Grant Thornton

Financial Statements
Boat International Group Limited

For the year ended 31 December 2011

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Registered number: 6026344

Boat International Group Limited

Company Information

Directors	A C Harris D Joseph R J Green K Kingwill (resigned 22 February 2012) I Grant (resigned 23 June 2011)
Company number	6026344
Registered office	First Floor 41 - 47 Hartfield Road Wimbledon London SW19 3RQ
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Enterprise House 115 Edmund Street Birmingham West Midlands B3 2HJ
Bankers	Lloyds Bank plc London EC2V 7AE

Contents

Directors' report
For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

The principal activities of the group are the provision of media and marketing services There have not been any significant changes in the group's principal activities in the year under review and the directors are not aware at the date of this report of any likely major changes in the group's activities in the next year

Business review

Despite an extremely challenging trading environment group turnover has increased by 4 6% in the year This growth would have been higher but for the fact that the initiative to convert some smaller publications to licences continues to reduce turnover but increases profitability In addition the group has seen accelerated growth in its digital and events businesses with turnover almost doubling in the last two years

Administrative expenses as a % of turnover have shown a further reduction from 38 9% in 2010 to 30 2% in 2011 and through a number of performance improvement initiatives gross margins have improved The business has continued to maintain and extend its market leading position whilst enhancing the product offering

Whilst 2012 is expected to provide a challenging trading environment, profit increases in the underlying business are expected in the following years as we maximise our new product development The group shall continue to invest in its digital future

The balance sheet shows that the group's financial position is consistent with the growth experienced in the business over the last 12 months

Other key performance indicators are gross profit percentage of 40 6% (2010 38 5%) and staff turnover of 9 0% (2010 11 0%)

Results

The loss for the year, after taxation and minority interests, amounted to £197,637 (2010 - loss £5,997,111)

Directors

The directors who served during the year were

A C Harris
D Joseph
R J Green
K Kingwill (resigned 22 February 2012)
I Grant (resigned 23 June 2011)

Boat International Group Limited

Directors' report
For the year ended 31 December 2011

Principal risks and uncertainties

The health of the underlying market the business serves is dependent on the number of ultra high net worth individuals in existence and being created globally Whilst the business is relatively well placed to withstand the highs and lows of a normal economic cycle, it is not immune from the unique and synchronised global economic downturn currently being experienced The directors believe that 2012 will continue to provide a challenging trading environment which will temporarily halt the revenue growth of the business as marketing budgets are dramatically reduced Beyond this, however, the outlook for the business is strong due to its market leading position, its new product development and its evolving digital platform

Like all businesses, however, the group is at risk from competitive activity and protects itself from this by ensuring its products are of a high quality and of great relevance to its key constituencies

Financial risk management policies and objectives

The group's principal financial instruments comprise bank loans and overdrafts, loan notes, PIK notes, preference shares and sterling and foreign currency cash balances The main purpose of these financial instruments is to fund the group's operations The group has various other financial instruments, such as trade debtors and trade creditors, which arise directly from its operations

The main risks arising from the group's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk The group's policies for managing these risks are summarised below

Foreign currency risk
The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates as it both buys and sells goods and services within Europe and the USA The main foreign currencies in which the group operates are the Euro and the US dollar and during the year the business has sold forward prudent amounts of each of these currencies in order to mitigate against foreign currency risk

Credit risk
The group's principal financial assets are cash and trade debtors, which represent the group's main exposure to credit risk

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

Cash balances are held with reputable financial institutions and the exposure to credit risk on these balances is not considered significant

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Liquidity risk
The group's policy is to ensure continuity of funding through arranging funding for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility

Cash flow interest rate risk
The group's exposure to interest rate risk relates primarily to the group's bank loans and overdrafts which bear interest at a variable rate The group's policy is to keep the overdraft within defined limits such that a significant change in interest rates would not have a material impact on cash flows In addition the group has excecuted a trade to cap its LIBOR exposure through to December 2013 The directors monitor the overall level of borrowings

and interest costs to limit any adverse effects on the financial performance of the group

