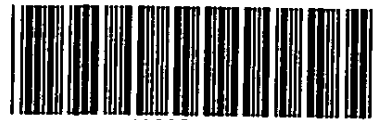


COMPANY REGISTRATION NUMBER 05011189

Y.CO GROUP LIMITED
(formerly named YCO GROUP PLC)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2013

WEDNESDAY



A36G46YZ

A37

23/04/2014

#74

COMPANIES HOUSE

Y.CO Group Limited

Officers & Advisors	1
Strategic Report	2
Directors' Report	4
Corporate Governance Report	6
Auditor's Report	8
Financial Statements	10
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Cash Flows	15
Company Statement of Cash Flows	17
Notes to the Financial Statements	19
1 Accounting Policies	19
2 Critical Accounting Estimates and Judgements	31
3 Segmental Analysis	32
4 Employees & Directors	33
5 Net Finance Income	34
6 Operating Profit for the Year	34
7 Income Tax Expense	35
8 Profit of Parent Company	36
9 Goodwill	36
10 Intangibles	38
11 Property, Plant & Equipment	40
12 Fixed Asset Investments	42
13 Trade & Other Receivables	43
14 Cash & Cash Equivalents	43
15 Trade & Other Payables	44
16 Financial Liabilities - Borrowings	44
17 Finance Leases	45
18 Called Up Share Capital	45
19 Financial Instruments	46
20 Financial Commitments	48
21 Related party Transactions	48
22 Share Based Payments	49
23 Contingent Liabilities & Guarantees	50
24 Ultimate Controlling party	50

Y.CO Group Limited

Officers and professional advisers

DIRECTORS:

C Birkett
G Wright
S Hoffman
C Evans-Pollard

SECRETARY:

R Crane

REGISTERED OFFICE:

18 Coulson Street
London SW3 3NB
+44 20 7584 1801

SOLICITORS:

BPE Solicitors LLP
St James' House
St James' Square
Cheltenham, GL50 3PR

BANKERS:

HSBC Bank PLC.
70 Pall Mall
London, SW1Y 5EZ

REGISTRARS:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

AUDITORS:

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London EC1V 9EE

REGISTERED NUMBER:

05011189 (England and Wales)

WEBSITE:

www.Y.CO

Y.CO Group Limited

Strategic Report for the year ended 31 December 2013

BUSINESS OVERVIEW

During 2013 the board continued its focus on consolidation and efficiency. While a change in the sales mix resulted in reduced gross profit, certain core areas of the business saw an improvement in activity or market share. Revenues from yacht management, charter and second-hand sales increased, as did the number of yachts contracted to the company's sales, charter and management fleets. The division Y CREW also benefitted from a consolidation of all activity in Antibes. Operational overheads were reduced, and overall the business performed in line with the board's expectations and the wider market.

Against a gradually recovering but increasingly competitive marketplace, the board remains fully focused on delivering high level client services and securing long-standing client relationships in order to maintain both market share and reputation as a market leader in its core services.

FINANCIAL OVERVIEW

Although many of the year's objectives were achieved, the company, like others in the industry, continues to feel the effects of a market which has not yet fully recovered from the economic crisis. Brokerage activity has not returned to pre-crisis levels and there is continued pressure on margins, both contributing factors to the year's overall operating loss.

The results for the year have not been impacted by an impairment of goodwill which remains at a carrying value of £1.66million. The impairment position is detailed in note 9 of the financial statements which allows for low growth expectations of the current markets.

KEY RISKS AND UNCERTAINTIES

The directors are optimistic about the business development in 2014. However this is dependent upon factors such as the volatility of the US Dollar and Euro exchange rates and global economic stability. The exchange rate risk is partly mitigated by buying and selling in the same currency.

The Group does not have formal policies on interest rate risk or foreign currency risk. The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than pound sterling (£). The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

Given the nature of the business for the time being, the Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency.

The Group prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the Company, to manage liquidity risk. The directors have considered the risk posed by liquidity and are satisfied that there is sufficient growth and equity in the Company.

GOING CONCERN

After making appropriate enquiries, the Directors consider that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. This is reflected in note 1 to the financial statements.

Y.CO Group Limited

Strategic Report – continued for the year ended 31 December 2013

OUTLOOK

We do not anticipate a sudden recovery of market conditions in 2014, however the Company continues to take sufficient steps to ensure that it can continue to operate profitably in the existing climate. With fully scalable operations in place, as and when a gradual recovery occurs, we are also confident that the Company will be well positioned to capitalise on improving conditions.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the relevant matters affecting the performance of the Group. This is achieved through informal meetings, staff bulletins, internal websites and meetings with staff representatives.

This strategic report was approved by the Directors and authorised for issue on 14 April 2014 and are signed on their behalf by



Charles Birkett – Chief Executive Officer

Y.CO Group Limited

Directors' Report for the year ended 31 December 2013

The directors present their report with the financial statements of the Group and Company for the year ended 31 December 2013

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was the supply of services to superyachts, their owners and captains. The principal activity of the parent company was that of acting as a holding company.

On the 3 December 2013 the Company re-registered as a private limited company and changed its name to Y CO Group Limited, effective from 2 January 2014, in accordance with the Companies Act 2006. Prior to this date the Company was named YCO Group PLC and was an unquoted PLC following its delisting in July 2012 from the Alternative Investment Market of the London Stock Exchange.

DIRECTORS

The following directors have held office since 1 January 2013

- Gary Wright
- Charles Birkett
- Christopher Evans-Pollard (Appointed 15 March 2013)
- Shaun Hoffman (Appointed 15 March 2013)

INDEMNITY OF OFFICERS

The Group has purchased and maintains, for any director or officer, insurance against any liability and the Group does maintain appropriate insurance cover against legal action brought against its directors and officers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, and
- to follow IFRS as adopted by the European Union

Y.CO Group Limited

Directors' Report for the year ended 31 December 2013

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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 in so far as the Directors are aware.

- there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution that Jeffreys Henry LLP, be reappointed as auditors of the Company will be put to the Annual General Meeting.

