

Financial Statements

Boat International Group Limited

For the year ended 31 December 2012

Registered number: 6026344



Company Information

Directors	A C Harris D Joseph A D Wolfson J P P Goodwin P Dubens
Company number	6026344
Registered office	First Floor 41 - 47 Hartfield Road Wimbledon London SW19 3RQ
Auditor	Giant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	Lloyds TSB Bank plc London EC2V 7AE

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 and going concern

Despite an extremely challenging trading environment group turnover has only declined by 4.5% in the year. This decline would have been higher but for the strong growth in digital and events revenues with digital revenues growing 39% year on year.

Administrative expenses as a % of turnover have increased from 28.9% in 2011 to 32.8% in 2012 as we continue to invest in digital development and through a number of performance improvement initiatives gross margins have improved from 38.9% to 42.4%. The business has continued to maintain and extend our market leading position whilst enhancing our product offering.

Whilst the future period 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 on page 9 of the financial statements shows that the company's financial position is consistent with the growth experienced in the business over the last 12 months.

Events since the end of the year

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in Boat International Group Limited. On 10 January 2014 Boat Bidco Limited acquired all of the outstanding bank debt and loan notes together with accrued interest and on the same date converted these to 12,488,925 A ordinary shares of £1 at par. As a result the Boat International Group is now debt free.

Boat Bidco Limited is owned by an investment consortium led by Pembroke VCT plc (Pembroke), with support from Lepe Capital.

The new owners look forward to working with the experienced management team and supporting their strategic plan to further develop Boat International's print media platforms as well as accelerate the transition to digital. Their entrepreneurial operational focus and market knowledge will enable management to further cement Boat International's position as the world's leading media group serving the Superyacht community.

Results

The operating profit for the year before impairment of intangible assets was £466,795 (2011: £671,105). The loss for the year, after impairment, interest, taxation and minority interests, amounted to £1,568,947 (2011: loss of £197,637).

Directors' Report

For the year ended 31 December 2012

Going concern

The directors have prepared cash flow forecasts and considered the cash flow requirement for the company for a period including twelve months from the date of the approval of these financial statements. These forecasts show that based on the cash reserves of the company, as at the date of these financial statements, and the cash expected to be generated from the company's operations that the company has sufficient resources available in order to continue trading for a period of at least 12 months from the date of these accounts. Based on these forecasts the directors are confident that the company has sufficient flexibility of resources to enable it to pay its debts as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served during the year were

A C Harris

D Joseph

R J Green (resigned 30 September 2013)

K Kingwill (resigned 22 February 2012)

Financial risk management policies and objectives

Up until January 2014, the group's principal financial instruments comprised bank loans and overdrafts, loan notes, PIK notes, 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 Group's debt was converted to equity on 10 January 2014 as disclosed in note 30 to the financial statements.

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.

Directors' Report

For the year ended 31 December 2012

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 executed 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.

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 the future period 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.

Over the last few years the publishing industry has seen a flight to digital as magazine advertising and circulation has declined with the development of online media offerings. At the same time there has been a consolidation in the building market with the market leaders' order books all but full whereas the smaller builders, who have tended to be more dependent on advertising, are struggling financially. This risk has been mitigated by the Group already having launched a website listing yachts for sale (BI.com) and in November 2012 a website listing yachts for charter (Charterfleet.com) was launched.

Overall, 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.

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' Report

For the year ended 31 December 2012

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

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

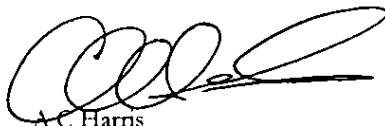
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare 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.

