

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 SEPTEMBER 2014**

**Company Registration Number: 04488281 (England and Wales)**

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**REPORT AND FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**DIRECTORS AND OFFICERS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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>	Cairns 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

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**Introduction**

I am pleased to welcome you to my first report as Chairman for YOLO Leisure and Technology Plc (YOLO), covering the year ended 30 September 2014.

**Financial Review**

YOLO Leisure and Technology Plc (formerly Pentagon Protection Plc) was readmitted to trading on AIM on 18 July 2014. The year under review has two distinct periods; the first culminating in the Company Voluntary Arrangement and winding up of legacy business, unrelated to YOLO, whilst enabling the new business to continue as an investing company under the Aim Rules for Companies. The second and more exciting period was the inception of YOLO as an investment business focusing on investment opportunities with high growth and innovative customer focus within the leisure and technology sectors.

At the General Meeting on 11 July 2014 the shareholders;

- approved the appointment of the new Directors of the Company;
- approved the Company Voluntary Arrangement ("CVA");
- approved the disposal of its trading subsidiaries;
- approved the adoption of an Investing Policy under AIM Rule 15 (see below);
- approved the appointment of Peterhouse Corporate Finance Limited ("Peterhouse") as Sole Broker and placing by Peterhouse of 47,046,148 new Ordinary Shares at a price of £0.013 to raise £611,600;
- approved the issue of warrants;
- and approved the change of name to YOLO Leisure and Technology Plc.

The shares issue in July were oversubscribed and as a result the Company was able to raise a further £475,250 before expenses, bringing the total funds raised to £1,086,850 before costs by issue of 83,603,831 new 1p ordinary shares.

A further 7,257,116 shares were issued to settle fees relating to corporate finance fees and fundraise.

I do not propose to dwell on the CVA as this has been well documented in previous announcements and circular issued on 24 June 2014 save to say the sale of the subsidiaries International Glass Solutions LLC (IGS) and Pentagon Protection Global Limited (PPG) were completed in July 2014 and the CVA was completed after the year end in December 2014.

On 22 May 2014 the subsidiary SDS Group Limited (SDS), the Groups' security division, was sold to H ElZayn for a total consideration of £190,000 on an intercompany debt free basis. Then on the 11 July 2014 at a Shareholder General Meeting it was further agreed that the Goodwill and fixed assets of the film division be transferred to a newly formed subsidiary Pentagon Protection Global Limited (PPG). The shares of PPG were then transferred to H ElZayn, the secured creditor of the Company, in consideration for both the waiver of his security and claims including the remaining balance of the loan of £150,000 payable to him by the Company.

Under the CVA arrangements the Company paid £32,800 into the CVA and a further £20,000 towards the cost of the CVA. The CVA concluded on 9 December 2014 with a payout of 9p/£ to registered unsecured creditors.

The Group made an operating loss of £501,921 (2013 – profit £549,990) during the year. An operating loss of £291,576 was attributable to discontinued operations and an operating loss of £210,345 was attributable to continuing operations. All subsidiaries were disposed of during the year resulting in a loss of £91,570 and leaving a clean investment shell for the new team to pursue its investment strategy on behalf of its shareholders.

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CHAIRMAN'S STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**Investment Strategy**

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**

YOLO has been an investment company since July 2014, and with the appointment of myself as CEO and Sohail Bhatti as CFO, we have been identifying prospects that have growth potential within the leisure and technology sectors.

Between the year end and the date of this report the Company has made three investments for a total consideration of £1,159,802.

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CHAIRMAN'S STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**Outlook (continued)**

Our first investment was in a company called GFinity for a cash consideration of £300,000 for {2.27% } interest of the company. Gfinity is an electronic sports ("eSports") business that provides a hub for a rapidly expanding community that plays a range of electronic games such as Call of Duty, League of Legends, FIFA 2015, Halo and Starcraft. GFinity was established in September 2012 and was listed on AIM on 22 December 2014. It has established a popular on-line brand, gfinity.net, where gamers can compete, socialise and enjoy a wide range of content relating to electronic games on a proprietary technology platform. This platform enables Gfinity to run a regular roster of on-line competitions, leagues and ladders with the opportunity for gamers to win substantial prize money and/or pit their skills against professional and widely-followed "star" players.