This Directors' Report was approved by the Directors and authorised for issue on 14 April 2014 and are signed on their behalf by



Charles Birkett – Chief Executive Officer

Y.CO Group Limited

Corporate Governance Report for the year ended 31 December 2013

The Directors recognise the importance of sound corporate governance commensurate with the Group's size and the interests of shareholders

The Board of Directors

The current Board comprises of two Executive Directors and two Non-Executive Directors. The Directors report details the period served by individuals throughout the year.

The Board meets at least four times a year as issues arise which require Board attention. The Board has a formal schedule of matters specially referred to it for decision. The Directors are responsible for the management structure and appointments, considering strategy and policy, approval of major capital investments and transactions, and are responsible for significant financing matters.

The Board has established an Audit Committee and a Remuneration Committee, the roles and responsibilities for both of which are discussed below.

Audit Committee

An Audit Committee has been established and since March 2013 comprises C Evans-Pollard and S Hoffman who all have relevant financial experience.

The Audit Committee, which has Terms of Reference agreed by the Board, meets at least twice a year and is responsible for ensuring that the integrity of the financial information reported to the shareholders and the systems of internal controls. This committee provides an opportunity for reporting by the Company's auditors.

The Audit Committee is responsible for monitoring, in discussion with the auditors, the integrity of the financial statements and announcements of the Company, reviewing the Company's internal financial controls and risk management systems, reviewing and monitoring the external auditor's independence, objectivity and effectiveness of the audit process taking into consideration relevant UK and other relevant professional and regulatory requirements.

The Audit Committee is also responsible for making recommendations to the Board to be put to shareholders for their approval in general meeting in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

Other responsibilities include reviewing the Company's internal audit function, and where there is no internal audit function considering annually whether there is a need for an internal audit function and making recommendation to the Board, and reviewing arrangements by which the staff of the Group will be able to raise concerns about possible improprieties in matters of financial reporting or other matters related to the Group.

Y.CO Group Limited

Corporate Governance Report – continued for the year ended 31 December 2013

Remuneration Committee

The Remuneration Committee, which meets once a year, consists of C Evans-Pollard and S Hoffman. Based on the Terms of Reference approved by the Board, the Remuneration Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the Chief Executive Officer. It is also responsible for setting the remuneration for all Executive Directors and the Company Secretary, to recommend and monitor the level and structure of remuneration for senior management; and determining targets for any performance-related pay schemes operated by the Group. The Remuneration Committee is also responsible for determining the policy and scope of pension arrangements for each Executive Director and for ensuring that contractual terms on termination and any payments made are fair to the individual and the Company. The Remuneration Committee will determine the terms and conditions of service of Executive Directors. This includes agreeing the policy for authorising claims for expenses from the Chief Executive Officer within the terms of the agreed policy, recommending the total individual remuneration package of each Executive Director including, where appropriate bonuses, incentive payments and share options.

Relations with shareholders

Communications with shareholders are important and Shareholders are welcome to enquire on any matter relating to their shareholdings. The Company encourages the shareholders to attend the Annual Meeting. A matched bargain facility operated by Capita is available to shareholders wishing to trade their shares.

Internal financial control

The Board is responsible for establishing and maintaining the Company's system of internal controls and for reviewing its effectiveness. They are designated to safeguard the assets of the Company and to ensure the reliability of the financial information for both internal use and external publication. The controls, that include inter alia financial, operational and compliance matters and management, are reviewed on an on-going basis. A system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that risk of failure to achieve business objectives is eliminated. The Board has considered the need for an internal audit function but because of the size and nature of its operations does not consider it necessary at the current time.

Y.CO Group Limited

Independent Auditor's Report to the Shareholders of Y.CO Group Limited for the year ended 31 December 2013

We have audited the financial statements of Y.CO Group Limited for the year ended 31 December 2013, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes on pages 10 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view, of the state of the Group's and Parent Company's affairs as at 31 December 2013 and of the Group's loss and Group's and Parent Company's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Y.CO Group Limited

Independent Auditor's Report to the Shareholders of Y.CO Group Limited for the year ended 31 December 2013

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- ☐ adequate accounting records have not been kept by the Parent Company, or returns adequate for audit have not been received from branches not visited by us, or
- ☐ the Company financial statements are not in agreement with the accounting records and returns, or
- ☐ certain disclosures of Directors' remuneration specified by law are not made, or
- ☐ we have not received all the information and explanations we require for our audit



Sanjay Parmar - Senior Statutory Auditor

FOR AND ON BEHALF OF JEFFREYS HENRY LLP
Chartered Accountants
Statutory Auditors

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom

Date: 14 April 2014

Y.CO Group Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

		2013	2012
Continuing Operations	Notes	£	£
Revenue	3	19,041,015	27,292,258
Cost of Sales		(10,306,178)	(17,129,954)
Gross Profit	6	8,734,837	10,162,304
Administrative Expenses		(9,101,396)	(9,800,887)
Operating (loss)/profit before exceptional items	6	(366,559)	361,417
Goodwill Impairment		-	(7,711,117)
Operating loss from continuing operations		(366,559)	(7,349,700)
Finance costs	5	(94,686)	(53,998)
Loss on continuing activities before tax		(461,245)	(7,403,698)
Income tax charges	7	350,388	(151,097)
Loss for the year		(110,857)	(7,554,795)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		53,993	(31,329)
Total comprehensive income for the year		(56,864)	(7,586,124)

All of the activities of the Group are classed as continuing

All of the loss for the period is attributable to the equity holders of Y CO Group Limited

The notes form part of these financial statements

Y.CO Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2013

	Share Capital	Share Premium	Retained (Losses)/ Earnings	Translation Reserve	Total
	£	£	£	£	£
At 1 January 2012	169,708	15,378,873	(4,300,519)	(88,311)	11,159,751
Loss after tax for the year	-	-	(7,554,795)	-	(7,554,795)
Translation reserve	-	-	-	(31,329)	(31,329)
At 31 December 2012	169,708	15,378,873	(11,855,314)	(119,640)	3,573,627
Loss after tax for the year	-	-	(110,857)	-	(110,857)
Translation reserve	-	-	-	53,993	53,993
At 31 December 2013	169,708	15,378,873	(11,966,171)	(65,647)	3,516,763

