

COMPANY REGISTRATION NUMBER 6365721

Pacific Leisure & Media Limited
Annual Report and Financial Statements
for the year ended 30 June 2012

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Pacific Leisure & Media Limited

Financial Statements

for the year ended 30 June 2012

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Pacific Leisure & Media Limited

Officers and Professional Advisers

The board of directors

JL Beckwith
MC Johnson
SD Roberts
DF Rogers

Company secretary

SA Holder

Registered office

124 Sloane Street
London
SW1X 9BW

Auditor

Grant Thornton UK LLP
Chartered Accountants
London

Pacific Leisure & Media Limited

Chairman's Statement

for the year ended 30 June 2012

I present the annual report for the Pacific Leisure & Media Limited (PLM) Group for the year ended 30 June 2012

The consolidated profit and loss statement is shown on page 8

PLM was established in 2007 with the objective of investing in the leisure and media sectors. The difficult trading conditions experienced in 2011 continued into 2012. Both the sector and jurisdictions in which PLM invests pose significant challenges in the current economic climate.

Within the media sector, PLM holds two investments, namely the **Frontiers Group** (a business focused on the Indian sports market) and **Heli-Banners**, an aerial advertising company. In the leisure sector, the group has investments in Lisbon (**Clube VII** health and racquet club), a partnership interest in **Urban Football** (a joint venture in five-a-side football in Paris) and a football focussed business in Valencia, **Futbol City** (short-sided football and soccer schools).

Frontiers Group India focuses on in-stadia advertising within Indian test match and one-day international cricket venues. During the year, the Board resolved to seek a buyer for the business. At the time of signing these financial statements, Frontiers Group India had entered into agreement to sell its business and this sale is expected to complete during 2013.

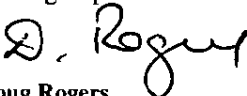
Heli-Banners suffered a small loss in 2012 as the global advertising market continued to be suppressed. The business will focus upon annual licencing arrangements to underpin cash flow as well as securing the licence in the UK to enable flying to recommence.

The racquet and fitness club in Lisbon, **Clube VII**, suffered from the difficult economic climate prevalent in Portugal. As members curb personal spending, **Clube VII** saw reduced membership revenue. The situation was accentuated by the Portuguese government increasing the VAT rate on membership fees to 23%, thereby reducing revenue by 17%. In response, a major cost cutting exercise has been implemented in late 2012 which has the aim of stabilising the profitability of the club.

Similarly, the short-sided football business in Valencia suffered as a result of reduced spending by players. This too has led to a review of overheads in late 2012.

Contrary to the prevailing economic conditions in France and elsewhere, the **Urban Football** five-a-side football business based in Paris traded very well with profitability exceeding expectations. We expect this positive performance to continue into 2013.

With the bleak outlook looking to continue in Portugal and Spain, PLM continues to monitor each investment closely and make changes to the operational structure to ensure the improved performance of the group.


Doug Rogers
Chairman

Pacific Leisure & Media Limited

The Directors' Report

for the year ended 30 June 2012

The directors present their report and the audited financial statements of the group for the year ended 30 June 2012

Principal activities and business review

The principal activity of the company during the year was the management and holding of investments in the leisure and media sectors. A description of the principal activities of the Group's subsidiaries is set out in Note 11 to the financial statements.

Both the level of business and the year end financial position were satisfactory. The directors do not envisage any change in the principal activity of the Group and expect that the present level of activity will be sustained or grown in the foreseeable future. Further details of progress are described in the Chairman's Statement.

Key performance indicators

Given the nature of the business, the directors feel that the financial statements give an adequate indication of the continuing performance of the Group.

The directors are also of the opinion that any additional information that is not disclosed within this report or statements is either too subjective to be useful to users of the accounts, or too commercially sensitive to be presented in this context.

Results and dividends

The loss for the year, after taxation and minority interest, amounted to £1,091,279 (2011: £811,684 loss). The directors have not recommended a dividend (2011: £nil).