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 and signed on its behalf



A.C. Harris
Director

Date 30th January 2013

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 2012, 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 (APB'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 company's affairs as at 31 December 2012 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

Date

6/2/14

Consolidated Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover		11,427,812	12,475,892
Less: share of joint venture		-	(519,388)
Turnover	1,2	11,427,812	11,956,504
Cost of sales		(6,583,986)	(7,099,117)
Gross profit		4,843,826	4,857,387
Distribution costs		(633,334)	(577,672)
Administrative expenses		(3,743,697)	(3,608,610)
Impairment of intangible fixed assets	9	(1,133,209)	-
Total administrative expenses		(4,876,906)	(3,608,610)
Operating (loss)/profit	3	(666,414)	671,105
Share of joint venture operating profit		-	185,516
Interest receivable and similar income	6	13,688	26,783
Interest payable and similar charges	7	(946,305)	(966,497)
Loss on ordinary activities before taxation		(1,599,031)	(83,093)
Tax on loss on ordinary activities	8	27,407	(118,573)
Loss on ordinary activities after taxation		(1,571,624)	(201,666)
Minority interests		2,677	4,029
Loss for the financial year attributable to equity shareholders	18	(1,568,947)	(197,637)

All amounts relate to continuing operations

The Group joint venture, Linkfern Limited, ceased trading during 2011

The notes on pages 13 to 30 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2012

	Note	2012 £	2011 £
Loss for the financial year		(1,568,947)	(197,637)
Foreign exchange (loss)/gain		<u>(185,986)</u>	<u>149,080</u>
Total recognised gains and losses relating to the year		<u>(1,754,933)</u>	<u>(48,557)</u>

The notes on pages 13 to 30 form part of these financial statements

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	9	12,346,322	14,537,085
Tangible assets	10	418,413	356,508
Investments in joint ventures			
-Share of gross assets		-	30,363
-Share of gross liabilities		-	(12,370)
Share of net assets in joint ventures	11	-	17,993
		12,764,735	14,911,586
Current assets			
Stocks	12	169,573	188,872
Debtors	13	2,075,640	1,800,123
Cash at bank and in hand		557,460	929,896
		2,802,673	2,918,891
Creditors amounts falling due within one year	14	(4,250,662)	(3,332,313)
Net current liabilities		(1,447,989)	(413,422)
Total assets less current liabilities		11,316,746	14,498,164
Creditors amounts falling due after more than one year	15	(9,942,515)	(11,366,323)
Net assets		1,374,231	3,131,841

Consolidated Balance Sheet (continued)

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Capital and reserves					
Called up share capital	17		22,155		22,155
Share premium account	18		960,300		960,300
Profit and loss account	18		398,628		2,153,561
			<u>1,381,083</u>		<u>3,136,016</u>
Equity shareholders' funds	19		1,381,083		3,136,016
Minority interests	20		(6,852)		(4,175)
			<u>1,374,231</u>		<u>3,131,841</u>

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



A C Harris
Director

Date 30th JANUARY 2013

The notes on pages 13 to 30 form part of these financial statements

Company Balance Sheet

As at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	11	3,086,053	3,086,053
Current assets			
Debtors	13	8,503,637	8,503,638
Creditors amounts falling due within one year	14	(10,816,288)	(8,361,175)
Net current (liabilities)/assets		<u>(2,312,651)</u>	<u>142,463</u>
Total assets less current liabilities		<u>773,402</u>	<u>3,228,516</u>
Creditors amounts falling due after more than one year	15	(9,942,515)	(11,366,323)
Net liabilities		<u>(9,169,113)</u>	<u>(8,137,807)</u>
Capital and reserves			
Called up share capital	17	22,155	22,155
Share premium account	18	960,300	960,300
Profit and loss account	18	(10,151,568)	(9,120,262)
Deficit to equity shareholders' funds	19	<u>(9,169,113)</u>	<u>(8,137,807)</u>

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


A C Harris
Director

Date 30th January 2014

The notes on pages 13 to 30 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	21	1,826,040	1,994,182
Returns on investments and servicing of finance	22	(625,933)	(527,182)
Taxation		(14,581)	72,911
Capital expenditure and financial investment	22	(250,309)	(162,255)
Cash inflow before financing		935,217	1,377,656
Financing	22	(755,476)	(1,441,195)
Increase/(Decrease) in cash in the year		<u>179,741</u>	<u>(63,539)</u>

Reconciliation of net cash flow to movement in net debt

For the year ended 31 December 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	179,741	(63,539)
Cash outflow from decrease in debt and lease financing	<u>755,476</u>	<u>1,442,292</u>
Change in net debt resulting from cash flows	935,217	1,378,753
Other non-cash changes	<u>(441,668)</u>	<u>(412,532)</u>
Movement in net debt in the year	493,549	966,221
Net debt at 1 January 2012	<u>(12,273,021)</u>	<u>(13,239,242)</u>
Net debt at 31 December 2012	<u>(11,779,472)</u>	<u>(12,273,021)</u>

The notes on pages 13 to 30 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

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.