Share capital is the amount subscribed for shares at nominal value

Retained losses represent the cumulative profits and losses of the Group attributable to equity shareholders

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses. Share issue expenses comprise a proportion of the costs incurred in respect of the initial issue of new shares on the London Stock Exchange's Alternative Investment Market

Translation reserve occurs on consolidation where the exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity

The notes form part of these financial statements

Y.CO Group Limited

Company Statement of Changes in Equity for the year ended 31 December 2013

	Share Capital	Share Premium	Retained (Losses)/ Earnings	Total
	£	£	£	£
At 1 January 2012	169,708	15,378,873	(2,998,580)	12,550,001
Loss after tax for the year	-	-	(9,113,848)	(9,113,848)
At 31 December 2012	169,708	15,378,873	(12,112,428)	3,436,153
Loss after tax for the year	-	-	(114,397)	(114,397)
At 31 December 2013	169,708	15,378,873	(12,226,825)	3,321,756

Share capital is the amount subscribed for shares at nominal value

Retained losses represent the cumulative profits and losses of the Group attributable to equity shareholders

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses

The notes form part of these financial statements

Y.CO Group Limited

Consolidated Statement of Financial Position as at 31 December 2013

		2013	2012
	Notes	£	£
ASSETS			
Non-current assets			
Goodwill	9	1,661,631	1,661,631
Intangibles	10	390,134	278,003
Property, plant and equipment	11	702,863	728,500
Deferred tax assets	7	82,252	82,252
		2,836,880	2,750,386
Current assets			
Trade and other receivables	13	2,256,074	2,212,384
Cash and cash equivalents	14	3,436,635	3,480,464
		5,692,709	5,692,848
LIABILITIES			
Current liabilities			
Trade and other payables	15	4,685,438	4,832,235
Financial liabilities – borrowings	16	30,165	27,524
		4,715,603	4,859,759
Net current assets			
		977,106	833,089
Non-current liabilities			
Trade and other payables	15	218,064	-
Financial liabilities – borrowings	16	79,159	9,848
NET ASSETS			
		3,516,763	3,573,627
EQUITY AND RESERVES			
Called up share capital	18	169,708	169,708
Share premium	18	15,378,873	15,378,873
Retained earnings		(11,966,171)	(11,855,314)
Translation reserve		(65,647)	(119,640)
SHAREHOLDERS FUNDS			
		3,516,763	3,573,627

These financial statements were approved by the Directors and authorised for issue on 14 April 2014 and are signed on their behalf by



Charles Birkett – Chief Executive Officer

Company Registration Number 05011189

The notes form part of these financial statements

Y.CO Group Limited

Company Statement of Financial Position as at 31 December 2013

		2013	2012
	Notes	£	£
ASSETS			
Non-current assets			
Fixed asset investments	12	1,750,000	1,750,000
Intangibles	10	375,631	-
Property, plant and equipment	11	-	-
		2,125,631	1,750,000
Current assets			
Trade and other receivables	13	1,474,689	1,706,274
Cash and cash equivalents	14	59,492	90,724
		1,534,181	1,796,998
LIABILITIES			
Current liabilities			
Trade and other payables	15	119,992	110,845
Financial liabilities – borrowings	16	-	-
		119,992	110,845
Net current assets		1,414,189	1,686,153
Non-current liabilities			
Trade and other payables	15	218,064	-
Financial liabilities – borrowings	16	-	-
NET ASSETS		3,321,756	3,436,153
EQUITY AND RESERVES			
Called up share capital	18	169,708	169,708
Share premium	18	15,378,873	15,378,873
Retained earnings		(12,226,825)	(12,112,428)
SHAREHOLDERS FUNDS		3,321,756	3,436,153

These financial statements were approved by the Directors and authorised for issue on 14 April 2014 and are signed on their behalf by



Charles Birkett – Chief Executive Officer

Company Registration Number: 05011189

The notes form part of these financial statements

Y.CO Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2013

		2013	2012
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations		506,286	1,827,288
Finance costs		(94,686)	(53,998)
Corporation tax paid		(199,019)	(221,354)
Net cash inflow from operating activities		212,581	1,551,936
Cash flows from investing activities			
Purchase of intangibles		(132,003)	(211,372)
Purchase of plant and equipment		(245,787)	(341,911)
Proceeds from sale of tangible assets		22,327	60,434
Net cash outflow on acquisition of Y CO 3 SAM		-	(69,672)
Net cash outflow from investing activities		(355,463)	(562,521)
Cash flows from financing activities			
Repayment of finance leases		71,952	(14,640)
Net cash inflow/(outflow) from financing activities		71,952	(14,640)
(Decrease)/increase in cash and cash equivalents		(70,930)	974,775
(Decrease)/increase in cash and cash equivalents		(70,930)	974,775
Cash and cash equivalents at beginning of year		3,480,464	2,508,749
Foreign exchange and currency translation		27,101	(3,060)
Cash and cash equivalents at end of year		3,436,635	3,480,464
Represented by :			
Cash at bank and in hand		3,436,635	3,480,464

The notes form part of these financial statements

Y.CO Group Limited

Notes to the Consolidated Statement of Cash Flows for the year ended 31 December 2013

i. RECONCILIATION OF OPERATING LOSS TO CASH GENERATED FROM OPERATIONS

	2013	2012
	£	£
Loss for the year	(110,857)	(7,554,795)
Adjustments for		
Income tax expense recognised in profit or loss	(350,388)	151,097
Finance costs recognised in profit or loss	94,686	53,998
Adjustments for		
Depreciation of property, plant and equipment	228,653	275,235
Loss on sale of tangible assets	113,224	100,890
Amortisation of intangibles	279,287	206,124
Goodwill impairment	-	7,711,117
Operating cash inflow before movements in working capital	254,605	943,666
Decrease in trade and other receivables	21,410	131,608
Increase in trade and other payables	230,271	752,014
Cash inflow from operations	506,286	1,827,288