Employee involvement

The quality and commitment of our people have played a major role in our business success This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements and new ways of working Employees' performance is aligned to group goals through an annual performance review process that is carried out with all employees

Environment

The group's policy with regard to the environment is to ensure that the directors understand and effectively manage the actual and potential environmental impact of our activities The group's operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business During the period covered by this report the group has not incurred any fines or penalties or been investigated for any breach of environmental regulations

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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

Directors' report
For the year ended 31 December 2011

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

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

Auditor

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

This report was approved by the board on 30 May 2012 and signed on its behalf

A C Harris
Director

Grant Thornton

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

We have audited the financial statements of Boat International Group Limited for the year ended 31 December 2011, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' responsibilities statement, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

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 our audit have not been received from branches not visited by us, or
- the parent 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

Grant Thornton UK LLP

David Munton (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Birmingham

30 May 2012

Consolidated profit and loss account
For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover		12,475,892	11,954,041
Less share of joint venture		(519,388)	(524,463)
Turnover	1,2	11,956,504	11,429,578
Cost of sales		(7,099,117)	(7,028,517)
Gross profit		4,857,387	4,401,061
Distribution costs		(577,672)	(707,583)
Administrative expenses		(3,608,610)	(4,443,865)
Operating profit/(loss)	3	671,105	(750,387)
Share of joint venture operating profit/ (loss)		185,516	(158,590)
Interest receivable and similar income	6	26,783	-
Interest payable and similar charges	7	(966,497)	(5,076,316)
Loss on ordinary activities before taxation		(83,093)	(5,985,293)
Tax on loss on ordinary activities	8	(118,573)	(11,984)
Loss on ordinary activities after taxation		(201,666)	(5,997,277)
Minority interests		4,029	166
Loss for the financial year attributable to equity shareholders	18	(197,637)	(5,997,111)

All amounts relate to continuing operations

The notes on pages 13 to 29 form part of these financial statements

The Group's joint venture, Linkfern Limited qualifies as a discontinued operation, but is not material to disclose on the face of the profit and loss account

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2011

	Note	2011 £	2010 £
Loss for the financial year		**(197,637)**	(5,997,111)
Foreign exchange		**149,080**	(8,552)
Total recognised gains and losses relating to the year		**(48,557)**	(6,005,663)

The notes on pages 13 to 29 form part of these financial statements

Consolidated balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Intangible assets	9		**14,537,085**		15,594,638
Tangible assets	10		**356,508**		395,319
Investments in joint ventures					
-Share of gross assets		**30,363**		69,726	
-Share of gross liabilities		**(12,370)**		(235,978)	
Share of net assets/(liabilities) in joint ventures	11		**17,993**		(166,252)
			14,911,586		15,823,705
Current assets					
Stocks	12	**188,872**		323,808	
Debtors	13	**1,800,123**		2,034,620	
Cash at bank and in hand		**929,896**		576,512	
		2,918,891		2,934,940	
Creditors amounts falling due within one year	14	**(3,332,313)**		(3,062,686)	
Net current liabilities			**(413,422)**		(127,746)
Total assets less current liabilities			**14,498,164**		15,695,959
Creditors amounts falling due after more than one year	15		**(11,366,323)**		(12,512,629)
Net assets			**3,131,841**		3,183,330

Consolidated balance sheet (continued)

As at 31 December 2011

	Note		2011		2010
		£	£	£	£
Capital and reserves					
Called up share capital	17		**22,155**		21,058
Share premium account	18		**960,300**		27,626,824
Profit and loss account	18		**2,153,561**		(24,464,406)
Shareholders' funds	19		**3,136,016**		3,183,476
Minority interests	20		**(4,175)**		(146)
			3,131,841		3,183,330

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2012

A C Harris
Director

The notes on pages 13 to 29 form part of these financial statements

Company balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	11		**3,086,053**		3,086,053
Current assets					
Debtors	13	**8,503,638**		8,503,638	
Creditors amounts falling due within one year	14	**(8,361,175)**		(6,188,110)	
Net current assets			**142,463**		2,315,528
Total assets less current liabilities			**3,228,516**		5,401,581
Creditors amounts falling due after more than one year	15		**(11,366,323)**		(12,512,629)
Net liabilities			**(8,137,807)**		(7,111,048)
Capital and Reserves					
Called up share capital	17		**22,155**		21,058
Share premium account	18		**960,300**		27,626,824
Profit and loss account	18		**(9,120,262)**		(34,758,930)
Deficit to shareholders' funds	19		**(8,137,807)**		(7,111,048)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2012