A further investment of £64,314 on 23 January 2015 increased our interest to 2.75%.

Our second investment of £550,000 excluding costs is in a media broadcasting company called Simplestream Limited for an interest of 5.1% of the company and a Board position. The rationale for the investment is based on the disruptive focus, quality and capability of the business model. Consumers are changing the way they consume media broadcasting and Simplestream as a multi-channel aggregator is well positioned to serve both Consumers and media broadcast companies. Our investment will accelerate the expansion of Simplestream's video streaming platform both in the UK and internationally, and the development of TVPlayer, their B2C live TV streaming service, through more channel packs and catch up functionality.

Our third investment is an acquisition of 2,500,000 shares in AudioBoom Group Plc, an AIM listed business, for £245,488. AudioBoom works with some of the biggest names in sports and media such as NFL, Premier League and BBC. The AudioBoom platform allows partners and users to bring non-music content to millions of listeners worldwide via the website, embedded players, apps, Facebook and Twitter.

Further insights of these investments can be viewed on the Company's website. YOLO is now well positioned to move forward and will continue pursuing an investment strategy that generates value for shareholders through considered investments in high performance, ambitious teams that use technology to engage customers across a range of leisure and technology sectors.

**Placing of Shares**

As discussed earlier the Company issued 83,603,831 new 1p ordinary shares during the year at a price of 1.3p raising funds of £1,086,850 before costs. 1 for 4 Warrants were also issued to the subscribers of the new shares at an exercise price of 1.3p, and a further 7,257,116 was issued to settle corporate finance fees and fundraise costs of £94,342.

Further funds of £576,000 were raised via a placing of 32,000,000 shares at 1.8p on 28 January 2015.

I would like to close by thanking our shareholders and advisers who have contributed to giving the company this platform to grow and we look forward to building an exciting future for the company.

Simon Robinson  
Chairman  
25 March 2015

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**Principal Activity**

The principal activity of the Group up to the date of becoming an investment company was the supply and application of solar control, safety and security films to commercial buildings as well as that of a holding company. It was the parent company of SDS Group Limited and International Glass Solutions LLC.

SDS Group Limited is a UK company involved in the provision of bespoke security consultancy for high risk project management as well as the supply of specialist security equipment.

International Glass Solutions LLC, incorporated in the USA, produces film-based window glazing products for improving building energy efficiency and security.

The holding company became an investment company on 11 July 2014 following the approval of the shareholder resolution and subsequent disposal of all its subsidiaries. The Company now focuses on opportunities in the travel, technology and leisure sector.

On 11 July 2014 the company changed its name to YOLO Leisure & Technology Plc.

**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**

The board has established KPI's to benchmark the Company's performance. Investment income and growth are considered to be the main indicators of the Company's performance.

**Approval**

This report was approved by the Board of Directors and authorised for issue on 25 March 2015 and signed on its behalf by:

S Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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The directors present their report together with the financial statements for the year ended 30 September 2014.

**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
S L Robinson (appointed 11 July 2014)	5,660,432	4,461,538
M S Bhatti (appointed 11 July 2014)	-	1,500,000
S Chambers (resigned 18 July 2014)	-	-
H ElZayn (resigned 7 April 2014)	3,223,223	-
S D Harrhy (resigned 17 April 2014)	-	-
C J O'Brien (resigned 18 July 2014)	-	-

**Directors' Indemnity Insurance**

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

**Substantial shareholders**

As at 25 March 2015 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:

<b>Shareholder</b>	<b>Number</b>	<b>%</b>
Pershing Nominees Ltd	32,000,000	23.26%
Hargreave Hale	7,692,307	5.59%
Chris Akers	6,460,432	4.70%
MD Barnard	6,246,153	4.54%

**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.



**YOLO LEISURE AND TECHNOLOGY PLC**  
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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**Post balance sheet events**

*Exercise of warrants:*

On 16 December 2014 warrants were exercised for a total of 3,557,692 ordinary shares of 1p each for an exercise price of 1.3p.