The notes form part of these financial statements

Y.CO Group Limited

Company Statement of Cash Flows for the year ended 31 December 2013

		2013	2012
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	II	113,258	23,111
Finance costs		-	(3,687)
Corporation tax paid		(12,487)	(44,388)
Net cash outflow from operating activities		100,771	(24,964)
Cash flows from investing activities			
Purchase of intangibles		(132,003)	-
Net cash outflow from investing activities		(132,003)	-
Decrease in cash and cash equivalents		(31,232)	(24,964)
Decrease in cash and cash equivalents		(31,232)	(24,964)
Cash and cash equivalents at beginning of year		90,724	115,688
Cash and cash equivalents at end of year		59,492	90,724
Represented by :			
Cash at bank and in hand		59,492	90,724

Y.CO Group Limited

Notes to the Company Statement of Cash Flows for the year ended 31 December 2013

ii. RECONCILIATION OF OPERATING LOSS TO CASH GENERATED FROM OPERATIONS

	2013	2012
	£	£
Loss for the year	(114,397)	(9,113,847)
Adjustments for		
Income tax expense recognised in profit or loss	-	7,986
Finance costs recognised in profit or loss	-	3,687
Adjustments for		
Depreciation of property, plant and equipment	-	6,029
Impairment of intangibles	16,901	-
Investment impairment	-	9,047,100
Operating cash outflow before movements in working capital	(97,496)	(49,045)
Decrease in trade and other receivables	262,817	517,951
Increase/(decrease) in trade and other payables	(52,063)	(445,795)
Cash inflow from operations	113,258	23,111

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

GENERAL INFORMATION

Y CO Group Limited (formerly named YCO Group Plc) re-registered as a private limited company on the 2 January 2014 under the Companies Act 2006 and changed its name to Y CO Group Limited. Y CO Group Limited is a company incorporated in England and Wales and was quoted on the Alternative Investment Market of the London Stock Exchange until 2 July 2012. The address of the registered office is disclosed on page 1 of the financial statements. The principal activity of the Group is described on page 4.

1. ACCOUNTING POLICIES

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have looked at a period of twelve months from the date of approval of this report.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors Report on pages 2 to 3 and pages 4 to 5 respectively. In addition, note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current cash reserves.

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Were the Group to be unable to continue as a going concern, adjustments would have to be made to the balance sheet of the Group to reduce balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These include the recognition and measurement criteria of the International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the Group

The following new and revised IFRSs, issued by the IASB, have been applied in the current year and retrospectively to all periods unless otherwise stated. Their adoption has not had any significant impact on the accounts reported in these financial statements.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

- *Amendments to IFRS 7 Financial Instruments Disclosures 'Offsetting of Financial Assets and Financial Liabilities'*

The amendments require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement

The amendments have been applied retrospectively, however as the Group has no offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or the amounts recognised in the financial statements

- *Application of IFRS 10 Consolidated Financial Statements*

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when all three of the following criteria are met: a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. Previously control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

The Directors have assessed the Group's investments in light of the application of IFRS 10 and as a result of this assessment no amendments are considered necessary to be made to the disclosures or the amounts recognised in the financial statements

- *Application of IFRS 11 Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC-13 *Jointly Controlled Entities – Non Monetary Contributions by Venturers*, has been incorporated in IAS 28. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures, whilst under IAS 31 there was a third type of joint arrangement – jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement, whilst under IFRS 11 the classification is determined based on the rights and obligations of parties

The Directors have reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11 and have concluded that no amendments are necessary to the disclosures or amounts recognised in the financial statements

- *Application of IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 12 for details)

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

□ Application of IFRS 13 *Fair Value Measurement*

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see notes 11 and 19 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

□ Amendments to IAS 1 *Presentation of Financial Statements* 'Presentation of Items of Other Comprehensive Income'

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whereby the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: a) items that will not be reclassified subsequently to profit or loss and b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

□ IAS 19 *Employee Benefits* (as revised in 2011)

In the current year, the Group has applied IAS 19 *Employee Benefits* (as revised in 2011) which changes the accounting for defined benefit plans and termination benefits. The most significant changes relate to the recognition of changes in defined benefit obligations and in the fair value of plan assets, to be accounted when they occur, and hence eliminates the 'corridor approach' permitted under the previous version of IAS 19 and accelerates the recognition of past service costs.

The group does not operate a defined benefit plan and hence there has been no impact on the disclosures or amounts recognised in the financial statements as a result of the application of IAS 19 *Employee Benefits* (as revised in 2011).

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

New and revised IFRSs in issue but not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

	<i>Effective date for annual periods beginning on or after</i>
□ IFRS 9 <i>Financial Instruments</i> (as revised in 2010)	1 January 2015
□ Amendments to IFRS 9 and IFRS 7 <i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>	1 January 2015
□ Amendments to IFRS 10, IFRS 12 and IAS 27 <i>Investment Entities</i>	1 January 2014
□ Amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

□ IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

IFRS 9 requires all recognised financial assets that are currently under the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding that are generally measured at amortised cost and the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The Directors of the Group do not anticipate that the application of IFRS 9 will have any impact on the Group's financial statements as the group does not hold debt investments.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

□ Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities*

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements

To qualify as an investment entity, a reporting entity is required to

- (a) Obtain funds from one or more investors for the purpose of providing them with professional investment management services
- (b) Commit to its investor(s) that its business purpose is to invest any funds solely for returns from capital appreciation, investment income, or both
- (c) Measure and evaluate performance of substantially all of its investments on a fair value basis

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities

The Directors of the Group do not anticipate that the investment entities amendments will have any impact on the Group's financial statements as the Group is not an investment entity

□ Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify the requirements relating to the offsetting of financial assets and financial liabilities. Specifically the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'

The directors of the Group do not anticipate that these amendments to IAS 32 will have a significant impact on the Group's financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset

Basis of consolidation

Subsidiaries are all entities over which Y CO Group Limited has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Y CO Group Limited. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed or adjusted upon consolidation where necessary to ensure consistency with the policies adopted by the Group.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

(b) Trademarks and licences

Acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

- Licences 20% - 33% on cost

(c) Software and domain names

Acquired software and websites are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of software over their estimated useful lives.