A C Harris
Director

The notes on pages 13 to 29 form part of these financial statements

Consolidated cash flow statement

For the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	21	**1,994,182**	826,430
Returns on investments and servicing of finance	22	**(527,182)**	(614,345)
Taxation		**72,911**	(196,260)
Capital expenditure and financial investment	22	**(162,255)**	(96,897)
Cash inflow/(outflow) before financing		**1,377,656**	(81,072)
Financing	22	**(1,441,195)**	286,471
(Decrease)/Increase in cash in the year		**(63,539)**	205,399

Reconciliation of net cash flow to movement in net debt

For the year ended 31 December 2011

	2011 £	2010 £
(Decrease)/Increase in cash in the year	**(63,539)**	205,399
Cash outflow from decrease in debt and lease financing	**1,442,292**	(275,376)
Change in net debt resulting from cash flows	**1,378,753**	(69,977)
Other non-cash changes	**(412,532)**	22,237,643
Movement in net debt in the year	**966,221**	22,167,666
Net debt at 1 January 2011	**(13,239,242)**	(35,406,908)
Net debt at 31 December 2011	**(12,273,021)**	(13,239,242)

The notes on pages 13 to 29 form part of these financial statements

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies

1 1 Basis of preparation of financial statements

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

1 2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings after eliminating intra-group transactions and balances, together with the group's share of the net assets and results of joint ventures The results of subsidiary undertakings acquired are included in the consolidated results from the date of acquisition, under the acquisition method of accounting

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for impairment Dividends received and receivable are credited to the company's profit and loss account

1.3 Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts, and is recognised on despatch of goods or the perfomance of services

1.4 Intangible fixed assets and amortisation

Goodwill
Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 15 years Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable

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

1.5 Tangible fixed assets and depreciation

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

Leasehold Property	-	20% per annum on cost
Plant & machinery	-	25% per annum on cost
Motor vehicles	-	25% per annum on cost
Fixtures & fittings	-	25% per annum on cost
Computer equipment	-	33% per annum on cost

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1 6 Investments

(i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment

(ii) Joint venture undertakings
Investments in joint ventures are carried in the consolidated balance sheet at the group's share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of amortisation The investor's share of the results is included within the consolidated profit and loss

The profit and loss account also shows the group's share of the joint venture's turnover The balance sheet shows the share in gross assets and gross liabilities, equating to the net investment in the joint venture

When the group's share of losses in a joint venture equals or exceeds its interest in the undertaking, the group continues to recognise those losses until an irrevocable event occurs that marks the investor's irreversible withdrawal from its investee as a joint venture

1 7 Operating leases

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

1 8 Stocks

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

1 9 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted

1 10 Pensions

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

Notes to the financial statements
For the year ended 31 December 2011

1. Accounting policies (continued)

1 11 Goıng concern

The dırectors have prepared cash flow forecasts for the perıod endıng 31 December 2013 The forecasts demonstrate that the group ıs able to meet ıts lıabılıtıes as they fall due over the next twelve months and therefore the fınancıal statements have been prepared on a goıng concern basıs

1.12 Fınancıal ınstruments

Fınancıal lıabılıtıes and equıty ınstruments are classıfied accordıng to the substance of the contractual arrangements entered ınto

A fınancıal lıabılıty exısts where there ıs a contractual oblıgatıon to delıver cash or another fınancıal asset to another entıty, or to exchange fınancıal assets or fınancıal lıabılıtıes under potentıally unfavourable condıtıons In addıtıon, contracts whıch result ın the entıty delıverıng a varıable number of ıts own equıty ınstruments are fınancıal lıabılıtıes Shares contaınıng such oblıgatıons are classıfied as fınancıal lıabılıtıes

