

# YOLO

Leisure & Technology PLC

Annual Report  
30 September 2015

**YOLO LEISURE AND TECHNOLOGY PLC**  
**REPORT AND FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS AND OFFICERS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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<b>Directors</b>	S L Robinson (Chairman) M S Bhatti
<b>Secretary</b>	S T Nicolson
<b>Company number</b>	04488281
<b>Registered Office</b>	18 Buckingham Gate London SW1E 6LB <a href="http://www.yolopl.com">www.yolopl.com</a>
<b>Nominated adviser</b>	Cairn Financial Advisors LLP 61 Cheapside London EC2V 6AX
<b>Auditors</b>	haysmacintyre 26 Red Lion Square London WC1R 4AG
<b>Solicitors</b>	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE1 3DX
<b>Registrars</b>	Share Registrars Limited 27-28 Eastcastle Street London W1W 8DH
<b>Website</b>	<a href="http://www.yolopl.com">www.yolopl.com</a>

# **YOLO LEISURE AND TECHNOLOGY PLC**

## **CHAIRMAN'S STATEMENT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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#### **Introduction**

I am pleased to present our first full year annual report for YOLO Leisure & Technology plc ("YOLO" or the "Company"), covering the year ended 30 September 2015. During this period we have successfully fulfilled AIM Rule 15 and established YOLO as an investment company by investing into three highly innovative businesses. Each of these businesses is leading in its sectors and all have exciting visions and strategies for value creation. We are continuing to identify further prospects that meet our criteria within the leisure and technology sectors.

#### **Financial Review**

As a reminder it is worth noting that since all trading subsidiaries were disposed under the CVA arrangements on 17 July 2014, the Company is no longer a Group and as such the comparatives in the Statement of Comprehensive Income refer to the Company only. Following the sale of all trading subsidiaries the Company embarked on implementing its investment policy.

The Company made three investments during the year and raised further funds of £576,000 by placing of new shares.

#### **Investments made during the year:**

##### **GFinity Plc**

The Company invested £300,000 to subscribe for 1,764,705 shares on 17 December 2014. A further £64,650 was invested on 26 January 2015 in acquiring 378,318 shares. The total investment of £364,650 represented an investment in GFinity Plc of 2.75%.

GFinity is an end to end eSports (also known as competitive gaming) solution, founded in 2012. GFinity has quickly established itself as one of the world's leading eSports companies, capable of providing an end to end solution and with a strong reputation for quality across publishers, players and eSports fans. It stages elite tournaments for the top players in the world, producing industry leading broadcasts and providing on-line competitions and content to engage the eSports community.

The gaming industry has been growing at an average of 10% year-on-year and is now more valuable than both the music and film industries. This is part of a revolution in the way that millennials consume media. According to Newzoo (The Global Growth of eSports: Trends and Audiences towards 2017) the global games market is growing rapidly and will reach a value of over \$100 billion by 2017. At the end of 2014, it was estimated that there were 205 million eSports enthusiasts globally, expected to grow to 335 million in 2017. eSports Fans typically watch 41.8 hours of eSports content per month, which compares to a total of 23 hours per month for football, and major brands are starting to engage.

In 2015, GFinity staged 30 international events, achieved 480,000 registered users, 58.5 million views, 4.2 million sessions, 200,000 games played and 8.15 million Twitter impressions per month. GFinity has strong potential for monetising commercial rights attached to broadcasts and events, with access to a wide range of ancillary revenue streams such as sponsorship, advertising, broadcast rights, pay per view, data, 3<sup>rd</sup> party events and promotions, Pay to Play, Ticketing, Betting, Fantasy and an Xbox App (Build Your Own Tournament).

##### **Simplestream Limited**

On 28 January 2015, the Company made its second investment of £550,000 for 5.1% of Simplestream Ltd, a company that has a B2B and B2C offering.

YOLO's investment has been into two growing and highly innovative TV platforms, namely Simplestream and TV Player, both of which are undergoing growth in a market where user behaviour is transforming the way content is distributed and consumed. These types of services, which deliver television content over the internet, are called Over The Top or OTT services. Such is the demand for watching television online, OTT services are forecast to grow from \$25 billion in 2014 to \$54 billion in 2029 (source: Markets & Markets - OTT Market Report 2014-2019), with over

## **YOLO LEISURE AND TECHNOLOGY PLC**

### **CHAIRMAN'S STATEMENT (CONTINUED)**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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\$1 billion generated each year in the UK. The growth of OTT viewing is fueled by the continued growth of smartphone, tablet and so called "streaming stick" sales.

Simplestream is a leading, profitable, SaaS long term licence B2B provider of video services including live streaming, automated catch-up and live-to-Video On Demand (VOD) solutions. The service provides media owners and content creators of any size to deliver premium live-streaming, catch-up and automated live-to-VOD services to ensure the highest quality performance for multi-channel and multi-territory content delivery. Simplestream's Media Manager platform delivers an industry-leading live-to-VOD turnaround time of less than a minute, helps providers deliver more of the content consumers want, faster and across any device. Media Manager now uniquely provides a one-stop shop for broadcasters to provide catch-up services across platforms such as YouView, Freesat, Freeview, in addition to mobiles, tablets, Amazon Fire, AppleTV, SmartTV's and other connected devices.

Simplestream's proprietary Media Manager technology provides Over-The-Top (OTT) live streaming services, live video on demand, as well as video-centric software apps and CatchupTV functionality across TV, computer, mobile, tablet and other connected devices. Simplestream supports broadcasters and rights owners with a Technology Services Ecosystem through the development of the full range of multiplatform video distribution including live streaming, real-time highlights clipping, catch-up, social syndication and subscription management services whenever needed.