- Software and domain names 10% - 33% on cost

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

(d) Product development

Product development expenditure is capitalised when it is considered that there is a commercially and technically viable product, the related expenditure is separately identifiable and there is reasonable expectation that the related expenditure will be exceeded by future revenues. Following initial recognition, product development is carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to have finite life. Amortisation is charged on assets with finite lives, this expense is taken to the income statement. Useful lives are also reviewed on an annual basis. Product development cost will not be amortised whilst the project is still in its development phase. Once the development is completed, the costs are transferred to software as an intangible asset.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Property, plant and equipment

Tangible non-current assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial Year in which they are incurred. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|---|-------------------|
| <input type="checkbox"/> Fixtures, fittings and equipment | 5% - 35% on cost |
| <input type="checkbox"/> Motor vehicles | 16% - 25% on cost |

The asset's residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Yacht sales and berth brokerage revenue is recognised as a commission on the sale price on contractual completion of the yacht, tender or berth sale, net of any joint agent broker fees. Third party broker introductory agents who are not joint agents to the principle contract are recognised as a cost of goods sold on date of completion.

New build brokerage Revenue is recognised as non-refundable stage payment instalments as the client pays the shipyard for key build milestones and percentage of completion.

Yacht charter brokerage Revenue is recognised as a commission on date of signing and exchange of MYBA or equivalent Charter Contract, net of any joint agent broker fees. Yacht charter clients forward to the brokers escrow account a 50% Charter deposit on the day of contract exchange. The broker commission is contractually secured on this deposit even in the event of cancellation by either the Charterer or Owner. Sub brokers and introductory agents are expensed as cost of goods sold on date of contract exchange.

Yacht management and project management income Revenue is earned on a monthly retainer basis using a straight line basis over the contract term.

Crew placement Turnover arising from the placement of candidates is recognised at the time the candidate commences full time employment.

Yacht concierge and provisioning Revenue is recognised on a time and mark-up basis as the service is performed, or as the goods are delivered to the vessel.

Commissions and introductory fees can be received from suppliers, these commissions are recognised after the service and/or goods have been supplied to our client by the sub-contractor and/or referred supplier and are reasonably and contractually recoverable.

Dividend income is recognised when the right to receive payment is established.

Functional currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is mainly Euros (€). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

(b) Transactions and balances

Foreign currency transactions are translated into the presentational currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Y.CO Group Limited -

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which the temporary differences can be utilised.

Operating leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables

Trade receivables are recognised at fair value, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Trade payables

Trade payables are recognised at fair value.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is considered to be remote.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES – continued

Share-based compensation

The fair value of the employees, directors and suppliers services received in exchange for the grant of the options and warrants are recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and warrants are exercised.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 1, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, estimates and assumptions that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

(b) Impairment of intangibles (other than goodwill)

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(c) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(d) Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these residual values and estimated lives requires the exercise of management judgement.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(e) Share-based compensation

The fair value of options and warrants are determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

3. SEGMENTAL ANALYSIS

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is carried out on the Yachting activities as a whole, by geographical location. Therefore there is only one principal activity of the group, being the provision of Yachting activities under the unified YCO brand. The Directors consider there to be no reportable segments under IFRS 8.

The chief operating decision maker reports on geographical segments, which consists of Europe, Americas and the rest of the world. The breakdown of the revenue and resources in respect of the continuing operations are shown below:

	Europe 2013	Americas 2013	Rest of the World 2013	Total 2013
	£	£	£	£
Revenue	11,173,901	852,181	7,014,933	19,041,015
Total assets	8,311,866	217,723	-	8,529,589
Capital expenditure	696,274	6,820	-	703,094

	Europe 2012	Americas 2012	Rest of the World 2012	Total 2012
	£	£	£	£
Revenue	21,605,079	1,494,313	4,192,866	27,292,258
Total assets	8,229,415	213,819	-	8,443,234
Capital expenditure	420,721	132,562	-	553,283

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

4. EMPLOYEES AND DIRECTORS

	2013	2012
	£	£
Directors' emoluments	1,368,684	1,402,624
Wages and salaries	2,646,993	2,602,291
Social security costs	781,711	775,169
	4,797,388	4,780,084

The average monthly number of employees (including directors) during the year was as follows

	2013	2012
	Number	Number
Directors	4	4
Operations	70	68
	74	72

Directors remuneration during the year was as follows

	2013	2012
	£	£
Directors' brokerage commission*	789,548	737,704
Directors' fees and salary	551,943	614,577
Directors' benefits	27,193	20,343
Ex gratia payment	-	30,000
	1,368,684	1,402,624

* Directors' brokerage commission is shown within Cost of sales and not Administrative expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Emoluments disclosed above include the following amounts paid to the highest paid director

	2013	2012
	£	£
Directors' brokerage commission	394,774	368,852
Directors' fees and salary	254,693	251,586
Directors' benefits	15,919	11,322
	665,386	631,760

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

5. NET FINANCE INCOME

	2013	2012
	£	£
Finance costs		
Bank charges and interest	94,686	53,998
	94,686	53,998
Net finance costs	94,686	53,998

6. OPERATING PROFIT FOR THE YEAR

The operating profit for the year from continuing operations is stated after charging/(crediting)

	2013	2012
	£	£
Rent operating leases	940,866	986,449
Depreciation - owned assets	211,160	275,235
Depreciation - leased assets	17,493	-
Amortisation of intangibles	279,287	206,124
Loss on sale of tangible assets	113,224	100,890
Auditors' remuneration (Parent Company)	26,000	32,846
Auditors' remuneration (Subsidiaries)	7,000	9,100
Auditors' remuneration (Non-audit services)	16,000	-
Foreign exchange differences	9,107	82,327

The analysis of administrative expenses on continuing operations in the consolidated income statement by nature of expense

	2013	2012
	£	£
Employment costs	4,007,840	4,042,380 *
Depreciation and amortization	507,940	481,359
Advertising and marketing costs	1,079,816	1,161,463
Travelling and entertaining	550,565	691,161
Establishment costs	1,063,796	1,167,573
Other expenses	1,891,439	2,256,951
	9,101,396	9,800,887

* A presentational adjustment of £808,948 has been made to the 2012 employment costs in respect of the broker commissions that were incorrectly classified as an overhead

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

7. INCOME TAX EXPENSE

The tax charge on the loss for the year was as follows

	2013	2012
	£	£
Current tax		
Corporation tax in respect of the current year	(350,388)	192,526
	(350,388)	192,526
Deferred tax:		
In respect of the current year	-	(41,429)
	-	(41,429)
Total income tax expense	(350,388)	151,097

The current tax charge for the year can be reconciled to the accounting profit as follows.