Events revenue is recognised on the delivery of the relevant event.

Subscription revenue is recognised over the duration of the subscription.

Advertising revenue is recognised on the delivery of the service.

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.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

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

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 group'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.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

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

1 11 Going concern

The directors have prepared cash flow forecasts and considered the cash flow requirement for the company for a period including twelve months from the date of the approval of these financial statements. These forecasts show that based on the cash reserves of the company, as at the date of these financial statements, and the cash expected to be generated from the company's operations that the company has sufficient resources available in order to continue trading for a period of at least 12 months from the date of these accounts. Based on these forecasts the directors are confident that the company has sufficient flexibility of resources to enable it to pay its debts as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.12 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Where a liability is extinguished or repaid earlier than originally anticipated the associated deferred finance costs are released to the profit and loss account.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

2. Turnover

An analysis of turnover by geographical area (by destination) is as follows:

	2012 £	2011 £
United Kingdom	1,510,524	1,809,442
Rest of Europe	5,161,499	5,569,538
USA	3,658,263	3,030,298
Other	1,097,526	1,547,226
	<u>11,427,812</u>	<u>11,956,504</u>

Notes to the Financial Statements

For the year ended 31 December 2012

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging

	2012	2011
	£	£
Amortisation - intangible fixed assets	1,057,554	1,057,553
Depreciation of tangible fixed assets		
- owned by the group	190,465	201,066
Auditor's remuneration	29,500	29,000
Operating lease rentals		
- other operating leases	156,100	156,100
	<u>156,100</u>	<u>156,100</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	2,195,010	2,395,448
Social security costs	250,337	266,325
Other pension costs	46,227	42,199
	<u>2,491,574</u>	<u>2,703,972</u>

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

	2012	2011
	No	No
Editorial	19	20
Advertising	13	13
Corporate	9	7
Events	3	4
Digital	6	7
	<u>50</u>	<u>51</u>

Notes to the Financial Statements

For the year ended 31 December 2012

5. Directors' remuneration

	2012	2011
	£	£
Emoluments	230,278	307,602
Company pension contributions to defined contribution pension schemes	9,534	9,534
Compensation for loss of office	-	50,000

The highest paid director received remuneration of £209,812 (2011 - £237,136)

6. Interest receivable

	2012	2011
	£	£
Interest receivable from group companies	-	9,733
Other interest receivable	13,688	17,050
	13,688	26,783

7. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	790,592	834,322
On loan notes	155,713	132,175
	946,305	966,497

Notes to the Financial Statements

For the year ended 31 December 2012

8. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
Overseas taxation	-	15,000
Deferred tax		
Origination and reversal of timing differences	22,600	105,374
Effect of changed tax rate on opening balance	34,639	18,217
Adjustment in respect of prior period	(84,646)	(20,018)
Total deferred tax (see note 16)	<u>(27,407)</u>	<u>103,573</u>
Tax on loss on ordinary activities	<u>(27,407)</u>	<u>118,573</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 25.67% (2011 - 26.67%). The differences are explained below:

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(1,599,031)</u>	<u>(83,093)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.67% (2011 - 26.67%)	(410,471)	(21,604)
Effects of:		
Expenses not deductible for tax	207,178	168,839
Capital allowances for year in excess of depreciation	(4,928)	(15,927)
Utilisation of tax losses	(23,103)	(116,271)
Short term timing differences	16,279	19,406
Losses carried forwards	242,942	-
Difference in overseas rate	(27,897)	(19,443)
Current tax charge for the year (see note above)	<u>-</u>	<u>15,000</u>

Factors that may affect future tax charges

There is an unprovided deferred tax asset of £2,868,000 (2011: £3,152,000) at the year end, relating to unrelieved losses on financing activities. This can be relieved 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 2012