The Simplestream platform has been adopted by leading entertainment broadcasters including QVC, Box Plus Network, Scripps, Turner and Discovery Networks to deliver streamlined simulcasting, real-time editing and live-to-VOD publishing of multiple channels, to any platform and device within a single unified workflow. The company has also recently announced a strategic partnership with sports distribution experts MP & Silva.

The second is TVPlayer, a next generation B2C Over-The-Top (OTT) TV platform now in regular use by over 540,000 monthly active users. TVPlayer is a disruptor using its in-house technology platform to reach the next generation of TV viewer who are intent on watching their media content online, whether at home or on the go. TVPlayer is fully-licensed having entered into multi-year content licensing agreements with a wide range of both free-to-air and subscription television broadcasters. It streams over 100 of the UK's most popular TV channels to PCs, mobiles, tablets, Apple TV, Amazon Fire TV, Samsung Smart TV and various set-top-boxes.

TVPlayer generates revenue through two business models; firstly an ad-supported free to air TVPlayer service with +100 channels and secondly a paid subscription service with TVPlayer Plus, which is the first service of its kind to offer premium channels in the UK without a contract, providing 25 additional premium channels for a monthly fee of between £4.99 to £6.99. Launched in October 2015 with no marketing to date TVPlayer Plus already has an impressive 5,000 subscribers paying a monthly fee with a further 5,000 trialists.

Both TV Player and Simplestream businesses are well positioned to capitalise on the growth and user opportunities within the UK and International markets.

#### **AudioBoom Plc**

On 23 February 2015, the Company acquired 2,500,000 shares in AudioBoom Plc for £245,488 and a further 1,000,000 shares were acquired on 8 September 2015 for £30,166.

Audioboom is an audio player software platform that enables the creation, broadcast and syndication of audio content across multiple networks and geographies. The platform enables partners to deliver their content to millions of listeners worldwide via embedded (in websites) players, mobile applications, Facebook & Twitter integration. In the UK and US around 90% of the adult population still listen to radio and advertisers spend billions to reach them. However, the listening experience is shifting from streams to podcasting or radio on demand and advertisers are willing to pay more for the targeted "listens". The platform enables short-form audio playback over a number of channels; embedded in their own website, via the Audioboom website and app, Twitter or Facebook feeds, and submitted to iTunes as a podcast.

## YOLO LEISURE AND TECHNOLOGY PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2015

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Audioboom's advertising based model focuses on professional content with the aim to replicate the success of Spotify in music and YouTube in video. Being the first-mover in spoken word has enabled Audioboom to sign the leading content owners, providing barriers to entry. The strategy is to create the world's first aggregated audio content creation, syndication and advertising network based on a revenue share model with partners. Audioboom has chosen to focus on professional content and has signed over 6,000 active content channels so far, including the BBC, Telegraph, Cumulus Media, Sky Sports, Premier League, Reuters, CNBC, Universal, Fox, Associated Press, News International, Astro (Malaysia) and the recently announced Eros International (India). Many of these partners have multiple audio channels. The short-term focus of Management is on signing additional large US and Australian radio stations and adding to the partner list in Asia and India. Management expect to complete the development of a mid-roll dynamic insertion tool by end Q1'16 which will significantly increase the available ad slots on each audio listen i.e. on a 20 minute broadcast the opportunity to place 4 adverts at 5 minute intervals rather than simply pre and post.

Management has spent two years building a leading cloud audio software platform for the spoken word with global content partners and 30m listens a month. Audioboom is scalable and operates in a global market serving an international audience with 4.6m registered users split approximately 32% in the UK, 48% in the US, 10% 14% in Asia and 4% in Australia. While its content is mostly English language, there is no barrier to content in other languages. Going forward the company expects the highest listens growth in the US and Asia (driven by momentum in partner content rather than Audioboom B2C marketing). Each "listen" is a revenue opportunity for the Company. Total listens for the fourth quarter were over 94m (a new quarterly record), with November setting a new monthly record of 33 million. Total listens for FY15 exceeded 300 million (12 months to 30 November 2014: 180 million).

The focus now switches to monetising the strategy. Audioboom forecasts 0.6bn "listens" for the year 2016 supporting £1m of sales and providing a base for a revenue ramp in FY17. Deals such as the Google partnership and the \$1bn+ valuations of leaders in music streaming highlight the potential reward.

#### Placing of shares

On 27 January 2015 the Company placed 32,000,000 shares at 1.8p and raised £576,000 before costs. As part of the placing, the Company also issued 8,000,000 warrants to subscribe for new ordinary shares in the Company at 1.8p per share. The funds were used for investment and working capital.

Additional funds were raised during the year by exercise of subscriber warrants as detailed below

Date	Number of shares issued	Exercise price (p)	Funds received £
14 December 2014	3,557,692	1.3	46,250
16 April 2015	389,423	1.3	5,062
21 May 2015	961,538	1.3	12,300
25 September 2015	19,250	1.3	251

#### Investment Strategy

Our vision is to be a successful and profitable investment company focussing on technology, travel and leisure businesses. We will achieve this by identifying early stage or turnaround opportunities that require investment and/ or have potential for a reverse takeover. We will invest into businesses with content and delivery capability that engage customers, monetise the user experience and have potential to scale.