*Investments:*

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 £64,314.

On 4 February 2015 the Company invested £550,000 in 5.1% of the equity of Simplestream Limited a company specialising in over the top television (OTT) services.

On 23 February 2015 the Company acquired 2,500,000 shares in Audioboom Plc for a consideration of £245,488.

Further details of these investments are given in the Chairman's statement on page 2.

*Issue of shares:*

On 28 January 2015 the Company issued 32,000,000 ordinary shares of 1p each at a price of 1.8p to raise £576,000. The Company also issued 8,000,000 subscriber warrants for new ordinary shares at an exercise price of 1.8p.

**Going concern**

The directors have prepared a cash flow forecast for the 12 months to 31 March 2016. 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 (2013 – Nil).

The report was approved by the directors on 25 March 2015 and signed on its behalf by:

-----  
Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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 once a year.

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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.

**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 2016. 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.

Simon Robinson  
Director

25 March 2015

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**DIRECTORS' REMUNERATION REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**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>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind by director are as follows:		
Steve HARRY	39,316	65,614
Steve Chambers	28,191	120,804
Simon Robinson	5,000	-
Sohail Bhatti	5,000	-
	<hr/>	<hr/>
Aggregate emoluments	<b>68,507</b>	<b>186,418</b>
	<hr/> <hr/>	<hr/> <hr/>

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 amounted to 1 (2013: 1). The total contributions payable during the year amounted to £975 (2013: £1,950) which were paid on behalf of Steve HARRY.

Included in the aggregate emoluments above is the fair value of options awarded to directors during the years which are detailed below.

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Steve HARRY (lapsed)	-	50,000
Steve Chambers (lapsed)	-	300,000
Simon Robinson (exercise price 1.3p, expires 15 July 2017)	3,500,000	-
Sohail Bhatti (exercise price 1.3p, expires 15 July 2017)	1,500,000	-
	<hr/>	<hr/>
	<b>5,000,000</b>	<b>350,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**YOLO LEISURE AND TECHNOLOGY PLC**  
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**DIRECTORS' REMUNERATION REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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 25 March 2015, and signed on its behalf by:

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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 group and company and of the profit or loss of the group for that period.

In preparing the group and company 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 charitable company will continue in business

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

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We have audited the financial statements of Yolo Leisure and Technology Plc (formerly Pentagon Protection Plc) for the year ended 30 September 2014 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements 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 12, 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 group's and of the parent company's affairs as at 30 September 2014 and of the group's loss for the year the 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 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.

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

26 Red Lion Square  
London  
WC1R 4AG

25 March 2015

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Notes	Continuing	Discontinued	2014 £	2013 £
Revenue	2	-	832,645	832,645	5,357,513
Cost of sales		-	(552,864)	(552,864)	(3,440,962)
<b>Gross profit</b>		-	279,781	279,781	1,916,551
Distribution costs		-	-	-	(91,070)
Administrative expenses		(210,345)	(571,357)	(781,702)	(1,275,491)
<b>OPERATING (LOSS)/PROFIT BEFORE FINANCING ACTIVITIES AND DISPOSAL OF TRADING ACTIVITIES</b>		(210,345)	(291,576)	(501,921)	549,990
Other gains and losses	3	-	271,997	271,997	-
Finance income	4	1,514	-	1,514	16
Finance costs	5	(3,214)	-	(3,214)	(158,591)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	6	(212,045)	(19,579)	(231,624)	391,415
Tax charge	10	-	(147)	(147)	(1,888)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAX</b>		(212,045)	(19,726)	(231,771)	389,527
Loss on disposal of discontinued operations		-	(91,570)	(91,570)	-
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>		(212,045)	(111,296)	(323,341)	389,527
Other comprehensive income		-	-	-	1,502
<b>TOTAL COMPREHENSIVE (EXPENSES) / INCOME FOR THE YEAR</b>		(212,045)	(111,296)	(323,341)	391,029
<b>(Loss)/Profit attributable to:</b>					
Equity holders of the parent		(212,045)	(111,296)	(323,341)	389,527
<b>Total comprehensive (expenses)/income for the year attributable to</b>					
Equity holders of the parent		(212,045)	(111,296)	(323,341)	391,029
<b>Earnings per share (pence per share)</b>					
Basic	11			(0.3)p	3.5p
Diluted	11			(0.3)p	3.5p