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are new ventures' performance in relation to their business plans in light of the current economic climate and the achievement of a profitable exit on disposal. The Group faces additional risk and uncertainty on the future valuation of property assets held within the Group.

The Group acts to mitigate risk through the diverse nature of its activities, the experience of the Group's directors, the implementation of stringent controls on activities, and by taking appropriate actions to safeguard the Group's assets.

Liquidity and interest rate risk

The Group has adequate cash within its balance sheet and the directors feel that the Group's cash reserves are sufficient for current and future planned operations. Interest rate exposure is not considered a risk given the nature of the Group's interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the Group's interest bearing assets and liabilities change significantly in size or nature.

Directors

The directors who served the company during the year were as follows:

JL Beckwith
MC Johnson
SD Roberts
DF Rogers

Pacific Leisure & Media Limited

The Directors' Report *(continued)*

for the year ended 30 June 2012

Value of land and buildings

The directors consider that the market value of land and buildings is not materially different from the book value in the financial statements

Directors' responsibilities

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 laws). 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 year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Pacific Leisure & Media Limited

The Directors' Report *(continued)*

for the year ended 30 June 2012

Auditor

Through elective resolutions the Company has dispensed with the holding of annual general meetings, the laying of financial statements before annual general meetings and the appointment of auditors annually

Registered office
124 Sloane Street
London
SW1X 9BW

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'SD Roberts', written over a horizontal line.

SD Roberts
Director

Approved by the directors on 26 March 2013

Pacific Leisure & Media Limited

Independent Auditor's Report to the Members of Pacific Leisure & Media Limited

for the year ended 30 June 2012

We have audited the group and parent company financial statements ("the financial statements") of Pacific Leisure & Media Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Consolidated Cash Flow Statement 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 Annual Report, 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 APB'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 parent company's affairs as at 30 June 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 matters 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.

Pacific Leisure & Media Limited

Independent Auditor's Report to the Members of Pacific Leisure & Media Limited *(continued)*

for the year ended 30 June 2012

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



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

27 March 2013

Pacific Leisure & Media Limited

Profit and Loss Account

for the year ended 30 June 2012

| | Note | 2012 £ | 2011 £ |
|--|----------|---------------------------|-------------------------|
| Group turnover | 2 | 4,322,672 | 4,877,707 |
| Cost of sales | | (2,569,697) | (2,977,182) |
| Gross profit | | <u>1,752,975</u> | <u>1,900,525</u> |
| Administrative expenses | | (2,756,867) | (2,867,017) |
| Operating loss | 3 | (1,003,892) | (966,492) |
| Interest receivable | 5 | 261 | 2,736 |
| Interest payable and similar charges | 6 | (107,022) | (57,617) |
| Loss on ordinary activities before taxation | | <u>(1,110,653)</u> | <u>(1,021,373)</u> |
| Tax on loss on ordinary activities | 7 | (15,498) | (9,742) |
| Loss on ordinary activities after taxation | | <u>(1,126,151)</u> | <u>(1,031,115)</u> |
| Minority interests | | 34,872 | 219,431 |
| Loss for the financial year | | <u><u>(1,091,279)</u></u> | <u><u>(811,684)</u></u> |

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 15 to 25 form part of these financial statements.

Pacific Leisure & Media Limited
Group Statement of Total Recognised Gains and Losses
for the year ended 30 June 2012

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|------------------|
| Loss for the financial year | | (1,091,279) | (811,684) |
| Unrealised exchange differences arising on consolidation | 19 | <u>96,811</u> | <u>51,049</u> |
| Total gains and losses recognised since the last annual report | | <u>(994,468)</u> | <u>(760,635)</u> |

