)	(4,230)	(200,612)
At 30 June 2007	129,773	-	-	129,773
<b>Net book value at 30 June 2007</b>	<b>105,383</b>	<b>-</b>	<b>-</b>	<b>105,383</b>
Net book value at 30 June 2006	75,185	113	377	75,675

#### **Company**

	Office Equipment £
<b>Cost</b>	
At 30 June 2006 and 30 June 2007	1,285
<b>Accumulated depreciation</b>	
At 30 June 2006	1,079
Charge for the year	206
At 30 June 2007	1,285
<b>Net book value at 30 June 2007</b>	<b>-</b>
Net book value at 30 June 2006	206

# Concept Outdoor Worldwide Limited

## Notes to the Financial Statements for the year ended 30 June 2007 (continued)

### 9 Investment in subsidiaries

Company	Shares £	Loan £	Total £
<b>Cost</b>			
At 1 July 2006	548,000	2,891,659	3,439,659
Additions	-	58,771	58,771
At 30 June 2007	<u>548,000</u>	<u>2,950,430</u>	<u>3,498,430</u>
<b>Provision for permanent diminution in value</b>			
At 1 July 2006	(337,101)	(2,891,659)	(3,228,760)
Provided during the year	-	-	-
At 30 June 2007	<u>(337,101)</u>	<u>(2,891,659)</u>	<u>(3,228,760)</u>
<b>Net book value at 30 June 2007</b>	<u>210,899</u>	<u>58,771</u>	<u>269,670</u>
Net book value at 30 June 2006	<u>210,899</u>	-	<u>210,899</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 Solution Limited	100%	100%	Ordinary Shares	Non-trading	England & Wales

Concept Outdoor (UK) Limited has a 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 Outdoor Worldwide Limited**

**Notes to the Financial Statements  
for the year ended 30 June 2007 (continued)**

**10 Debtors**

	Group 2007 £	Group 2006 £
Trade debtors	133,735	183,651
Prepayments and accrued income	217,852	126,345
Other taxation and social security	8,096	-
	<u>359,683</u>	<u>309,996</u>
	Company 2007 £	Company 2006 £
Amounts owed by other group undertakings	<u>8,389</u>	<u>9,139</u>

**11 Creditors (amounts falling due within one year)**

	Group 2007 £	Restated Group 2006 £
Trade creditors	164,615	69,615
Amounts due to other group undertakings	-	8,942
Other taxation and social security	-	10,673
Accruals and deferred income	149,355	153,140
Fixed cumulative preference dividend of 20%	655,200	546,000
	<u>969,170</u>	<u>788,370</u>
	Company 2007 £	Company 2006 £
Accruals and deferred income	6,000	602
Fixed cumulative preference dividend of 20%	655,200	546,000
	<u>661,200</u>	<u>546,602</u>



# Concept Outdoor Worldwide Limited

## Notes to the Financial Statements for the year ended 30 June 2007 (continued)

### 12 Creditors (amounts falling due after more than one year)

Group and company	2007 £	Restated 2006 £
Amounts owed to immediate parent undertaking	4,275,254	3,506,057
Amounts owed to other shareholders	908,872	696,602
Preference shares classed as financial liabilities	546,000	546,000
	<u>5,730,126</u>	<u>4,748,659</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.

Shares classed as financial liabilities	2007 £	2006 £
Preference shares	55	55
Share premium	545,945	545,945
	<u>546,000</u>	<u>546,000</u>

### 13 Share capital

At 30 June 2007 and 30 June 2006, the authorised and issued share capital of the group and company comprised

	Authorised		Issued	
	Number	£	Number	£
<u>Shares classed as equity</u>				
£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
£1 Deferred Shares	1,000	1,000	-	-
	<u>7,608</u>	<u>6,108</u>	<u>4,000</u>	<u>2,500</u>
<u>Shares classed as financial liabilities</u>				
£0.0001 Preference Shares	<u>1,000,000</u>	<u>100</u>	<u>546,000</u>	<u>55</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.