	2013	2012
	£	£
Loss on ordinary activities from continuing operations before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012 – 24.5%)	(107,239)	(1,813,906)
Effects of		
Non deductible expenses	4,239	7,476
Fixed asset timing differences	(779)	11,269
Losses carried forward/(utilised)	104,734	-
Other tax adjustments	(351,343)	98,463
Exceptional item – Goodwill impairment	-	1,889,224
	(243,149)	2,006,432
Current tax charge	(350,388)	192,526

Deferred Tax

	2013	2012
	£	£
Balance brought forward	82,252	-
Movement in year	-	82,252
Balance carried forward	82,252	82,252

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

7. INCOME TAX EXPENSE - continued

The Group also has estimated trading losses from foreign subsidiaries of £1,389,258 (2012 - £1,014,799) The deferred tax asset in respect of the future benefit of utilising these losses has not been provided on the grounds that the recovery could not be foreseen with reasonable certainty

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements The Parent Company's loss for the financial year was £114,397 (2012 – £9,113,848 due to the impairment of the carrying value of investments following the impairment review undertaken on the assessment of Goodwill in the consolidated accounts)

9. GOODWILL

Group	Total
	£
Cost	
As at 1 January 2012	13,436,342
As at 31 December 2012	13,436,342
As at 31 December 2013	13,436,342
Impairment provisions	
As at 1 January 2012	4,063,594
Impairment of goodwill recognised in the 2012 financial statements	7,711,117
As at 31 December 2012	11,774,711
As at 31 December 2013	11,774,711
Carrying amount	
As at 31 December 2011	9,372,748
As at 31 December 2012	1,661,631
As at 31 December 2013	1,661,631

The group's goodwill principally arose from the acquisition of YCO SAM which included the subsidiary undertakings YCO SARL, YCO Yacht Limited and YCO Limited

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) or groups of cash generating units that are expected to benefit from the synergies of the acquired subsidiaries

As part of its management reporting of the group's operating activities, the CGUs reflect the overall yachting activities of the group, being the yachting services the group provides under the YCO brand Goodwill has therefore been allocated for impairment testing purposes to a single CGU, 'Yachting activities'

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

9. GOODWILL - continued

Yachting activities

The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the Directors, and a discount rate of 12.4% (2012 – 12.7%). The discount rate which is calculated on a weighted average cost of capital basis assumes a long-term growth rate of 1.0% (2012 – 1.0%). A single annual expected future cash flow is derived from these cash flow projections representing the Directors' best estimate of the annual cash flow associated with the cash generating unit, from which the value in use is then calculated. No growth rate has been applied to the expected future cash flows used in the calculation. The expected future cash flow used in the calculation is based on the Directors' cash flow forecasts for the year ended 31st December 2014.

The Directors' assessment of goodwill suggested that no impairment was necessary at 31 December 2013. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The key assumptions underpinning the value in use calculations for the Yachting activities cash generating unit are as follows:

	2013	2012
	£	£
Projected yachting activities gross contribution *	9,146,872	7,339,822
Projected annual expected future cash flow *	407,509	364,964
Discount rate applied to expected future cash flows to perpetuity **	12.4%	12.7%

* Adjusted figures taken from the Company's financial forecasts and approved by the Directors

** The discount rates used are pre-tax and reflect specific risks relating to the group's activities and its cost of borrowings

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

10 INTANGIBLES

Group	Total
	£
Cost	
As at 1 January 2012	728,331
Additions	211,372
Currency revaluation	(17,634)
Disposals	(409,666)
As at 31 December 2012	512,403
Additions	457,307
Currency revaluation	10,828
Disposals	(118,910)
As at 31 December 2013	861,628
Amortisation	
As at 1 January 2012	406,805
Amortisation for the year	206,124
Currency revaluation	(11,798)
Eliminated on disposals	(366,731)
As at 31 December 2012	234,400
Amortisation for the year	279,287
Currency revaluation	2,150
Eliminated on disposals	(44,343)
As at 31 December 2013	471,494
Carrying amount	
As at 31 December 2011	321,526
As at 31 December 2012	278,003
As at 31 December 2013	390,134

The Company assesses at each reporting date whether there is an indication that the intangible assets may be impaired, by considering the value in use is greater than the recoverable amount. If an indication exists an impairment review is carried out. At the year end, there was no indication of impairment of the value of the intangibles.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

10. INTANGIBLES - continued

Company	Total
	£
Cost	
As at 1 January 2012 and 31 December 2012	-
Additions	392,532
As at 31 December 2013	392,532
Depreciation	
As at 1 January 2012 and 31 December 2012	-
Amortisation for the year	16,901
As at 31 December 2013	16,901
Carrying amount	
As at 31 December 2011 and 31 December 2012	-
As at 31 December 2013	375,631

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

11. PROPERTY, PLANT AND EQUIPMENT

Group	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
As at 1 January 2012	859,059	232,101	1,091,160
Additions	341,911	-	341,911
Currency revaluation	(23,521)	(2,773)	(26,294)
Disposals	(248,375)	(54,666)	(303,041)
As at 31 December 2012	929,074	174,662	1,103,736
Additions	117,283	128,504	245,787
Correction of asset classification	(16,306)	16,306	-
Currency revaluation	16,397	2,266	18,663
Disposals	(45,263)	(123,240)	(168,503)
As at 31 December 2013	1,001,185	198,498	1,199,683
Depreciation			
As at 1 January 2012	163,692	128,672	292,364
Depreciation for the year	260,252	14,983	275,235
Currency revaluation	(7,167)	(544)	(7,711)
Eliminated on disposals	(183,349)	(1,303)	(184,652)
As at 31 December 2012	233,428	141,808	375,236
Depreciation for the year	199,830	28,823	228,653
Currency revaluation	3,081	134	3,215
Eliminated on disposals	(435)	(109,849)	(110,284)
As at 31 December 2013	435,904	60,916	496,820
Carrying amount			
As at 31 December 2011	695,367	103,429	798,796
As at 31 December 2012	695,646	32,854	728,500
As at 31 December 2013	565,281	137,582	702,863