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The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Group Balance Sheet

as at 30 June 2012

| | Note | 2012 £ | 2011 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 2,651,317 | 2,956,426 |
| Tangible assets | 10 | 6,389,768 | 7,311,822 |
| | | <u>9,041,085</u> | <u>10,268,248</u> |
| Current assets | | | |
| Stocks | 12 | 13,610 | 9,930 |
| Debtors due within one year | 13 | 764,570 | 1,002,803 |
| Cash at bank | | (120,738) | 55,004 |
| | | <u>657,442</u> | <u>1,067,737</u> |
| Creditors: amounts falling due within one year | 14 | <u>(1,225,584)</u> | <u>(1,689,140)</u> |
| Net current liabilities | | <u>(568,142)</u> | <u>(621,403)</u> |
| Total assets less current liabilities | | <u>8,472,943</u> | <u>9,646,845</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(9,304,509)</u> | <u>(9,449,071)</u> |
| | | <u>(831,566)</u> | <u>197,774</u> |
| Capital and reserves | | | |
| Called-up share capital | 18 | 2,000,000 | 2,000,000 |
| Profit and loss account | 19 | (2,462,945) | (1,468,477) |
| Shareholders' (deficit)/funds | 20 | <u>(462,945)</u> | <u>531,523</u> |
| Minority interests | | <u>(368,621)</u> | <u>(333,749)</u> |
| | | <u>(831,566)</u> | <u>197,774</u> |

These financial statements were approved by the directors and authorised for issue on 26 March 2013, and are signed on their behalf by



DF Rogers
Director

The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Balance Sheet

as at 30 June 2012

| | Note | 2012 £ | 2011 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Investments | 11 | <u>5,233,031</u> | <u>5,577,246</u> |
| Current assets | | | |
| Debtors due within one year | 13 | 41,700 | 23,385 |
| Creditors: amounts falling due within one year | 14 | <u>(204,200)</u> | <u>(95,141)</u> |
| Net current liabilities | | <u>(162,500)</u> | <u>(71,756)</u> |
| Total assets less current liabilities | | <u>5,070,531</u> | <u>5,505,490</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(4,609,369)</u> | <u>(4,467,847)</u> |
| | | <u>461,162</u> | <u>1,037,643</u> |
| Capital and reserves | | | |
| Called-up share capital | 18 | 2,000,000 | 2,000,000 |
| Profit and loss account | 19 | <u>(1,538,838)</u> | <u>(962,357)</u> |
| Shareholders' funds | | <u>461,162</u> | <u>1,037,643</u> |

These financial statements were approved by the directors and authorised for issue on 26 March 2013, and are signed on their behalf by



DF Rogers
Director

Company Registration Number 6365721

The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Consolidated Cash Flow Statement

for the year ended 30 June 2012

| | Note | 2012 £ | 2011 £ |
|--|-----------|-----------|-----------|
| Net cash inflow from operating activities | | 79,734 | 34,304 |
| Returns on investments and servicing of finance | | | |
| Interest received | 261 | | 2,736 |
| Interest paid | (56,272) | | (29,230) |
| Interest element of finance lease rental payments | (50,750) | | (28,387) |
| Net cash outflow from returns on investments and servicing of finance | | (106,761) | (54,881) |
| Taxation | | | |
| Corporation tax paid | | (15,498) | (13,799) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | (77,658) | | (452,101) |
| Net cash outflow for capital expenditure and financial investment | | (77,658) | (452,101) |
| Cash outflow before use of financing | | (120,183) | (486,477) |
| Financing | | | |
| (Repayment)/increase of secured loans | (326,083) | | 114,710 |
| Increase/(Repayment) of loan from related company | 72,883 | | (757,884) |
| Increase/(repayment) of finance leases | 197,640 | | (16,296) |
| Loan from shareholder | — | | 1,000,000 |
| Net cash (outflow)/inflow from financing | | (55,560) | 340,530 |
| Decrease in cash | | (175,743) | (145,947) |