## **YOLO LEISURE AND TECHNOLOGY PLC**

### **CHAIRMAN'S STATEMENT (CONTINUED)**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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The Company's Investing Policy is that the Company will invest in businesses which have some or all of the following characteristics:

- strong management with a proven track record;
- ready for investment without the need for material re-structuring by the Company;
- generating positive cash flows or imminently likely to do so;
- via an injection of new finances or specialist management, the Company can enhance the prospects and therefore the future value of the investment;
- able to benefit from the Directors' existing network of contacts; and
- the potential to deliver significant returns for the Company.

The Company will focus on opportunities in the travel, technology and leisure sectors.

Whilst the Directors will be principally focused on making an investment in private businesses, they would not rule out investment in listed businesses if this presents, in their judgment, the best opportunity for Shareholders.

The Company intends to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment. In respect of other, more substantial investment opportunities, the Directors expect that the Company will be more of a passive investor.

The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The Directors will also consider appointing additional Directors with relevant experience if required.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

The Company's primary objective is that of securing for the Shareholders the best possible value consistent with achieving, over time, both capital growth and income for Shareholders through developing profitability coupled with dividend payments on a sustainable basis

#### **Outlook**

We recognise that our three current investments are continuing to execute their strategic and growth plans to monetise and engage their content and users and build on the impressive foundations that have been laid. We will continue to pursue and evaluate opportunities that meet our investment criteria.

#### **Post Year End Placing of shares**

On 9 February 2016, the Company completed a placing of 40,000,000 shares at a price of 1.5p raising total gross funds of £600,000. As part of the placing the Company also issued 10,000,000 warrants to subscribe for new ordinary shares in the Company at 1.8p per share.

**YOLO LEISURE AND TECHNOLOGY PLC**

**CHAIRMAN'S STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Further investment**

On 29 January 2016, the Company completed a further investment in Simplestream Ltd by investing £257,384 through a convertible loan note in Simplestream ("Loan Notes"). The Loan Notes bear interest at a rate of 8% per annum and are repayable on or before 16 July 2018. In the event that the Loan Notes are not repaid by that date, or if Simplestream raises at least £500,000 through an issue of equity, the Loan Notes are convertible at the option of the Company into equity shares in Simplestream.

The Board has evaluated a number of potential investments during the year and continues to look at opportunities in the technology, travel, leisure and media sectors and will only make investments in those projects that the Board believes will create value for shareholders.

I would also like to thank our shareholders and advisors for continuing to show support in the Board and its vision.

Simon Robinson  
Chairman

Date: 23 March 2016



# **YOLO LEISURE AND TECHNOLOGY PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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#### **Principal Activity**

The Company became an investment company on 11 July 2014 and focuses on opportunities in the technology, travel, leisure and media sectors.

#### **Business Review and Future Developments**

A review of the business during the year and the likely future direction are explained in the Chairman's Statement on page 2.

#### **Risk and Uncertainties**

The Company is subject to a number of risks and uncertainties. The Board of Directors is responsible for establishing internal controls, reviewing them for their effectiveness and mitigating risk. The key risks and how they are mitigated are detailed below:

- Company's performance can be affected by general economic downturn. Forward looking indicators are regularly reviewed to identify varying market conditions.
- Cost base is reviewed regularly and the current management structure in place allows management to respond to changing circumstances very quickly.
- Performance of investments will be a risk to the Company in the future. To mitigate the risks inherent in making investments the Company should carry out sufficient due diligence on acquisitions and monitor the performance of investments by regular review of financial information.
- As an investment company the Directors will continue to ensure that there are sufficient funds in place to support the continuing investment strategy.

#### **Key performance indicators**

Due to investments occurring in the current period, the Board is considering KPI's against which to benchmark the company's performance.

#### **Approval**

This report was approved by the Board of Directors and authorised for issue on 23 March 2016 and signed on its behalf by:

S Robinson  
Director

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

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The Directors present their report together with the financial statements for the year ended 30 September 2015.

#### Directors and Directors' Interests

The Directors who served during the year and their interest in the shares of the Company are detailed below:

	No of Shares	No of Warrants
	At 30 September 2014 and 2015	
S L Robinson	5,660,432	4,461,538
M S Bhatti	-	1,500,000

#### Directors' Indemnity Insurance

Directors' and Officers' liability insurance is held by the Company.

#### Substantial shareholders

As at 23 March 2016 the Company had been notified of the following interest of 3% or more in the nominal value of the Company, save for the Directors whose interests are disclosed above:

Shareholder	Number	%
Pershing Nominees Ltd	32,500,000	18.16%
Beaufort Nominees Ltd	19,000,000	10.62%
Chris Akers	9,347,115	5.22%
Hargreave Hale	7,692,307	4.30%
MD Barnard	7,650,000	4.28%

#### Statement of disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Post balance sheet events

#### Placing of shares

On 9 February 2016, the Company completed a placing of 40,000,000 shares at a price of 1.5p raising total gross funds of £600,000. As part of the placing, the Company also issued 10,000,000 warrants to subscribe for new ordinary shares in the Company at 1.8p per share.

#### Further investment

On 29 January 2016, the Company completed a further investment in Simplestream Ltd by investing £257,384 through a convertible loan note in Simplestream ("Loan Notes"). The Loan Notes bear interest at a rate of 8% per annum and are repayable on or before 16 July 2018. In the event that the Loan Notes are not repaid by that date, or if Simplestream raises at least £500,000 through an issue of equity, the Loan Notes are convertible at the option of the Company into equity shares in Simplestream.