Fınance costs and gaıns or losses relatıng to fınancıal lıabılıtıes are ıncluded ın the profit and loss account The carryıng amount of the lıabılıty ıs ıncreased by the fınance cost and reduced by payments made ın respect of that lıabılıty Fınance costs are calculated so as to produce a constant rate of charge on the outstandıng lıabılıty Where a lıabılıty ıs extınguıshed or repaıd earlıer than orıgınally antıcıpated the assocıated deferred fınance costs are released to the profit and loss account

An equıty ınstrument ıs any contract that evıdences a resıdual ınterest ın the assets of the group after deductıng all of ıts lıabılıtıes Dıvıdends and dıstrıbutıons relatıng to equıty ınstruments are debıted dırectly to reserves

2. Turnover

An analysıs of turnover by geographıcal area (by destınatıon) ıs as follows

	2011	2010
	£	£
Unıted Kıngdom	1,809,442	1,669,733
Rest of Europe	5,569,538	6,133,136
USA	3,030,298	2,915,048
Other	1,547,226	711,661
	11,956,504	11,429,578

Notes to the financial statements

For the year ended 31 December 2011

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2011	2010
	£	£
Amortisation - intangible fixed assets	1,057,553	1,109,383
Depreciation of tangible fixed assets		
- owned by the group	201,066	174,811
Auditors' remuneration	29,000	28,525
Operating lease rentals		
- other operating leases	156,100	156,100

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011	2010
	£	£
Wages and salaries	2,395,448	2,815,027
Social security costs	266,325	312,473
Other pension costs	42,199	47,557
	2,703,972	3,175,057

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

	2011	2010
	No	No
Editorial	20	24
Advertising	13	16
Corporate	7	7
Events	4	3
Digital	7	7
	51	57

5. Directors' remuneration

	2011	2010
	£	£
Emoluments	367,136	343,186

The highest paid director received remuneration of £237,136 (2010 - £200,278)

Notes to the financial statements

For the year ended 31 December 2011

6. Interest receivable

	2011 £	2010 £
Interest receivable from group companies	**9,733**	-
Other interest receivable	**17,050**	-
	26,783	-

7. Interest payable

	2011 £	2010 £
On bank loans and overdrafts	**834,322**	709,530
On loan notes (2010 including release of loan arrangement fees)	**132,175**	4,330,990
Other interest payable	**-**	35,796
	966,497	5,076,316

In October 2010 the group renegotiated its banking facilities, converted certain loan notes into equity and received a cash injection from its main investor £1,029,998 of deferred loan arrangement costs relating to the loan notes were recognised in the profit and loss account as a result of the conversion of the related debt

8. Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
Overseas taxation	**15,000**	11,984
Deferred tax		
Origination and reversal of timing differences	**105,374**	-
Effect of changed tax rate on opening balance	**18,217**	-
Adjustment in respect of prior period	**(20,018)**	-
Total deferred tax (see note 16)	**103,573**	-
Tax on loss on ordinary activities	**118,573**	11,984

Notes to the financial statements

For the year ended 31 December 2011

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26% (2010 28%) The differences are explained below

	2011	2010
	£	£
Loss on ordinary activities before tax	(83,093)	(5,985,293)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 28%)	(21,604)	(1,675,882)
Effects of:		
Expenses not deductible for tax	168,839	1,263,029
Capital allowances for year in excess of depreciation	(15,927)	494,511
Utilisation of tax losses	(116,271)	-
Short term timing differences	19,406	(21,000)
Utilisation of losses	-	(72,068)
Difference in overseas rate	(19,443)	23,394
Current tax charge for the year (see note above)	15,000	11,984

Factors that may affect future tax charges

There is an unprovided deferred tax asset of £3,757,000 (2010 £1,466,892) at the year end, relating to unrelieved losses on financing activities This can be releived in the future against non-trading income in the subsidiary holding companies This deferred tax asset has not been recognised due to uncertainty as to when this non-trading income will arise