The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Consolidated Cash Flow Statement

for the year ended 30 June 2012

Reconciliation of operating loss to net cash inflow from operating activities

| | 2012 | 2011 |
|--|---------------|---------------|
| | £ | £ |
| Operating loss | (1,003,892) | (966,492) |
| Amortisation of goodwill and other intangibles | 180,533 | 216,966 |
| Depreciation | 252,254 | 441,586 |
| (Increase)/decrease in stocks | (3,680) | 2,195 |
| Decrease in debtors | 238,230 | 569,099 |
| (Decrease)/increase in creditors | 6,095 | 106,577 |
| Exchange differences | 315,967 | (439,818) |
| Impairment of intangible assets | 94,227 | 104,191 |
| Net cash inflow from operating activities | <u>79,734</u> | <u>34,304</u> |

Reconciliation of net cash flow to movement in net debt

| | 2012 | 2011 |
|---|--------------------|--------------------|
| | £ | £ |
| Decrease in cash in the period | (175,743) | (145,947) |
| Net cash inflow/(outflow) from bank loans | 326,083 | (114,710) |
| Cash (outflow)/inflow in respect of hire purchase | <u>(197,640)</u> | <u>16,296</u> |
| Change in net debt resulting from cash flows | (47,300) | (244,361) |
| Exchange movements | 193,480 | (184,747) |
| Movement in net funds/debt in the period | 146,180 | (429,108) |
| Net debt at 1 July 2011 | <u>(1,877,183)</u> | <u>(1,448,075)</u> |
| Net debt at 30 June 2012 | <u>(1,731,002)</u> | <u>(1,877,183)</u> |

The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Consolidated Cash Flow Statement

for the year ended 30 June 2012

(continued)

Analysis of changes in net debt

| | At 1 Jul 2011 £ | Cash flows £ | Translation differences £ | At 30 Jun 2012 £ |
|--------------------------|-----------------------|------------------|---------------------------------|------------------------|
| Net cash | | | | |
| Cash in hand and at bank | 226,213 | (129,829) | – | 96,384 |
| Overdrafts | (171,209) | (45,913) | – | (217,122) |
| | <u>55,004</u> | <u>(175,742)</u> | <u>–</u> | <u>(120,738)</u> |
| Debt | | | | |
| Debt due within 1 year | (293,878) | 235,770 | 18,544 | (39,564) |
| Debt due after 1 year | (294,841) | 90,313 | 25,966 | (178,562) |
| Finance leases | (1,343,468) | (197,640) | 148,970 | (1,392,138) |
| | <u>(1,932,187)</u> | <u>128,443</u> | <u>193,480</u> | <u>(1,610,264)</u> |
| Net debt | <u>(1,877,183)</u> | <u>(47,299)</u> | <u>193,480</u> | <u>(1,731,002)</u> |

The notes on pages 15 to 25 form part of these financial statements

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards

The principal accounting policies are set out below

Basis of consolidation

The consolidated Group profit and loss account, balance sheet and cash flow statement incorporate the financial statements of all subsidiaries for the year ended 30 June 2012. Entities are considered to be a subsidiary where the Group controls the majority of the undertaking's voting rights, unless the ability of the Group to exercise control is subject to long term restrictions

Subsidiaries are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their values reflecting their condition at that date

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life

Going concern

These financial statements have been prepared on a going concern basis which assumes the continued financial support of the ultimate controlling party. The directors have received a letter of support from J.L. Beckwith confirming his support for a period of at least 12 months from the date of the approval of these financial statements

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Services related turnover is recognised proportionately over the duration of the service

Investments

Fixed asset investments are included in the balance sheet at cost, less any provision for permanent diminution in value. Realised gains and losses on disposal and any provision for permanent impairment of value are dealt with through the profit and loss account. The carrying value of investments is reviewed for impairment annually by the Board of Directors

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

1. Accounting policies *(continued)*

Intangible fixed assets

Acquired goodwill is capitalised at cost, less any provision for permanent diminution in value, and is amortised over an estimated useful economic life of 20 years. Other intangible fixed assets relate to patents owned on the helicopter advertising systems and are stated at cost. The assets are amortised on a straight line basis over the duration of the patent.

Fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|-----------------------------------|---|---|
| Leasehold Property / Improvements | - | Remaining period of lease / 8 to 50 years |
| Computer Equipment | - | 3 to 18 years |
| Furniture, Fixtures & Fittings | - | 3 to 25 years |
| Office & Other Equipment | - | 3 to 5 years |

Stock and work in progress

Raw materials and consumables are accounted for at the lower of cost and net realisable value.

Leases

Where the Group enters into a lease that transfers substantially all the risks and rewards of ownership of that asset to the lessee, the lease is treated as a finance lease. Assets held under finance leases and the initial related lease obligations are included at the fair value of the leased assets at the inception of the lease and recorded as a tangible fixed asset. Depreciation on leased assets is calculated to write off the cost on a straight line basis over the shorter of the lease term and the useful life of the asset.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more tax, or a right to pay less tax, based on current tax rates and law.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

1. Accounting policies *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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

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

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

2. Segmental information

Segmental analysis of turnover, result before taxation and net assets/(liabilities) by class of business is as follows:

| | Turnover 2012 | Profit/(loss) before tax 2012 | Net assets/ (liabilities) 2012 | Turnover 2011 | Profit/(loss) before tax 2011 | Net assets/ (liabilities) 2011 |
|---------------------------|------------------|-------------------------------------|--------------------------------------|------------------|-------------------------------------|--------------------------------------|
| Geographical analysis: | £ | £ | £ | £ | £ | £ |
| European Union | 2,738,967 | (784,609) | (285,839) | 2,929,116 | (718,404) | 483,729 |
| Asia Pacific | 1,583,705 | (329,966) | (545,727) | 1,948,591 | (302,969) | (285,955) |
| | <u>4,322,672</u> | <u>(1,114,575)</u> | <u>(831,566)</u> | <u>4,877,707</u> | <u>(1,021,373)</u> | <u>197,774</u> |

Geographical analysis is based on territory of trading activity and invoicing.

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

3. Operating loss

Operating loss is stated after charging/(crediting)

| | 2012 | 2011 |
|--|---------------|---------------|
| | £ | £ |
| Amortisation of intangible assets | 180,533 | 216,966 |
| Impairment of intangible fixed assets | 94,227 | 104,191 |
| Depreciation of owned fixed assets | 127,957 | 328,580 |
| Depreciation of assets held under finance lease agreements | 124,297 | 113,006 |
| Net loss/(profit) on foreign currency translation | 260,282 | (172,047) |
| Auditor's remuneration | 32,353 | 35,359 |
| | <u>2012</u> | <u>2011</u> |
| | £ | £ |
| Auditor's remuneration | | |
| - Parent company | 1,850 | 1,850 |
| - Group | 15,000 | 17,250 |
| - Subsidiaries | 15,503 | 16,259 |
| | <u>32,353</u> | <u>35,359</u> |

4 Particulars of employees

The average number of persons employed by the group during the financial year, including the directors, amounted to 63 (2011 - 67)

The aggregate payroll costs of the above were

| | 2012 | 2011 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 391,678 | 462,409 |
| Social security costs | 79,201 | 87,983 |
| | <u>470,879</u> | <u>550,392</u> |

No emoluments were paid to directors during the year

5. Interest receivable

| | 2012 | 2011 |
|--------------------------|------------|--------------|
| | £ | £ |
| Bank interest receivable | <u>261</u> | <u>2,736</u> |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

6. Interest payable and similar charges

| | 2012 | 2011 |
|---|----------------|---------------|
| | £ | £ |
| Interest payable on bank loans and overdrafts | 56,272 | 29,230 |
| Interest payable on finance leases | 50,750 | 28,387 |
| | <u>107,022</u> | <u>57,617</u> |

7. Taxation on ordinary activities

(a) Analysis of credit in the year

| | 2012 | 2011 |
|------------------------------------|---------------|--------------|
| | £ | £ |
| Foreign tax | | |
| Current tax on income for the year | 15,498 | 9,742 |
| Total current tax | <u>15,498</u> | <u>9,742</u> |