**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Going concern**

The Directors have prepared a cash flow forecast for the 12 months to 31 March 2017. Having considered all known costs, the Board is of the opinion that there are sufficient funds available to continue as a going concern for the foreseeable future. The Board is also planning to raise additional funds to continue to carry out its investment strategy as opportunities arise.

**Dividends**

The Board does not propose to pay any dividend for the year (2014 – Nil).

The report was approved by the Directors on 23 March 2016 and signed on its behalf by:

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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The Company is committed to applying the highest principles of corporate governance commensurate with its size.

The Board of Directors is accountable to shareholders for the good corporate governance of the Company. As the Company is listed on AIM, it is not required to comply in full with the provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council, nor is it required to comment on its compliance with the provisions.

However, the following information is provided, which describes how the principles of corporate governance are applied by the Company.

**Board structure**

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy and meets regularly. The Directors are free to seek further information they consider necessary from the Company advisors including Company Secretary.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information.

There are no formal procedures for the Directors to take independent professional advice at the Company's expense.

The Board consists of two Directors who bring a wealth of experience and knowledge.

All Directors submit themselves for re-election at the Annual General Meeting at regular intervals.

The following committees deal with specific aspects of the Company's affairs.

**Audit Committee**

The Audit Committee comprises of Simon Robinson (Chairman of the committee) and Sohail Bhatti. The meeting can also be attended by external auditors.

Because of the size of the Company and lack of Non-Executive Directors, the Financial Director is currently attending Audit Committee meetings. It is the intention that he will stand down when new Directors are appointed.

The remit of the committee is to review:

- the appointment and performance of the external auditors
- the independence of the auditors
- remuneration of both the audit and non-audit work and nature and scope of the audit with external auditors
- the interim and final financial reports and accounts
- the external auditor's management letter and management's responses
- the system of risk management and internal controls
- operating, financial and accounting policies and practices, and
- to make related recommendations to the Board.

The audit committee meets twice a year.

## **YOLO LEISURE AND TECHNOLOGY PLC**

### **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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#### **Remuneration committee**

As the Company is in the early stages of building an investment portfolio the Company has elected not to have a separate remuneration committee. The Board as a whole will instead review the scale and structure of Directors' fees taking into account the interest of the shareholders and the performance of the Company. This will be regularly reviewed as the investment strategy of the company develops. A non-executive Director will be considered at the appropriate time.

#### **Nominations Committee**

At present there is no separate nominations committee due to size of the Board. All Directors are subject to re-election at regular intervals.

#### **Internal controls**

The Board is responsible for maintaining sound systems of internal controls to safeguard both the shareholders' investment and the Company's assets. Systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. However no system of internal control can provide absolute assurance against material misstatement or loss.

The Company maintains a comprehensive process of financial reporting. The Board meets regularly to discuss all issues affecting the Company and all investment decisions are appraised, reviewed and approved by the Board.

The Board regularly reviews the effectiveness of the system of internal controls and considers the major business risks and the control environment. No significant control deficiencies have come to light during the period and no weaknesses in financial controls have resulted in any material losses, contingencies or uncertainties which would require as recommended by guidance for Directors on reporting on internal control.

The Board considers that in light of the control environment described above, there is no current requirement for an internal audit function.

#### **Relations with shareholders**

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance.

The Chairman is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting (AGM), private investors are given opportunity to question the Board.

This report and the financial statements will be presented to the shareholders for their approval at the AGM. The notice of the AGM will be issued to the shareholders together with the annual report.

#### **Going concern**

The Directors have prepared a cash flow forecast for the 12 months to 31 March 2017. Having considered all known costs, the Board is of the opinion that there are sufficient funds available to continue as a going concern for the foreseeable future. The Board is also planning to raise additional funds in due course to continue to carry out its investment strategy as opportunities arise.

Simon Robinson  
Director

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS' REMUNERATION REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### Directors' remuneration

The Board recognises that the Directors' remuneration is of legitimate concern to shareholders and is committed to following best practice. The Company operates within a competitive environment and its performance depends on individual contributions of the Directors and employees. It believes in rewarding vision and innovation. The Board has decided to present this remuneration report for approval by the shareholders.

#### Remuneration policy

Policy of the Board is to provide an executive remuneration package designed to attract, motivate and retain Directors of calibre necessary to maintain the Company's position to reward them for enhancing shareholder return. The Company aims to provide sufficient levels of remuneration to achieve its objective but to avoid paying more than is necessary. The remuneration should also reflect the Directors' responsibilities and include incentives to deliver the Company's objectives. The notice period for termination of the Executive Director's service contracts is 3 months.

#### Details of Directors' remuneration

This report should be read in conjunction with note 7 to the financial statements, which also forms part of this report.

<b>Directors' emoluments</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind by director are as follows:		
Steve Harray (resigned 17 April 2014)	-	39,316
Steve Chambers (resigned 18 July 2014)	-	28,191
Simon Robinson	37,000	5,000
Sohail Bhatti	38,581	5,000
	<u>75,581</u>	<u>68,507</u>

No Director benefitted from any increase in the value of share options during the year. No Director exercised share options in the year.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes was Nil (2014: 1). The total contributions payable during the year amounted to £Nil (2014: £975).

Share options held by the Directors are as follows:

	<b>Share Options</b>	
	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson (exercise price 1.3p, expires 15 July 2017)	4,461,538	4,461,538
Sohail Bhatti (exercise price 1.3p, expires 15 July 2017)	1,500,000	1,500,000
	<u>5,961,538</u>	<u>5,961,538</u>

**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS' REMUNERATION REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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*Non- Executive Directors*

Since 17 July 2014 there have been no non-executive directors on the Board.