The Group's obligations under finance leases (see note 17) are secured by the lessors' title to the leased assets, which have a carrying amount of £103,315 (2012 – £nil)

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

11. PROPERTY, PLANT AND EQUIPMENT - continued

Company	Fixtures & Fittings	Total
	£	£
Cost		
As at 1 January 2012	8,613	8,613
As at 31 December 2012	8,613	8,613
As at 31 December 2013	8,613	8,613
Depreciation		
As at 1 January 2012	2,584	2,584
Depreciation for the year	6,029	6,029
As at 31 December 2012	8,613	8,613
As at 31 December 2013	8,613	8,613
Carrying amount		
As at 31 December 2011	6,029	6,029
As at 31 December 2012	-	-
As at 31 December 2013	-	-

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

12. FIXED ASSET INVESTMENTS

Company	Total £
Cost	
As at 1 January 2012 and at 31 December 2012	16,157,665
As at 31 December 2013	16,157,665
Impairment	
As at 1 January 2012	5,360,565
Impairment in the year	9,047,100
As at 31 December 2012	14,407,665
Impairment in the year	-
As at 31 December 2013	14,407,665
Carrying amount	
As at 31 December 2011	10,797,100
As at 31 December 2012	1,750,000
As at 31 December 2013	1,750,000

The details of the Group's subsidiaries at the end of the reporting period are as follows

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 2013	31 Dec 2012
YCO SAM	Brokerage and Yacht Management services	Monaco	100%	100%
Y CO 3 SAM*	Brokerage and Yacht Management services	Monaco	100%	100%
YCO SARL**	Yacht crew recruitment	France	100%	100%
YCO Yacht Limited*	Brokerage and Yacht Management services	UK	100%	100%
YCO Support Limited*	Supply of goods and services to yachts	Isle of Man	100%	100%
YCO Ltd	Holding client accounts	UK	100%	100%
YCO INC	Brokerage and Yacht Management services	USA	100%	100%
YCO Support INC	Dormant	USA	100%	-
Y CO The Yacht Company SL	Supply of goods and services to yachts	Spain	100%	100%

All of the subsidiary undertakings have been included within the consolidated financial statements

* Are entities which are wholly owned subsidiaries of YCO SAM

** Are entities which are wholly owned subsidiaries of YCO Yacht Limited

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

13. TRADE AND OTHER RECEIVABLES

	Group 2013	Group 2012	Company 2013	Company 2012
	£	£	£	£
Current:				
Trade receivables	1,401,115	1,293,971	-	-
Other receivables	248,122	355,219	-	2,407
Other taxes receivable	200,915	245,123	8,557	10,547
Prepayments and accrued income	405,922	318,071	25,250	6,800
Receivables from group undertakings	-	-	1,440,882	1,686,520
	2,256,074	2,212,384	1,474,689	1,706,274

The directors consider that the carrying amount of trade and other receivables approximates their fair value

Included within Receivables from group undertakings is £432,918 (2012 – £494,756) due from YCO INC which is not due for repayment within one year

14. CASH AND CASH EQUIVALENTS

	Group 2013	Group 2012	Company 2013	Company 2012
	£	£	£	£
Bank current account	801,650	1,439,951	59,492	90,724
Bank deposit account	2,622,105	2,031,555	-	-
Cash in hand	12,880	8,958	-	-
	3,436,635	3,480,464	59,492	90,724

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

15. TRADE AND OTHER PAYABLES

	Group 2013	Group 2012	Company 2013	Company 2012
	£	£	£	£
Current:				
Trade payables	569,798	650,646	12,995	38,361
Payables to group undertakings	-	-	-	-
Social security and other taxes	192,978	233,531	-	-
Accruals and deferred income	2,571,632	2,640,910	63,375	59,998
Taxes payable	-	484,308	-	12,486
Directors current accounts (note 21)	1,195,920	708,776	-	-
Other payables	155,110	114,064	43,622	-
	4,685,438	4,832,235	119,992	110,845
Non-current:				
Other payables	218,064	-	218,064	-
	218,064	-	218,064	-

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going expenses

The directors consider that the carrying amount of trade and other payables approximates their fair value

16. FINANCIAL LIABILITIES - BORROWINGS

	Group 2013	Group 2012	Company 2013	Company 2012
	£	£	£	£
Secured – at amortised cost				
Finance leases (See Note 17)	109,324	37,372	-	-
	109,324	37,372	-	-
Maturity of the borrowings				
Current	30,165	27,524	-	-
Non-current	79,159	9,848	-	-
	109,324	37,372	-	-

Finance leases are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

17. FINANCE LEASES

Group	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	£	£	£	£
Not later than one year	40,045	30,706	30,165	27,524
Later than one year and not later than two	90,500	10,092	79,159	9,848
Later than five years	-	-	-	-
	130,545	40,798	109,324	37,372
Less future finance charges	(21,221)	(3,426)	-	-
	109,324	37,372	-	-

18. CALLED UP SHARE CAPITAL

Company	Number of shares	Share capital	Share premium
	Number	£	£
Ordinary shares of 0.35p each			
Balance at 1 January 2012	48,487,789	169,708	15,378,873
Balance at 31 December 2012	48,487,789	169,708	15,378,873
Balance at 31 December 2013	48,487,789	169,708	15,378,873
Deferred shares of 0.05p each			
Balance at 1 January 2012	1,342	-	-
Balance at 31 December 2012	1,342	-	-
Balance at 31 December 2013	1,342	-	-
Carrying amount			
As at 31 December 2011	48,489,131	169,708	15,378,873
As at 31 December 2012	48,489,131	169,708	15,378,873
As at 31 December 2013	48,489,131	169,708	15,378,873

The deferred shares in the capital of the Company shall have no rights, powers or benefits attached to them whatsoever and, without limitation, shall not confer on the holders of deferred shares any right to vote, to share in a dividend declared by the Company or to appoint a director, provided that on a return of capital on a winding-up or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repayment to the holders of the ordinary shares of the amount paid up on such ordinary shares together with a premium of £10,000 per ordinary share and the balance of such assets shall be distributed among the holders of the ordinary shares and the holders of the deferred shares rateably according to the amount paid up on such shares

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

19. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2012. The group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of net debt (cash and cash equivalents as detailed in note 14 offset by financial liabilities as detailed in note 16) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in the statement of changes in equity).