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24% (2011 - 26%)

| | 2012 | 2011 |
|--|--------------------|--------------------|
| | £ | £ |
| Loss on ordinary activities before taxation | <u>(1,110,653)</u> | <u>(1,021,373)</u> |
| Loss on ordinary activities by rate of tax | (267,498) | (265,214) |
| Net income and expenses not deductible for tax purposes | (83,699) | 17,426 |
| Unrelieved tax losses carried forward net of losses utilised | 420,561 | 289,582 |
| Tax chargeable at higher rate (26%) | (19,781) | (12,247) |
| Adjustments in respect of overseas tax rates | (34,085) | (19,805) |
| Total current tax (note 7(a)) | <u>15,498</u> | <u>9,742</u> |

8. Loss attributable to members of the parent company

As permitted by section 480 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements

The loss after taxation attributable to Pacific Leisure & Media Limited for the year and dealt with in the financial statements of the Company was £576,481 (2011 £200,559)

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

9. Intangible Fixed Assets

Intangible fixed assets of the Group are analysed as follows

| | Goodwill arising on acquisitions £ | Patents £ | Lease Extensions £ | Total £ |
|---------------------------------------|---|---------------|--------------------------|------------------|
| Cost | | | | |
| At 30 June 2011 | 3,856,501 | 14,629 | 229,546 | 4,100,676 |
| Exchange adjustments | (7,732) | – | (23,753) | (31,485) |
| At 30 June 2012 | <u>3,848,769</u> | <u>14,629</u> | <u>205,793</u> | <u>4,069,191</u> |
| Amortisation | | | | |
| At 30 June 2011 | 1,130,977 | 3,311 | 9,962 | 1,144,250 |
| Amortisation for the year | 174,691 | 1,133 | 4,709 | 180,533 |
| Amounts written off | 94,227 | – | – | 94,227 |
| Exchange adjustments | 139 | – | (1,275) | (1,136) |
| At 30 June 2012 | <u>1,400,034</u> | <u>4,444</u> | <u>13,396</u> | <u>1,417,874</u> |
| Net book value at 30 June 2012 | <u>2,448,735</u> | <u>10,185</u> | <u>192,397</u> | <u>2,651,317</u> |
| Net book value at 30 June 2011 | <u>2,725,524</u> | <u>33,904</u> | <u>219,584</u> | <u>2,956,426</u> |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

10. Tangible fixed assets

| Group | Freehold & Leasehold Property £ | Computer Equipment £ | Furniture, Fixtures & Fittings £ | Office & Other Equipment £ | Total £ |
|--------------------------|--|----------------------------|---|-------------------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 July 2011 | 7,981,150 | 354,181 | 510,376 | 103,513 | 8,949,220 |
| Additions | 35,320 | 15,071 | 21,764 | 5,503 | 77,658 |
| Disposals | – | – | (545) | – | (545) |
| Reclassification | 4,334 | (4,334) | – | – | – |
| Exchange movements | (828,129) | (37,347) | (53,911) | (9,144) | (928,531) |
| At 30 June 2012 | <u>7,192,675</u> | <u>327,571</u> | <u>477,684</u> | <u>99,872</u> | <u>8,097,802</u> |
| Depreciation | | | | | |
| At 1 July 2011 | 1,192,210 | 152,941 | 243,094 | 49,153 | 1,637,398 |
| Charge for the year | 158,902 | 36,349 | 50,459 | 6,544 | 252,254 |
| On disposals | – | – | (545) | – | (545) |
| Exchange movements | (131,597) | (18,059) | (27,363) | (4,054) | (181,073) |
| At 30 June 2012 | <u>1,219,515</u> | <u>171,231</u> | <u>265,645</u> | <u>51,643</u> | <u>1,708,034</u> |
| Net book value | | | | | |
| At 30 June 2012 | <u>5,973,160</u> | <u>156,340</u> | <u>212,039</u> | <u>48,229</u> | <u>6,389,768</u> |
| At 30 June 2011 | <u>6,788,940</u> | <u>201,240</u> | <u>267,282</u> | <u>54,360</u> | <u>7,311,822</u> |

Finance lease agreements

Included within the net book value of £6,389,768 is £1,690,577 (2011 - £1,850,282) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £124,297 (2011 - £113,006).