The Company will seek to appoint non-executive directors to the Board in due course. Non-executive directors will not have a contract of service but a letter of appointment. The remuneration will be determined by the Board as a whole and will reflect commitment and time required and the level of fees in similar companies.

**Approval**

This report was approved by the Board of Directors and authorised for issue on 23 March 2016, and signed on its behalf by:

Simon Robinson  
Director

## **YOLO LEISURE AND TECHNOLOGY PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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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. The Directors are required by the AIM rules of the London Stock Exchange to prepare group financial statements in accordance with International Reporting Standards ("IFRS") as adopted by the European Union ("EU") and to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 of the profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs adopted by the EU;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Yolo Leisure and Technology Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ in other jurisdictions.



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF YOLO LEISURE AND TECHNOLOGY PLC

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We have audited the financial statements of Yolo Leisure and Technology Plc for the year ended 30 September 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 14, 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2015 and of the loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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

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

Ian Cliffe  
Senior Statutory Auditor  
for and on behalf of haysmacintyre  
Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG

23 March 2016

**YOLO LEISURE AND TECHNOLOGY PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Notes	2015 £	2014 £
Revenue	2	-	95,578
Cost of sales		-	(91,538)
<b>Gross profit</b>		-	4,040
Other income	3	9,333	-
Administrative expenses		(287,651)	(379,018)
Unrealised gains on remeasurement to fair value		33,041	-
<b>OPERATING LOSS BEFORE FINANCING ACTIVITIES AND DISPOSAL OF TRADING ACTIVITIES</b>		(245,277)	(374,978)
Other gains and losses	4	-	(261,452)
Finance income	5	357	1,514
Finance costs	6	-	(3,214)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>	7	(244,920)	(638,130)
Tax charge	11	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAX</b>		(244,920)	(638,130)
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>		(244,920)	(638,130)
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:</b>			
Equity holders of the company		(244,920)	(638,130)
<b>Loss per share (pence per share)</b>			
Basic and diluted	12	(0.19)p	(0.21)p

**YOLO LEISURE AND TECHNOLOGY PLC**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Notes	2015 £	2014 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	13	1,230,846	-
		<u>1,230,846</u>	<u>-</u>
<b>Current assets</b>			
Trade and other receivables	14	16,549	7,597
Cash and cash equivalents		41,901	912,301
		<u>58,450</u>	<u>919,898</u>
<b>TOTAL ASSETS</b>		<u>1,289,296</u>	<u>919,898</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	38,864	35,809
<b>Total liabilities</b>		<u>38,864</u>	<u>35,809</u>
<b>Equity</b>			
Issued capital	16	2,182,954	1,813,675
Share premium account		7,439,303	7,197,319
Retained earnings		(8,371,825)	(8,126,905)
<b>Total equity attributable to equity shareholders of the parent</b>		<u>1,250,432</u>	<u>884,089</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,289,296</u>	<u>919,898</u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2016, and were signed below on its behalf by:

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Share capital £	Share Premium Account £	Share Based payments £	Other reserves £	Retained Earnings £	Total £
<b>At 1 October 2013</b>	905,065	7,160,948	81,415	11,459	(7,581,649)	577,238
Total comprehensive expense for the year	-	-	-	-	(638,130)	(638,130)
Transfer to retained earnings	-	-	(81,415)	(11,459)	92,874	-
<b>Transactions with owners</b>						
Shares issued	908,610	272,583	-	-	-	1,181,193
Cost of new issue	-	(236,212)	-	-	-	(236,212)
<b>At 1 October 2014</b>	1,813,675	7,197,319	-	-	(8,126,905)	884,089
Total comprehensive expenses for the year	-	-	-	-	(244,920)	(244,920)
<b>Transactions with owners</b>						
Shares issued	369,279	270,784	-	-	-	640,063
Cost of new issue	-	(28,800)	-	-	-	(28,800)
<b>At 30 September 2015</b>	2,182,954	7,439,303	-	-	(8,371,825)	1,250,432
<b>Other reserves</b>				<b>Merger Reserve £</b>	<b>Shares held by ESOP £</b>	<b>Total £</b>
<b>At 1 October 2013</b>				16,000	(4,541)	11,459
Transfer to retained earnings				(16,000)	4,541	(11,459)
<b>At 30 September 2014 and 30 September 2015</b>				-	-	-

**YOLO LEISURE AND TECHNOLOGY PLC**

**STATEMENT OF CHANGES IN EQUITY (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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**Share capital**

Represents the par value of shares in issue.

**Share premium**

Represents amounts subscribed for share capital in excess of its nominal value, net of directly attributable issue costs.