9. Intangible fixed assets

Group	Other Intangibles £	Titles Acquired £	Goodwill on consolidation £	Total £
Cost				
At 1 January 2012	411,795	4,851,400	22,182,206	27,445,401
Disposals	-	-	(25,326)	(25,326)
At 31 December 2012	411,795	4,851,400	22,156,880	27,420,075
Amortisation				
At 1 January 2012	74,174	810,654	12,023,488	12,908,316
Charge for the year	20,002	311,929	725,623	1,057,554
On disposals	-	-	(25,326)	(25,326)
Impairment charge	77,614	1,055,595	-	1,133,209
At 31 December 2012	171,790	2,178,178	12,723,785	15,073,753
Net book value				
At 31 December 2012	240,005	2,673,222	9,433,095	12,346,322
At 31 December 2011	337,621	4,040,746	10,158,718	14,537,085

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.

Over the last few years the publishing industry has seen a flight to digital as magazine advertising and circulation has declined with the development of online media offerings. Whilst this decline has not been as steep in the group's publications, the group has already launched a website listing yachts for sale (BI.com) and in November 2012 a website listing yachts for charter (Charterfleet.com) was launched. The view is that these online listings will ultimately replace the Broker print listings and that the decline in print revenues and therefore profitability will continue.

Management have carried out an impairment review as at December 2012 and have taken the view that the current Useful Economic Life of the titles at 15 years is too long. After due consideration the Board consider that a remaining horizon of 9 years for such print titles is therefore more realistic and as such the Useful Economic Life from acquisition has been reduced from 15 years to 12 years with 9 years remaining. A further review will be carried out at the end of 2013.

The cash flow forecasts were discounted at 8%, which represents the group's weighted average cost of capital.

This review identified an impairment to titles acquired of £1,055,595 and to other intangibles of £77,614.

A sensitivity analysis was undertaken on unimpaired intangibles and based on the results of this and the impairment reviews, the directors consider the carrying value of the remaining intangible fixed assets to be recoverable.

Notes to the Financial Statements

For the year ended 31 December 2012

10. Tangible fixed assets

Group	Leasehold Property £	Computer equipment £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost						
At 1 January 2012	89,728	607,379	96,322	247,182	38,906	1,079,517
Additions	11,309	231,495	3,229	4,276	-	250,309
Disposals	-	-	-	-	(15,687)	(15,687)
Foreign exchange movement	-	-	2,127	-	-	2,127
At 31 December 2012	<u>101,037</u>	<u>838,874</u>	<u>101,678</u>	<u>251,458</u>	<u>23,219</u>	<u>1,316,266</u>
Depreciation						
At 1 January 2012	62,855	357,315	75,359	188,774	38,706	723,009
Charge for the year	18,134	149,555	9,565	13,077	134	190,465
On disposals	-	-	-	-	(15,621)	(15,621)
At 31 December 2012	<u>80,989</u>	<u>506,870</u>	<u>84,924</u>	<u>201,851</u>	<u>23,219</u>	<u>897,853</u>
Net book value						
At 31 December 2012	<u>20,048</u>	<u>332,004</u>	<u>16,754</u>	<u>49,607</u>	<u>-</u>	<u>418,413</u>
At 31 December 2011	<u>26,873</u>	<u>250,064</u>	<u>20,963</u>	<u>58,408</u>	<u>200</u>	<u>356,508</u>

11. Fixed asset investments**Discontinued operations**

The Group's joint venture, Linkfern Limited, ceased trading during 2011 and was classified as a discontinued operation under FRS 3

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

	2012 £	2011 £
Share of assets		
Current assets	-	30,363
Share of liabilities		
Due within one year or less	-	(12,370)
Share of net assets	<u>-</u>	<u>17,993</u>

Notes to the Financial Statements

For the year ended 31 December 2012

11. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost	
At 1 January 2012 and 31 December 2012	<u>3,086,053</u>
Net book value	
At 31 December 2012	<u>3,086,053</u>
At 31 December 2011	<u>3,086,053</u>

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

12. Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Goods for resale	<u>169,573</u>	<u>188,872</u>	<u>-</u>	<u>-</u>

13. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Due after more than one year				
Amounts owed by group undertakings	-	-	6,203,563	6,203,563
Due within one year				
Trade debtors	983,136	1,028,630	-	-
Amounts owed by group undertakings	-	-	2,292,995	2,292,995
Other debtors	5,812	24,336	7,079	7,080
Prepayments and accrued income	936,980	624,852	-	-
Deferred tax asset (see note 16)	149,712	122,305	-	-
	<u>2,075,640</u>	<u>1,800,123</u>	<u>8,503,637</u>	<u>8,503,638</u>

Notes to the Financial Statements

For the year ended 31 December 2012

14. Creditors:

Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	2,394,417	1,836,594	2,394,417	1,836,594
Trade creditors	1,287,389	822,392	-	1
Amounts owed to group undertakings	-	-	8,421,871	6,524,580
Corporation tax	419	15,000	-	-
Social security and other taxes	90,432	111,326	-	-
Other creditors	8,490	4,630	-	-
Accruals and deferred income	469,515	542,371	-	-
	<u>4,250,662</u>	<u>3,332,313</u>	<u>10,816,288</u>	<u>8,361,175</u>

15. Creditors:

Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	8,494,913	10,087,156	8,494,913	10,087,156
Loan notes	1,447,602	1,279,167	1,447,602	1,279,167
	<u>9,942,515</u>	<u>11,366,323</u>	<u>9,942,515</u>	<u>11,366,323</u>

Notes to the Financial Statements

For the year ended 31 December 2012

15. Creditors:

Amounts falling due after more than one year (continued)

At 31 December 2012 borrowings include the bank loans, overdrafts and loan notes. Amounts drawn on bank loans include senior facilities of £5,646,246 (2011 £6,663,944), a mezzanine facility of £4,014,143 (2011 £3,888,688) and a revolving loan facility of £1,110,000 (2011 £700,000). Amounts drawn on overdrafts total £118,941 (2011 £671,118).

Interest was charged on the senior facilities during the year at a rate of between 3.5% and 4% above LIBOR. The loans are repayable in two and four instalments respectively per annum which commenced on 31 March 2009 and conclude by 31 December 2014 and are secured over the assets of the group.

Interest was charged on the mezzanine facility during the year at 11.25% 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 3.5% 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 and 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 D Arculus.

All bank loans and loan notes were capitalised in January 2014 as detailed in note 30.

16. Deferred taxation

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	122,305	225,878	-	-
Released during/(charge for) the year	27,407	(103,573)	-	-
At end of year	<u>149,712</u>	<u>122,305</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	90,072	102,934	-	-
Short term timing differences	59,640	19,371	-	-
	<u>149,712</u>	<u>122,305</u>	<u>-</u>	<u>-</u>

Details of unprovided deferred tax are shown in Note 8.

Notes to the Financial Statements

For the year ended 31 December 2012

17. Share capital

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
500,004 (2011 - 500,004) C ordinary shares of £0.01 each	5,000	5,000
125,000 (2011 - 125,000) D ordinary shares of £0.01 each	1,250	1,250
269,234 (2011 - 269,234) E ordinary shares of £0.01 each	2,692	2,692
1,321,254 (2011 - 1,321,254) F ordinary shares of £0.01 each	13,213	13,213
	<u>22,155</u>	<u>22,155</u>

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.