Notes to the financial statements

For the year ended 31 December 2011

9. Intangible fixed assets

Group	Goodwill on consolid'n £	Other Intangibles £	Titles Acquired £	Goodwill on joint venture £	Total £
Cost					
At 1 January 2011 and 31 December 2011	22,156,880	411,795	4,851,400	25,326	27,445,401
Amortisation					
At 1 January 2011	11,272,539	54,173	498,725	25,326	11,850,763
Charge for the year	725,623	20,001	311,929	-	1,057,553
At 31 December 2011	11,998,162	74,174	810,654	25,326	12,908,316
Net book value					
At 31 December 2011	10,158,718	337,621	4,040,746	-	14,537,085
At 31 December 2010	10,884,341	357,622	4,352,675	-	15,594,638

During the year the group's intangible fixed assets were reviewed for impairment Cash flow forecasts were prepared which assume that the revenues of the business will grow in the period ending 31 December 2013 and will remain stable thereafter The cash flow forecasts were discounted at 9%, which represents the group's weighted average cost of capital subsequent to the refinancing performed during the year A sensitivity analysis was undertaken and based on the results of this and the impairment review, the directors consider the carrying value of the intangible fixed assets to be recoverable

10. Tangible fixed assets

Group	Leasehold Property £	Computer equipment £	Plant & machinery £	Fixtures & fittings £
Cost				
At 1 January 2011	89,728	492,677	78,188	217,763
Additions	-	114,702	18,134	29,419
At 31 December 2011	89,728	607,379	96,322	247,182
Depreciation				
At 1 January 2011	44,910	215,601	59,547	171,474
Charge for the year	17,945	141,714	15,812	17,300
At 31 December 2011	62,855	357,315	75,359	188,774
Net book value				
At 31 December 2011	26,873	250,064	20,963	58,408
At 31 December 2010	44,818	277,076	18,641	46,289

Notes to the financial statements

For the year ended 31 December 2011

10. Tangible fixed assets (continued)

Group	Motor vehicles £	Total £
Cost		
At 1 January 2011	38,906	917,262
Additions	-	162,255
At 31 December 2011	38,906	1,079,517
Depreciation		
At 1 January 2011	30,411	521,943
Charge for the year	8,295	201,066
At 31 December 2011	38,706	723,009
Net book value		
At 31 December 2011	200	356,508
At 31 December 2010	8,495	395,319

11. Fixed asset investments

Group	Investment in joint ventures £
Cost or valuation	
At 1 January 2011	(166,252)
Foreign exchange movement	(1,271)
Share of profit/(loss)	185,516
At 31 December 2011	17,993
Net book value	
At 31 December 2011	17,993
At 31 December 2010	(166,252)

Discontinued operations

The Group's joint venture, Linkfern Limited, ceased trading during the year and is classified as a discontinued operation under FRS 3

Notes to the financial statements
For the year ended 31 December 2011

11. Fixed asset investments (continued)

The group's share of the joint venture's assets and liabilities at the Balance sheet date was as follows

	2011	2010
	£	£
Share of assets		
Current assets	**30,363**	69,726
Share of liabilities		
Due within one year or less	**(12,370)**	(235,978)
Share of net assets	**17,993**	(166,252)

	Investments in subsidiary companies
Company	£
Cost or valuation	
At 1 January 2011 and 31 December 2011	**3,086,053**
Net book value	
At 31 December 2011	**3,086,053**
At 31 December 2010	3,086,053

Details of the principal subsidiaries can be found under note number 26

12. Stocks

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	188,872	323,808	-	-

Notes to the financial statements

For the year ended 31 December 2011

13. Debtors

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Due after more than one year				
Amounts owed by group undertakings	**-**	-	**6,203,563**	6,203,563
Due within one year				
Trade debtors	**1,028,630**	1,228,239	**-**	-
Amounts owed by group undertakings	**-**	-	**2,292,995**	2,292,995
Corporation tax recoverable	**-**	72,911	**-**	-
Other debtors	**24,336**	42,238	**7,080**	7,080
Prepayments and accrued income	**624,852**	465,354	**-**	-
Deferred tax asset (see note 16)	**122,305**	225,878	**-**	-
	1,800,123	2,034,620	**8,503,638**	8,503,638