**YOLO LEISURE AND TECHNOLOGY PLC****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 SEPTEMBER 2015**

---

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Loss for the year	(244,920)	(638,130)
Adjustments for:		
Depreciation of property, plant and equipment	-	3,010
Loss on disposal of property, plant and equipment	-	3,646
(Increase)/Decrease in trade and other receivables	(8,952)	523,463
Increase/(Decrease) in trade and other payables	3,055	(121,589)
Net finance (income)/expense	(357)	1,700
Other gains on disposal of investments and write back on CVA	-	196,868
Unrealised gains on remeasurement to fair value	(33,041)	-
	<hr/>	<hr/>
<b>Net cash used in activities</b>	(284,215)	(31,032)
	<hr/>	<hr/>
<b>Investing activities</b>		
Payments to acquire investments	(1,197,805)	-
Interest received	357	1,514
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	(1,197,448)	1,514
	<hr/>	<hr/>
<b>Financing activities</b>		
Net proceeds from issue of shares	611,263	944,981
Interest paid	-	(3,214)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	611,263	941,767
	<hr/>	<hr/>
Taxation	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	(870,400)	912,249
Cash and cash equivalents at the start of the year	912,301	52
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	41,901	912,301
	<hr/>	<hr/>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	41,901	912,301
	<hr/> <hr/>	<hr/> <hr/>

# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation

The financial statements have been prepared in accordance with EU endorsed International Accounting Standards and International Financial Reporting Standards (collectively “IFRS”) and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in sterling and have been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments (IAS 39).

The Company is a public listed company, quoted on AIM and is incorporated and domiciled in the UK.

##### **Adoption of international accounting standards**

###### *Standards adopted early by the Company*

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. There were no new standards, amendments or interpretations that are expected to have a material impact on the Company.

##### 1.2 Going Concern

The Company had net assets of £1,250,432 as at 30 September 2015 (2014 net assets of £884,089) and generated a loss before tax of £244,920 (2014: £638,130) in the reporting period.

The Directors have prepared a cash flow forecast for the 12 months to 31 March 2017. Having considered all known costs, the Board is of the opinion that there are sufficient funds available to continue as a going concern for the foreseeable future. The Board is also planning to raise additional funds to continue to carry out its investment strategy as opportunities arise.

In light of this and after taking into account all information that could reasonably be expected to be available, the Directors are confident that the Company will remain in operational existence for the foreseeable future and that the going concern basis of preparation is appropriate to the Company’s financial statements.

##### 1.3 Revenue

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at fair value of consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

##### 1.4 Interest income

Interest income is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### 1.5 Deferred taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company’s liability to current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

## YOLO LEISURE AND TECHNOLOGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Deferred taxation (continued)

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or if the initial liabilities in a transaction that affect either the taxable profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

##### 1.6 Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company has become a party to the contractual provisions of the instrument.

###### Investments

Equity investments are initially recognised at cost, being the consideration paid. All investments are classified at fair value through profit or loss and measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income in the year in which they arise. In respect of unquoted investments (Level 3) fair value is determined by reference to a variety of valuation techniques. In respect of quoted or listed investments (Level 1) the value is based on the closing mid-market price recorded by the relevant market.

###### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term deposits with maturities of three months or less. Bank overdrafts also form part of net cash and cash equivalents for the purposes of the cash flow statement.

###### Trade and other receivables

Trade and other non-interest bearing receivables are initially recognized at cost and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective and probable evidence that it is uncertain if the amount due can be collected. Movement in the provision charged or credited in the period is recognized in the income statement.

The Company discounts some of its trade receivables. The accounting policy is to continue to recognize the trade receivables within current assets and to record cash advances as borrowings within current liabilities. Discounting fees are charged to the income statement as finance costs.

###### Trade and other payables

Trade and other payables are not interest bearing and are initially recognized at cost and are subsequently measured at amortised cost using the effective interest method.

###### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.



# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Share based payments

The Company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. Fair value is measured by use of a Black Scholes model. The expected life use in the model has been adjusted based on management's best estimated, for the effect of non-transferability, exercise restrictions, and behavioral considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the option at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

##### 1.8 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience, internal controls, advice from external experts and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

#### 2. REVENUE

An analysis of revenue is as follows:

	2015 £	2014 £
UK Sales	-	78,396
Non-UK sales	-	17,182
	<u>-</u>	<u>95,578</u>

#### 3. OTHER INCOME

	2015 £	2014 £
Management fees	9,333	-
	<u>9,333</u>	<u>-</u>

#### 4. OTHER GAINS AND LOSSES

	2015 £	2014 £
Loss on disposal of subsidiaries	-	261,452
	<u>-</u>	<u>261,452</u>

Loss on disposal includes the write off of the initial investment, associated loans and costs, and the write back of creditors on the Creditors Voluntary Arrangement in June 2014.

#### 5. FINANCE INCOME

	2015 £	2014 £
Bank interest received	357	1,514
	<u>357</u>	<u>1,514</u>

**YOLO LEISURE AND TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

<b>6. FINANCE COSTS</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest on bank loans and overdrafts	-	81
Interest on obligations under finance lease	-	1,316
Interest on other loans	-	1,817
	<u>-</u>	<u>3,214</u>
	<u><u>-</u></u>	<u><u>3,214</u></u>
<b>7. LOSS FOR THE YEAR BEFORE TAX</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Loss for the year is stated after charging/(crediting):</b>		
Depreciation		
- on owned assets	-	3,010
Auditors' remuneration		
- audit services	10,730	15,250
- non-audit services	1,500	750
	<u>12,230</u>	<u>16,010</u>
	<u><u>12,230</u></u>	<u><u>16,010</u></u>
<b>8. DIRECTORS' EMOLUMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind, by director, are as follows		
Steve Harrhy	-	39,316
Steve Chambers	-	28,191
Simon Robinson	37,000	5,000
Sohail Bhatti	38,581	5,000
	<u>75,581</u>	<u>77,507</u>
Aggregate emoluments	<u><u>75,581</u></u>	<u><u>77,507</u></u>

No director benefitted from any increase in the value of share options during the year. No director exercised share options in the year.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes was Nil (2014: 1). The total contributions payable during the year amounted to £Nil (2014: £975).