11. Investments

Investments are analysed as follows

| | Group | | Company | |
|-------------------------|-----------|-----------|------------------|------------------|
| | 2012 £ | 2011 £ | 2012 £ | 2011 £ |
| Subsidiary undertakings | <u>–</u> | <u>–</u> | <u>5,233,031</u> | <u>5,577,246</u> |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

Investment in subsidiaries

Investments in subsidiaries held by the Company are analysed as follows

| | Ordinary Shares £ | Preference Shares £ | Loans to Subsidiaries £ | Total £ |
|-----------------|-------------------------|---------------------------|-------------------------------|------------------|
| At 1 July 2011 | 1,248,912 | 2 | 4,328,332 | 5,577,246 |
| Additions | – | – | 174,501 | 174,501 |
| Disposals | – | – | (103,523) | (103,523) |
| Provisions | (53,149) | – | (362,044) | (415,193) |
| At 30 June 2012 | <u>1,195,763</u> | <u>2</u> | <u>4,037,266</u> | <u>5,233,031</u> |

Details of the Group's subsidiary undertakings as at 30 June 2012, all of which are included in the consolidated financial statements, are given below

| Subsidiary | Principal activities | Class of share held | Voting rights of immediate parent | Effective Group Interest | Country of incorporation |
|---|----------------------------|-----------------------|-----------------------------------|--------------------------|--------------------------|
| B@1 Ltd | Investment holding company | Ordinary & Preference | 100% | 100% | England |
| Clube VII Exploracao de Health Sociedade Unipessoal Lda | Sports and leisure club | Ordinary | 100% | 100% | Portugal |
| Unitenis-Empreendimentos de Tenis SA | Property investment | Ordinary | 99% | 99% | Portugal |
| Pacific Club Holdings SARL | Investment holding company | Ordinary | 100% | 100% | France |
| Tennis Club de Chantecoq SARL | Sports and leisure club | Ordinary | 100% | 100% | France |
| Frontiers Group India (UK) Ltd | Investment holding company | Ordinary | 100% | 100% | England |
| Frontiers Group India Private Ltd | Sports rights & marketing | Ordinary | 93% | 93% | India |
| Heli-Banners Ltd | Aerial advertising | Ordinary | 100% | 100% | England |
| Futbol City Holdings UK Limited | Investment holding company | Ordinary | 55% | 55% | England |
| Futbol City 5 SA | Sports and leisure club | Ordinary | 90% | 49.5% | Spain |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

12. Stocks

| | Group | | Company | |
|-------------------------------|---------------|--------------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Raw materials and consumables | <u>13,610</u> | <u>9,930</u> | <u>—</u> | <u>—</u> |

13. Debtors

| | Group | | Company | |
|--------------------------------|----------------|------------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Trade debtors | 389,098 | 544,527 | 11,731 | 6,783 |
| Corporation tax repayable | 31,451 | 34,229 | — | — |
| Other debtors | 107,105 | 185,422 | 10,001 | 10,001 |
| Prepayments and accrued income | 236,916 | 238,625 | 19,968 | 6,601 |
| | <u>764,570</u> | <u>1,002,803</u> | <u>41,700</u> | <u>23,385</u> |

14. Creditors: amounts falling due within one year

| | Group | | Company | |
|-------------------------------------|------------------|------------------|----------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Secured bank loans and overdrafts | 39,564 | 293,878 | — | — |
| Trade creditors | 175,190 | 259,830 | — | 75,941 |
| Finance lease agreements | 89,625 | 139,149 | — | — |
| PAYE and social security | 84,114 | 232,324 | — | — |
| Amounts due to related undertakings | 180,581 | 88,738 | 180,000 | — |
| Other creditors | 43,847 | 32,225 | 5,500 | 5,500 |
| Accruals and deferred income | 612,663 | 642,996 | 18,700 | 13,700 |
| | <u>1,225,584</u> | <u>1,689,140</u> | <u>204,200</u> | <u>95,141</u> |