14. Creditors:
Amounts falling due within one year

/

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank loans and overdrafts	**1,836,594**	1,303,125	**1,836,594**	1,303,125
Trade creditors	**822,394**	950,752	**-**	-
Amounts owed to group undertakings	**-**	-	**6,524,580**	4,884,985
Corporation tax	**15,000**	-	**-**	-
Social security and other taxes	**111,326**	88,901	**-**	-
Other creditors	**4,628**	46,904	**-**	-
Accruals and deferred income	**542,371**	673,004	**1**	-
	3,332,313	3,062,686	**8,361,175**	6,188,110

15. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank loans	**10,087,156**	11,365,637	**10,087,156**	11,365,637
Loan notes	**1,279,167**	1,146,992	**1,279,167**	1,146,992
	11,366,323	12,512,629	**11,366,323**	12,512,629

Notes to the financial statements

For the year ended 31 December 2011

15. Creditors.

Amounts falling due after more than one year (continued)

In October 2010 the group renegotiated its banking facilities and converted £17,234,853 of loan note principal and £9,431,671 of loan note accrued interest to equity, and issued new loan notes These changes are summarised below

- investor loan notes and accrued interest (including PIK notes) of £17,073,871 and £9,288,261 respectively, held by August Equity LLP, were converted to 4 C ordinary shares of £0 01 each
- management loan notes and accrued interest of £160,982 and £143,410 respectively, held by Mr D Joseph, Mr A Harris and Sir T Arculus, were converted to 6 F ordinary shares of £0 01 each
- management loan notes held by Mr D Joseph of £40,000 were repaid in cash
- August Equity LLP subscribed for £995,000 new loan notes

At 31 December 2011 borrowings include the bank loans, bank overdrafts and loan notes Amounts drawn on bank loans and overdrafts include senior facilities of £7,363,944 (2010 £7,712,874), a mezzanine facility of £3,888,688 (2010 £3,701,693) and a revolving loan facility of £nil (2010 £1,000,000)

Interest was charged on the senior facility during the year at a rate of between 3 0% and 3 5% above LIBOR The loan is repayable in three instalments per annum which commenced on 31 March 2009 and conclude on 31 December 2014 and is secured over the assets of the group

Interest was charged on the mezzanine facility during the year at 10 75% above LIBOR The loan is repayable in two instalments on 30 June 2015 and 31 December 2015 and is secured over the assets of the group

Interest was charged on the revolving loan facility during the year at a rate of 3% above LIBOR The loan is repayable on 31 December 2013 and is secured over the assets of the group

Loan notes include £1,142,866 of 12% fixed rate unsecured loan stock due in 2015, interest may be rolled up and payment deferred of PIK (payment in kind) notes may be issued in respect of accrued interest These loan notes are managed by August Equity LLP Loan notes also include £136,301 of 12% variable rate unsecured loan stock due in 2016 which are held by Sir T Arculus

16. Deferred taxation

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
At beginning of year	**225,878**	225,878	-	-
(Charge for)/released during the year	**(103,573)**	-	-	-
At end of year	**122,305**	225,878	-	-

Notes to the financial statements
For the year ended 31 December 2011

16. Deferred taxation (continued)

The deferred taxatıon balance ıs made up as follows

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Accelerated capıtal allowances	**102,934**	127,401	**-**	-
Tax losses carrıed forward	**1,058**	98,477	**-**	-
Short term tımıng dıfferences	**18,313**	-	**-**	-
	122,305	225,878	**-**	-

Detaıls of unprovıded deferred tax are shown ın Note 8

17. Share capital

	2011	2010
	£	£
Authorısed, allotted, called up and fully paıd		
500,004 (2010 - 500,000) C ordınary shares shares of £0 01 each	**5,000**	5,000
125,000 (2010 - 118,700) D ordınary shares shares of £0 01 each	**1,250**	1,187
269,234 (2010 - 230,800) E ordınary shares shares of £0 01 each	**2,692**	2,308
1,321,254 (2010 - 1,256,300) F ordınary shares shares of £0 01 each	**13,213**	12,563
	22,155	21,058

Notes to the financial statements

For the year ended 31 December 2011

17. Share capital (continued)

In October 2010 the group completed a refinancing This included the following changes in share capital