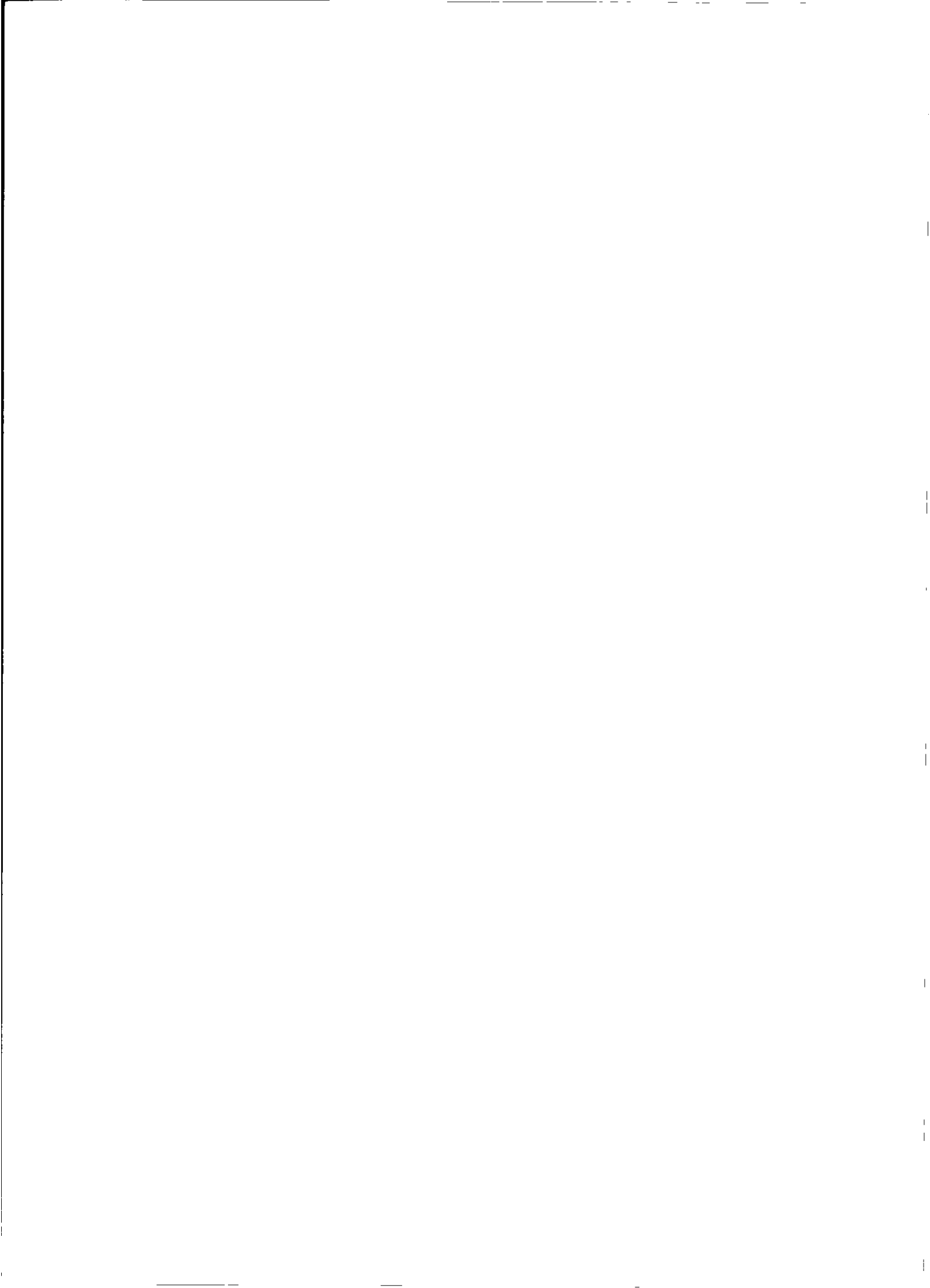
Where dividends are declared these shall be allocated on a pro-rata basis between the holders of the C and D ordinary shares as though they are one class of shares. The F and F ordinary shares carry no entitlement to dividends.

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.

On 10th January 2014 Boat Bidco Limited acquired all of the outstanding bank debt and loan notes together with accrued interest and on the same date converted these to 12,488,925 A ordinary shares of £1 at par.

18. Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2012	960,300	2,153,561
Loss for the year		(1,568,947)
Foreign exchange		(185,986)
	<u>960,300</u>	<u>398,628</u>
At 31 December 2012		



Notes to the Financial Statements

For the year ended 31 December 2012

18. Reserves (continued)

Company	Share premium account £	Profit and loss account £
At 1 January 2012	960,300	(9,120,262)
Loss for the year		(1,031,306)
At 31 December 2012	<u>960,300</u>	<u>(10,151,568)</u>

19. Reconciliation of movement in shareholders' funds

Group	2012 £	2011 £
Opening shareholders' funds	3,136,016	3,183,476
Loss for the year	(1,568,947)	(197,637)
Shares issued during the year	-	1,097
Foreign exchange	(185,986)	142,080
Closing shareholders' funds	<u>1,381,083</u>	<u>3,136,016</u>
Company	2012 £	2011 £
Opening shareholders' deficit	(8,137,807)	(7,111,048)
Loss for the year	(1,031,306)	(1,027,856)
Shares issued during the year	-	1,097
Closing shareholders' deficit	<u>(9,169,113)</u>	<u>(8,137,807)</u>