# Concept Outdoor Worldwide Limited

## Notes to the Financial Statements for the year ended 30 June 2007 (continued)

### 13 Share capital (continued)

#### 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.

### 14 Share premium account

	2007 £	2006 £
<u>Classed as equity</u>		
Share premium arising on A Special Ordinary Shares of £0.35	<u>1,500</u>	<u>1,500</u>
<u>Classed as financial liabilities</u>		
Share premium arising on Preference Shares of £0.0001	<u>545,945</u>	<u>545,945</u>

### 15 Profit and loss account

	Group £	Company £
At 30 June 2006 as previously reported	(4,515,248)	(4,532,715)
Fixed cumulative preference dividend previously unrecognised (note 24)	(546,000)	(546,000)
Restated at 30 June 2006	<u>(5,061,248)</u>	<u>(5,078,715)</u>
Retained loss for the year	(1,075,838)	(1,038,552)
At 30 June 2007	<u>(6,137,086)</u>	<u>(6,117,267)</u>

**Concept Outdoor Worldwide Limited**

**Notes to the Financial Statements  
for the year ended 30 June 2007 (continued)**

**16 Reconciliation of movement in shareholders' funds**

	Restated Group £	Restated Company £
At 30 June 2006 as previously reported	(3,965,248)	(3,982,715)
Impact of FRS 25 (note 24)	(1,092,000)	(1,092,000)
Restated at 30 June 2006	<u>(5,057,248)</u>	<u>(5,074,715)</u>
Retained loss for the year	(1,075,838)	(1,038,552)
Shareholders' deficit at 30 June 2007	<u><u>(6,133,086)</u></u>	<u><u>(6,113,267)</u></u>

**17 Operating lease commitments**

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

	2007 £	2006 £
In less than one year	34,250	104,398
In two to five years	461,853	178,403
In more than five years	100,000	103,500
	<u><u>596,103</u></u>	<u><u>386,301</u></u>

**18 Reconciliation of operating loss to net cash outflow from operating activities**

	2007 £	2006 £
Operating loss	(48,180)	(251,828)
Loss on sale of fixed assets	25,208	85,347
Depreciation of tangible fixed assets	50,869	71,690
Increase in debtors	(49,687)	(89,010)
Increase in creditors	71,600	7,915
Net cash outflow from operating activities	<u><u>49,810</u></u>	<u><u>(175,886)</u></u>

**19 Analysis of net debt**

	At 30 June 2006 Restated £	Cash flow £	Other non- cash changes £	At 30 June 2007 £
Cash at bank and in hand	94,110	7,034		101,144
Debt due within one year	(546,000)	-	(109,200)	(655,200)
Debt due after one year	(4,748,659)	(58,467)	(923,000)	(5,730,126)
	<u><u>(5,200,549)</u></u>	<u><u>(51,433)</u></u>	<u><u>(1,032,200)</u></u>	<u><u>(6,284,182)</u></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 2007 (continued)**

**20 Reconciliation of net cashflow to movement in net debt**

	2007 £	Restated 2006 £
Increase in cash in the year	7,034	11,658
Change in net debt resulting from cashflows	(58,467)	(191,690)
	<u>(51,433)</u>	<u>(180,032)</u>
Other non cash items	(1,032,200)	(1,810,340)
Movement in net debt in the year	<u>(1,083,633)</u>	<u>(1,990,372)</u>
Net debt at 1 July 2006	(5,200,549)	(3,210,177)
Net debt at 30 June 2007	<u>(6,284,182)</u>	<u>(5,200,549)</u>

**21 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

	2007 £	2006 £
SM Halden	47,649	38,166
CJ Hoddell	<u>79,876</u>	<u>63,398</u>

At the balance sheet date, the following balances were due to the shareholder directors

	2007 £	2006 £
Amounts falling due after more than one year		
SM Halden	264,835	217,186
CJ Hoddell	484,391	360,756
	<u>749,226</u>	<u>577,942</u>

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

	Value of transactions	Value of transactions
	2007 £	2006 £
Transactions with Pacific Investments PLC	<u>19,148</u>	<u>88,294</u>

At 30 June 2007, the group owed Pacific Investments PLC £72,887 (2006 £47,665)

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 2007 (continued)**

#### **22 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 Companies House

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

#### **23 Capital commitments and contingencies**

There were no contingent liabilities or capital commitments at 30 June 2007 (2006 £nil)

#### **24 Prior year adjustment**

In the prior year, shares were always shown in shareholders funds irrespective of the substance of the investment. After the adoption of FRS 25, shares which are in substance a liability are disclosed within creditors. This has resulted in 546,000 preference shares of £0.0001 each totalling £55, and share premium arising on the issue of preference shares of £545,945 being reclassified as a financial liability.

In the prior year, cumulative preference dividends of £546,000 were credited back to distributable reserves in accordance with FRS 4, by reference to available distributable reserves. In accordance with FRS 25, £655,200 (2006 £546,000) cumulative preference dividends have subsequently been recognised and included within creditors.

The total impact of the full adoption of FRS 25 has been increased liabilities of £1,201,200 (2006 £1,092,000) and a corresponding decrease in shareholders funds in both the current and prior year.