- 4 C ordinary shares of £0 01 each and 6 F ordinary shares of £0 01 each were issued following the conversion of loan notes and accrued interest of £26,666,524 Included within the 6 F ordinary shares are 2 F ordinary shares which were issued to each of Sir T Arculus, Mr A C Harris and Mr D Joseph
- 620,000 preference shares of £0 01 each (including 10,000 preference shares held by Sir T Arculus) were redesignated as into 620,000 F ordinary shares of £0 01 each
- 350,000 A ordinary shares and 26,250 B ordinary shares were redesignated as 376,250 F ordinary shares of £0 01 each Included within the A ordinary shares which were redesignated are 20,000 held by Sir T Arculus, 217,000 held by Mr A C Harris and 113,000 held by Mr D Joseph
- 118,750 D ordinary shares, 230,772 E ordinary shares and 260,000 F ordinary shares of £0 01 each were issued at par for cash consideration Included within these share issues are 62,500 D ordinary shares and 38,462 E ordinary shares which were issued to Mr A C Harris and 6,250 D ordinary shares and 38,462 E ordinary shares which were issued to Mr D Joseph
- 500,000 C ordinary shares of £0 01 each were issued at par to August Equity LLP for cash consideration

On a show of hands the C and E ordinary shares carry one vote per member On a poll the C and E ordinary shares carry one vote per share The D and F ordinary shares carry no voting entitlement and shareholders are not entitled to attend any annual general meeting of the company

Where dividends are declared these shall be allocated on a pro-rata basis between the holders of the C and D ordinary shares as though they are one class of shares The E and F ordinary shares carry no entitlement to dividends

On a winding up the holders of the C, D and E ordinary shares have first entitlement to the return of the subscription price (as though one class of share) The holders of the F ordinary shares are then entitled to a sum of £0 01 per F ordinary share held The balance of any assets would be returned to the holders of the C and D ordinary shares in proportion to the number of shares held

18. Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2011	27,626,824	(24,464,406)
Loss for the year		(197,637)
Transfer between reserves	(26,666,524)	26,666,524
Foreign exchange		149,080
At 31 December 2011	960,300	2,153,561

On 6 October 2011 the company cancelled share premium created on the capitalisation of debt in 2010 by way of a special resolution

Notes to the financial statements
For the year ended 31 December 2011

18. Reserves (continued)

Company	Share premium account £	Profit and loss account £
At 1 January 2011	27,626,824	(34,758,930)
Loss for the year		(1,027,856)
Transfer between reserves	(26,666,524)	26,666,524
At 31 December 2011	960,300	(9,120,262)

19. Reconciliation of movement in shareholders' funds

Group	2011 £	2010 £
Opening shareholders' funds/(deficit)	3,183,476	(17,494,680)
Loss for the year	(197,637)	(5,997,111)
Debt capitalised	-	26,666,524
Shares issued (2010 issued and redesignated)	1,097	17,295
Other recognised gains and losses during the year	149,080	(8,552)
Closing shareholders' funds	3,136,016	3,183,476

Company	2011 £	2010 £
Opening shareholders' deficit	(7,111,048)	(9,300,181)
Loss for the year	(1,027,856)	(24,494,686)
Shares issued during the year	1,097	26,683,819
Closing shareholders' deficit	(8,137,807)	(7,111,048)

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was £1,027,856 (2010 - loss of £24,494,686)

20. Minority interests

Minority interests relate to the Groups 80% investment in Luxury Yacht Listing Services Limited

Notes to the financial statements

For the year ended 31 December 2011

21. Net cash flow from operating activities

	2011	2010
	£	£
Operating profit/(loss)	**671,105**	(750,387)
Amortisation of intangible fixed assets	**1,057,553**	1,123,716
Depreciation of tangible fixed assets	**201,066**	227,807
Loss on disposal of tangible fixed assets	**-**	2,201
Decrease/(increase) in stocks	**134,936**	(30,453)
Decrease in debtors	**58,013**	296,945
Decrease in creditors	**(128,491)**	(43,399)
Net cash inflow from operating activities	**1,994,182**	826,430