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

| | Group | | Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Secured bank loans | 178,562 | 294,841 | — | — |
| Finance lease agreements | 1,302,513 | 1,204,319 | — | — |
| Amounts due to related undertakings | 5,197,897 | 5,262,888 | 2,609,369 | 2,467,847 |
| Other creditors | 625,537 | 687,023 | — | — |
| Amounts due to shareholders | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | <u>9,304,509</u> | <u>9,449,071</u> | <u>4,609,369</u> | <u>4,467,847</u> |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

15. Creditors: amounts falling due after more than one year *(continued)*

Total secured borrowings of the Group, including bank loans and overdrafts are repayable as follows

| | Group | | Company | |
|---------------------------|----------------|----------------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Within one year | 39,564 | 293,878 | — | — |
| Within two and five years | 178,562 | 294,841 | — | — |
| | <u>218,126</u> | <u>588,719</u> | <u>—</u> | <u>—</u> |

Borrowings are secured by a charge over the assets of the borrowing company

16. Commitments under finance leases agreements

Future commitments under finance leases agreements are as follows

| | Group | | Company | |
|---|------------------|------------------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Amounts payable within 1 year | 89,625 | 139,149 | - | - |
| Amounts payable between 1 and 2 years | 89,619 | 164,197 | - | - |
| Amounts payable between 3 and 5 years | 236,943 | 347,850 | - | - |
| Amounts payable after more than 5 years | 975,951 | 692,272 | - | - |
| | <u>1,392,138</u> | <u>1,343,468</u> | <u>-</u> | <u>-</u> |

17. Related party transactions

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Pacific Leisure & Media Limited Group of companies

During the year a fee of £100,000 (2011 £100,000) was charged from Pacific Investments Management Limited, a company related by ultimate common shareholding

At 30 June 2012 £2,589,109 (2011 £2,892,748) was owed to Pacific Investments Management Limited and £2,789,369 (2011 £2,458,878) was owed to Pacific Leisure, Entertainment & Media Limited, companies related by ultimate common shareholding and are shown as creditors in 'Amounts due to related undertakings'

18. Share capital

Authorised share capital:

| | 2012 | 2011 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| 10,000,000 Ordinary shares of £1 each | <u>10,000,000</u> | <u>10,000,000</u> |

Pacific Leisure & Media Limited

Notes to the Financial Statements

for the year ended 30 June 2012

18. Share capital *(continued)*

Allotted, called up and fully paid

| | 2012 | | 2011 | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | No | £ | No | £ |
| 2,000,000 Ordinary shares of £1 each | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,000,000</u> |

19. Reserves

| Group | Profit and loss account £ |
|--|---------------------------------|
| Balance brought forward | (1,468,477) |
| Loss for the year | (1,091,279) |
| Foreign exchange adjustments - subsidiary entities | 96,811 |
| Balance carried forward | <u>(2,462,945)</u> |
| Company | Profit and loss account £ |
| Balance brought forward | (962,357) |
| Loss for the year | (576,481) |
| Balance carried forward | <u>(1,538,838)</u> |

20. Reconciliation of movements in shareholders' funds

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Loss for the financial year | (1,091,279) | (811,684) |
| Foreign exchange adjustments - subsidiary entities | 96,811 | 51,049 |
| Net reduction to shareholders' funds | <u>(994,468)</u> | <u>(760,635)</u> |
| Opening shareholders' funds | 531,523 | 1,292,158 |
| Closing shareholders' (deficit)/funds | <u>(462,945)</u> | <u>531,523</u> |

21. Capital commitments and contingencies

There were no contingent liabilities or capital commitments at 30 June 2012 (2011 £nil)

22. Ultimate controlling party

In the opinion of the directors the ultimate controlling part of the Company is JL Beckwith