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 £1,031,306 (2011 - £1,027,856)

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 2012

21. Net cash flow from operating activities

	2012	2011
	£	£
Operating (loss)/profit	(666,414)	671,105
Amortisation of intangible fixed assets	1,057,554	1,057,553
Depreciation of tangible fixed assets	190,465	201,066
Impairment of intangible fixed assets	1,133,209	-
Decrease in stocks	19,299	134,936
(Increase)/decrease in debtors	(144,537)	58,013
Increase/(decrease) in creditors	236,464	(128,491)
Net cash inflow from operating activities	1,826,040	1,994,182

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

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	13,688	26,783
Interest paid	(630,092)	(553,965)
Other interest	(9,529)	-
Net cash outflow from returns on investments and servicing of finance	(625,933)	(527,182)

	2012	2011
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(250,309)	(162,255)

	2012	2011
	£	£
Financing		
Issue of ordinary shares	-	1,097
Repayment of senior debt	(1,165,476)	(1,442,292)
Increase in revolver loan	410,000	-
Net cash outflow from financing	(755,476)	(1,441,195)

Notes to the Financial Statements

For the year ended 31 December 2012

23. Analysis of changes in net debt

	1 January 2012	Cash flow	Non cash movements	31 December 2012
	£	£	£	£
Cash at bank and in hand	929,896	(372,436)	-	557,460
Bank overdraft	(671,118)	552,177	-	(118,941)
	<u>258,778</u>	<u>179,741</u>	<u>-</u>	<u>438,519</u>
Debt				
Debts due within one year	(1,165,476)	755,476	(1,865,476)	(2,275,476)
Debts falling due after more than one year	(11,366,323)	-	1,423,808	(9,942,515)
Net debt	<u>(12,273,021)</u>	<u>935,217</u>	<u>(441,668)</u>	<u>(11,779,472)</u>

Non cash movements relate to the reclassification of debt between being due in less than one year and more than one year based on scheduled repayment dates set out in Note 15

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 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
Group	£	£
Expiry date		
Within 1 year	-	156,100
Between 2 and 5 years	<u>124,880</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2012

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
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

27. Related party transactions

The group has taken advantage of the exemption in 'TRS 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 2012, the group recharged expenses of £nil (2011 £47,151) to Linkfern Limited, a company in which the Group held 50% of the issued share capital

During the year ended 31 December 2012, the group recharged expense of £292,943 (2011 £194,337) from Luxury Yacht Listings Limited, a company in which the Group holds 80% of the issued share capital. At the balance sheet date, the group was due £80,482 (2011 £81,025) from Luxury Yacht Listings Limited

During the year the group was invoiced £124,421 (2011 £143,035) 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 £11,199 (2011 £14,252) to Integral 2 Limited

During the year the group accrued interest due to August Equity LLP of £148,940 (2011 £122,450) and paid management charges of £75,000 (2011 £75,000). At the year end £1,291,806 (2011 £1,142,866) was due as loan notes to August Equity LLP, which is a related party by virtue of its shareholding

Notes to the Financial Statements

For the year ended 31 December 2012

28. Contingent liabilities

The bank held 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 2012 amounts to £10,889,330 (2011 £11,923,750). The bank also had a fixed and floating charge over all the current and future assets of the company.

The composite guarantee and fixed asset floating charge were released subsequent to the transaction detailed in note 30.

29. Ultimate controlling party

At the balance sheet date, the majority of shares in the company were owned by funds managed by August Equity LLP. Note 30 includes details of a change in control subsequent to the year-end. By virtue of the spread of shareholdings there is no one controlling party.

30. Post balance sheet events

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in Boat International Group Limited. On 10 January 2014 Boat Bidco Limited acquired all of the outstanding bank debt and loan notes together with accrued interest and on the same date converted these to 12,488,925 A ordinary shares of £1 at par. As a result the Boat International Group is now debt free.

Boat Bidco Limited is owned by an investment consortium led by Pembroke VCT plc (Pembroke), with support from Lepe Capital.