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, foreign currency risk, capital risk and credit risk. The Group's activities also expose it to non-financial risks: market risk.

The Group's overall risk management programme focuses on unpredictability and seeks to minimise the potential adverse effects of these risks on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate and foreign currency risk

The Group does not have formal policies on interest rate risk or foreign currency risk. However, the Directors consider the Group's exposure in these areas (as at the balance sheet date) to be minimal.

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than pound sterling (£). The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs. The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency, given the nature of the business for the time being.

The net unhedged monetary assets and liabilities of the Group that are denominated in its functional currency are as follows:

Group	Monetary assets		Monetary liabilities	
	2013	2012	2013	2012
	£	£	£	£
Euro (€)	4,399,801	6,381,665	3,747,333	4,253,223
United States Dollars (US\$)	116,721	213,819	244,468	13,608
	4,516,522	6,595,484	3,991,801	4,266,831

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

19. FINANCIAL INSTRUMENTS - continued

The foreign exchange rates affecting the Group are as follows

Group	Income statement		Balance sheet	
	2013	2012	2013	2012
	£	£	£	£
Euro (€)	0.85	0.81	0.83	0.82
United States Dollars (US\$)	0.62	0.63	0.61	0.62

Liquidity risk

The Group prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the Company, to manage liquidity risk. The directors have considered the risk posed by liquidity and are satisfied that there is sufficient growth and equity in the Company.

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Market risk

The market may not grow as rapidly as anticipated. The Group may lose customers to its competitors. The Group's major competitors may have significantly greater financial resources than those available to the Company. There is no certainty that the Company will be able to achieve its projected levels of sales or profitability.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

20. FINANCIAL COMMITMENTS

Operating lease commitments

The Group leases office premises under a non-cancellable operating lease agreement, which contains various escalation clauses and renewal rights. The lease expenditure is charged to the income statement during the year as incurred.

At the balance sheet date the Group was committed to payments under the operating lease agreement as follows:

Group	Land and buildings		2013	Others 2012
	2013	2012		
	£	£	£	£
Less than one year	913,695	594,543	91,892	43,930
Between one and five years	1,464,193	1,098,307	153,665	135,398
Greater than five years	31,677	55,864	-	-
	2,409,565	1,748,714	245,556	179,328

The 2012 comparative figures have been updated to show the all future committed payments under operating leases.

Capital Commitments

At the year end the Group had capital commitments of £nil (2012 – £75,000). These amounts relate to the future period and have not been provided for in these financial statements.

21. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Directors maintain loan accounts with the Company, which are disclosed within Other payables (Note 15).

	2013	2012
	£	£
G Wright	550,052	349,757
C Birkett	645,868	359,019
	1,195,920	708,776

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

21. RELATED PARTY TRANSACTIONS - continued

C Birkett is a director for Office Fabric (UK) Ltd. During the year IT services provided by Office Fabric UK Ltd to the Group were £nil (2012 - £2,900), the balance outstanding as at 31 December 2013 was £nil (2012 - £nil)

G Wright has an interest in SCI Oceanic. During the year the Group paid rents to SCI Oceanic of £25,719 (2012 - £22,946)

C Evans-Pollard is a director for Three60 Sports Management Limited. During the year director services were provided by Three60 Sports Management Limited amounting to £22,500 (2012 - £nil)

S Hoffman is a director for Corffeur Salon Limited. During the year services were provided by Corffeur Salon Limited amounting to £20,250 (2012 - £nil)

During the year, YCO 3 LLP traded with YCO Yacht Limited and YCO SAM, companies that are designated members of the partnership.

YCO Yacht provided services during the year amounting to £38,945 (2012 - £5,745) and the balance owing to YCO Yacht Limited at the year end amounted to £33,355 (2012 - £77,087 owing from YCO Yacht Limited)

YCO SAM purchased services from YCO 3 LLP during the year amounting to £904,304 (2012 - £206,725) and the balance owing to YCO 3 LLP at the year end amounted to £11,974 (2012 - £71,583)

All the above transactions with related parties were conducted at arm's length.

22. SHARE-BASED PAYMENTS

The Company had a share option scheme for executives and senior employees of the Company and its subsidiaries. All share options lapsed on 27 May 2013.

The following reconciles the share options outstanding at the beginning and end of the year:

	No. of share options 2013 Number	Weighted average exercise price 2013 £	No. of share options 2012 Number	Weighted average exercise price 2012 £
Outstanding at the beginning of the year	822,320	0.490	822,320	0.490
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(822,320)	(0.490)	-	-
	-	-	822,320	0.490

There is no charge for share-based payments as the fair values at the date of grant were below the exercise prices.

Y.CO Group Limited

Notes to the Financial Statements for the year ended 31 December 2013

23. CONTINGENT LIABILITIES AND GUARANTEES

The Group has no contingent liabilities in respect of legal claims arising from the ordinary course of business and it is not anticipated that any material liabilities will arise from contingent liabilities

24. ULTIMATE CONTROLLING PARTY

On the 3 December 2013 the Company re-registered as a private limited company, effective 2 January 2014, in accordance with the Companies Act 2006. Prior to this date the Company was an unquoted PLC following its delisting in July 2012 from the Alternative Investment Market of the London Stock Exchange.

At the date of the annual report, in the Directors' opinion there is no one controlling party. In total the Directors owned 26% of the share capital of the Company as at 31 December 2013.