No new warrants were awarded to Directors during the year. Warrants held at the end of the year are detailed below

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson (exercise price 1.3p, expires 15 July 2017)	4,461,538	4,461,538
Sohail Bhatti (exercise price 1.3p, expires 15 July 2017)	1,500,000	1,500,000
	<u>5,961,538</u>	<u>5,961,538</u>
	<u><u>5,961,538</u></u>	<u><u>5,961,538</u></u>

**YOLO LEISURE AND TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**9. STAFF COSTS**

The average monthly number of employees (including Directors) during the year was

Administration  
Sales

<b>2015</b>	<b>2014</b>
<b>Number</b>	<b>Number</b>
2	3
-	2
<u>2</u>	<u>5</u>

**Employment costs**

Wages and salaries  
Social security costs  
Other pension costs

<b>£</b>	<b>£</b>
58,000	176,386
2,661	15,964
-	975
<u>60,661</u>	<u>193,325</u>

**10. PENSION COSTS**

The Company operated a defined contribution pension scheme until 2014. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Contributions payable by the Company for the year	-	4,975
Contributions payable at the year end included in other payables	-	-

**11. TAXATION**

**11(a) Current year tax**

UK corporation tax (note 11(b))

<b>2015</b>	<b>2014</b>
<b>£</b>	<b>£</b>
-	-

**11(b) Factors affecting the tax charge for the year**

Loss on ordinary activities before taxation

(277,961)	(638,130)
-----------	-----------

Loss on ordinary activities before taxation multiplied by the main rate of UK corporation tax 20% (2014: 22%)

(55,592)	(140,389)
----------	-----------

Effects of:

Non deductible expenses

-	24,530
---	--------

Non taxable income

-	(183,896)
---	-----------

Accelerated capital allowances

-	846
---	-----

Other timing differences

-	41,294
---	--------

Utilisation of tax losses

-	257,615
---	---------

Carried forward management expenses

(55,592)	-
----------	---

**Current tax charge**

-	-
---	---

**YOLO LEISURE AND TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**12. LOSS PER SHARE**

The calculations of loss per share are based on the following losses and number of shares.

	<b>2015</b>		<b>2014</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
Loss for the financial year	(244,920)	(244,920)	(638,130)	(638,130)
Weighted average number of shares for basic and diluted loss per share	126,908,817	126,908,817	30,799,702	30,799,702

In accordance with the provisions of IAS33 in 2015 and 2014 shares under option were not regarded as dilutive in calculating diluted earnings per share.

**13. INVESTMENTS**

	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 October 2014	-	-	-
Additions during the year	640,305	557,500	1,197,805
Revaluation gain	33,041	-	33,041
At 30 September 2015	673,346	557,500	1,230,846
<b>Net book value</b>			
At 30 September 2015	673,346	557,500	1,230,846
At 30 September 2014	-	-	-

Investments are measured at fair value. The directors consider that the carrying amount of investments approximates to their fair value.

Level 1 reflects financial instruments quoted in an active market.

All unquoted investments are level 3 in the fair value hierarchy, being financial instruments whose fair value is determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The Company acquired the following investments during the year:

**Gfinity Plc**

On 17 December 2014 the Company acquired 2.27% holding in GFinity, an e-gaming business, for a consideration of £300,000. The investment was made pursuant to, and on the same terms as, a placing by GFinity share to AIM.

On 23 January 2015 the Company increased its holding in Gfinity to 2.75% by acquiring further shares for a consideration of £64,651.

**Simplestream Limited**

On 4 February 2015 the Company invested £557,500 (including costs) in 5.1% of the equity of Simplestream Limited, a company specialising in over the top television (OTT) services.

**Audioboom Plc**

On 23 February the Company acquired 2,500,000 shares in Audioboom Plc for a consideration of £245,488

On 8 September 2015 the Company acquired a further 1,000,000 shares in Audioboom Plc for a consideration of £30,166.

**YOLO LEISURE AND TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**14. TRADE AND OTHER RECEIVABLES**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade receivables	4,200	-
Prepayments and accrued income	3,163	3,630
Other receivables	9,186	3,967
	<u>16,549</u>	<u>7,597</u>

The Directors consider the carrying value of trade receivables to equal their fair value. The average credit period taken on sales of goods is 30 days (2014: Nil days). No interest is charged on receivables.

**15. TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other taxes and social security costs	4,705	-
Accruals and deferred income	34,159	35,809
	<u>38,864</u>	<u>35,809</u>

The Directors consider the carrying value of trade payables to equal their fair value.

**16. SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
As at 1 October 2014	1,813,675	905,065
Issue of 36,927,903 (2014: 90,860,947) Ordinary shares of 1p each	369,279	908,610
	<u>2,182,954</u>	<u>1,813,675</u>
At 30 September 2015	<u>2,182,954</u>	<u>1,813,675</u>
<b>The Company has the following classes of share capital</b>		
Ordinary shares (138,922,758 (2014:101,994,855) shares of 1p each)	1,389,228	1,019,949
Deferred shares (8,819,181 shares of 9p each)	793,726	793,726
	<u>2,182,954</u>	<u>1,813,675</u>

**Share transaction history**

During the 2015 financial year the following share transactions took place.