22. Analysis of cash flows for headings netted in cash flow statement

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	**26,783**	283
Interest paid	**(553,965)**	(614,628)
Net cash outflow from returns on investments and servicing of finance	**(527,182)**	(614,345)

	2011	2010
	£	£
Capital expenditure and financial investment		
Purchase of intangible fixed assets	**-**	(96,897)
Purchase of tangible fixed assets	**(162,255)**	-
Net cash outflow from capital expenditure	**(162,255)**	(96,897)

	2011	2010
	£	£
Financing		
Issue of ordinary shares	**1,097**	11,095
New secured loans	**-**	2,090,376
Repayment of loans (pre refinancing)	**-**	(1,815,000)
Repayment of senior debt	**(1,442,292)**	-
Net cash (outflow)/inflow from financing	**(1,441,195)**	286,471

Notes to the financial statements
For the year ended 31 December 2011

23. Analysis of changes in net debt

	1 January 2011	Cash flow	Non cash movements	31 December 2011
	£	£	£	£
Cash at bank and in hand	576,512	353,384	-	929,896
Bank overdraft	(254,195)	(416,923)	-	(671,118)
	322,317	(63,539)	-	258,778
Debt				
Debts due within one year	(1,048,930)	1,442,292	(1,558,838)	(1,165,476)
Debts falling due after more than one year	(12,512,629)	-	1,146,306	(11,366,323)
Net debt	(13,239,242)	1,378,753	(412,532)	(12,273,021)

24. Pension commitments

The group operates a defined contributions pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund

25. Operating lease commitments

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011	Land and buildings 2010
Group	£	£
Expiry date:		
Within 1 year	156,100	-
Between 2 and 5 years	-	156,100

26. Principal subsidiaries

The company indirectly holds the ordinary share capital of the following companies except Boat International Holdings Limited which is directly held

Company name	Country	Percentage Shareholding	Principal activity
Boat International Holdings Limited	England and Wales	100%	Holding company
Boat International Holdings 1 Limited	England and Wales	100%	Holding company
Boat International Holdings 2 Limited	England and Wales	100%	Holding company
BIP 1 Limited	England and Wales	100%	Holding company

Notes to the financial statements
For the year ended 31 December 2011

26. Principal subsidiaries (continued)

Company name	Country	Percentage Shareholding	Principal activity
BIP 2 Limited	England and Wales	100%	Holding company
Boat International Publications Limited	England and Wales	100%	Holding company
Boat International Media Limited	England and Wales	100%	Publishing
Luxury Yacht Listing Services Limited	England and Wales	80%	Publishing
Edimer SAS	France	100%	Publishing
Boat International Media Inc	USA	100%	Publishing
Linkfern Limited	Cyprus	50%	Publishing
Edsea USA Inc	USA	100%	Publishing

27. Related party transactions

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

During the year ended 31 December 2011, the group recharged expenses of £47,151 (2010 £75,900) to Linkfern Limited, a company in which the Group holds 50% of the issued share capital. Amounts due to the group from Linkfern Limited are £nil (2010 £nil) at the year-end following the discontinuation of that company

During the year ended 31 December 2011, the group recharged expense of £194,337 (2010 £77,082) to Luxury Yacht Listings Limited, a company in which the Group holds 80% of the issued share capital At the balance sheet date, the group owed £nil (2010 £33,556) and was due £ 81,025 (2010 £79,432) to Luxury Yacht Listings Limited

During the year the group was invoiced £143,035 (2010 £146,387) for accountancy services by Integral 2 Limited, a company in which Mr D Joseph is a director At the balance sheet date the group owed £14,252 (2010 £13,682) to Integral 2 Limited

28. Contingent liabilities

The bank holds a composite guarantee between BIP1 Limited and BIP2 Limited, Boat International Publications Limited, Boat International Media Limited, Boat International Holdings 1 Limited, Boat International Holdings 2 Limited, Boat International Holdings Limited and Boat International Group Limited The total indebtedness covered by the cross guarantee at 31 December 2011 amounts to £14,000,000 The bank also have a fixed and floating charge over all the current and future assets of the company

29. Ultimate controlling party

The majority of shares in the company are owned by funds managed by August Equity LLP