	<b>Quantity of 1p shares</b>	<b>Value £</b>
16 December 2014 Warrant exercise	3,557,692	35,577
28 January 2015 Placing	32,000,000	320,000
16 April 2015 Warrant exercise	389,423	5,062
21 May 2015 Warrant exercise	961,538	12,500
25 September 2015 Warrant exercise	19,250	250

**YOLO LEISURE AND TECHNOLOGY PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**16. SHARE CAPITAL (continued)**

The Ordinary shares have full voting rights, priority dividend rights and priority in the case of winding up.

The Deferred shares have no voting rights and shareholders are not entitled to any dividend, and only received the nominal amount paid up on their share after there shall have been distributed £1,000,000 to the holders of the Ordinary shares. The Deferred shares shall not entitle the holders thereof to any further or other right of participation in the assets of the Company.

**Warrants**

During the year warrants were granted as follows:

Type	Exercise price	Expiry date	Number
Placing warrants	1.8p	27 January 2018	8,000,000

	<b>Warrant Number</b>	<b>Exercise price pence</b>	<b>Expiry Date</b>
As At 1 October 2014	25,900,951	1.3p	15/07/2017
	3,059,846	1.3p	15/07/2019
	<u>28,960,797</u>		
Exercised during the year	(4,927,903)	1.3p	15/07/2017
Granted during the year	8,000,000	1.8p	27/01/2018
	<u>32,032,894</u>		
As At 30 September 2015	20,973,048	1.3p	15/07/2017
	3,059,846	1.3p	15/07/2019
	8,000,000	1.8p	27/01/2018
	<u><u>32,032,894</u></u>		

# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

#### 17. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and various items such as trade receivables and trade payables that arise directly from its operations.

##### Categories of fair values of financial assets and liabilities

Set up below is a comparison by category of the carrying amounts and fair values of the Company's financial instruments:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Cash and cash equivalents	41,901	912,301
Trade receivables	4,200	-
Other receivables	3,500	3,967
	<u>49,601</u>	<u>916,268</u>
<b>Total financial assets</b>	<b>49,601</b>	<b>916,268</b>
<b>Non-financial assets</b>		
Prepayments and accrued income	6,663	3,630
Other receivables	5,686	-
	<u>12,349</u>	<u>3,630</u>
<b>TOTAL ASSETS</b>	<b>58,450</b>	<b>919,898</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
Accruals	34,159	35,809
	<u>34,159</u>	<u>35,809</u>
<b>Non-financial liabilities</b>		
Other payables	4,705	-
	<u>4,705</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>38,864</b>	<b>35,809</b>

The fair value of the Company's financial assets and liabilities are not materially different from their carrying values in the statement of financial position, as such no fair value hierarchy analysis has been produced.

It is and has been throughout the period under review, the Company's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate movements, liquidity risk, and credit risk. The Directors do not consider there to be significant exposure to market or price risk.

##### Interest rate risk

It is the Company's policy to regularly review the Company's exposure to interest rate risk.

##### Financial assets

The Company's exposure to interest rate risk currently applies only to the interest received on cash deposits which is based on the NatWest base rate. The Company's floating rate cash balances at the year end were £35,357 (2014: £910,653).

## YOLO LEISURE AND TECHNOLOGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2015

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#### 17. FINANCIAL INSTRUMENTS (continued)

##### Liquidity risk

The principal risk to which the Company is exposed is liquidity risk. The nature of the Company's activities means it finances its operations through retained earnings and the issue of new shares to investors. The principal cash requirements are in relation to Company's investing policy and meeting working capital requirements. The Company seeks to manage liquidity through planning, forecasting, and careful cash management.

##### Credit risk

The Company carries out credit checks on potential customers and monitors and chases debts that are overdue to mitigate their credit risk.

##### Capital management

The Company's main objective when managing capital is to protect returns to shareholders by ensuring the Company will continue to invest and trade profitably in the foreseeable future. The Company also aims to maximise its capital structure of equity so as to minimise its cost of capital. The Company expects its current and projected capital resources to be sufficient to cover its existing liabilities.

The Company has not made any changes to its capital management during the year.

#### 18. ULTIMATE CONTROLLING PARTY

The Company is listed on AIM and there is no individual controlling party. The Directors' Report provides details of those shareholders with an individual holding exceeding 3% of issued share capital.

#### 19. RELATED PARTY DISCLOSURES

As well as remuneration of Directors (note 7), the following transactions fall within the scope of IAS 24 Related Party Disclosures.

During the year Sports Resource Group Limited, a company controlled by Chris Akers who is a significant shareholder in Yolo Leisure and Technology Plc was paid £28,800 (2014: £94,343) for corporate services relating to the new share issue. At the year end the Company owed £6,000 to Sports Resource Group Limited.

Simon Robinson's director's fees of £8,000 (2014: £5,000) were paid to Positive Thoughts Limited, a company controlled by him.

Sohail Bhatti's director's fees of £8,000 (2014: £5,000) were paid to Woodhouse Price Limited, a company controlled by him.

#### 20. POST BALANCE SHEET EVENTS

##### Placing of shares

On 9 February 2016, the Company completed a placing of 40,000,000 shares at a price of 1.5p raising total gross funds of £600,000.

##### Further investment

On 29 January 2016, the Company completed a further investment in Simplestream Ltd by investing £257,384 through a convertible loan note in Simplestream ("Loan Notes"). The Loan Notes bear interest at a rate of 8% per annum and are repayable on or before 16 July 2018. In the event that the Loan Notes are not repaid by that date, or if Simplestream raises at least £500,000 through an issue of equity, the Loan Notes are convertible at the option of the Company into equity shares in Simplestream.