2013 figures all related to discontinued operations, other than £175k of administrative expenses which are continuing.



**YOLO LEISURE AND TECHNOLOGY PLC**  
(formerly PENTAGON PROTECTION PLC)

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Notes	Group		Company	
		2014 £	2013 £	2014 £	2013 £
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments	12	-	-	-	641,921
Goodwill	19	-	434,536	-	-
Property, plant and equipment	13	-	30,742	-	23,324
		<u>-</u>	<u>465,278</u>	<u>-</u>	<u>665,245</u>
<b>Current assets</b>					
Inventories		-	144,023	-	8,135
Trade and other receivables	14	7,597	821,558	7,597	684,846
Cash and cash equivalents		912,301	9,529	912,301	52
		<u>919,898</u>	<u>975,110</u>	<u>919,898</u>	<u>693,033</u>
<b>TOTAL ASSETS</b>		<u>919,898</u>	<u>1,440,388</u>	<u>919,898</u>	<u>1,358,278</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	15	35,809	822,141	35,808	425,242
Shareholder loan	15	-	337,888	-	337,888
Obligations under finance lease	16	-	5,625	-	5,625
		<u>35,809</u>	<u>1,165,654</u>	<u>35,808</u>	<u>768,755</u>
<b>Non-current liabilities</b>					
Obligations under finance lease	16	-	12,285	-	12,285
<b>Total liabilities</b>		<u>35,809</u>	<u>1,177,939</u>	<u>35,808</u>	<u>781,040</u>
<b>Equity</b>					
Issued capital	17	1,813,675	905,065	1,813,675	905,065
Share premium account		7,197,319	7,160,948	7,197,319	7,160,948
Share based payments	18	-	81,415	-	81,415
Other reserves		-	11,198	-	11,459
Retained earnings		(8,126,905)	(7,896,177)	(8,126,905)	(7,581,649)
<b>Total equity attributable to equity shareholders of the parent</b>		<u>884,089</u>	<u>262,449</u>	<u>884,089</u>	<u>577,238</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>919,898</u>	<u>1,440,388</u>	<u>919,898</u>	<u>1,358,278</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2015, and were signed below on its behalf by:

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
(formerly PENTAGON PROTECTION PLC)

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>Group</b>	<b>Share Capital £</b>	<b>Share premium account £</b>	<b>Share based payments £</b>	<b>Other reserves £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
<b>At 1 October 2012</b>	905,065	7,160,948	80,146	9,696	(8,285,704)	(129,849)
Total comprehensive income for the year	-	-	-	1,502	389,527	391,029
<b>Transactions with owners</b>						
Shares issued	-	-	-	-	-	-
Share based payment	-	-	1,269	-	-	1,269
<b>At 1 October 2013</b>	905,065	7,160,948	81,415	11,198	(7,896,177)	262,449
Total comprehensive expense for the year	-	-	-	-	(323,341)	(323,341)
Transfer to retained earnings	-	-	(81,415)	(11,198)	92,613	-
<b>Transactions with owners</b>						
Shares issued	908,610	272,583	-	-	-	1,181,193
Cost of new issue	-	(236,212)	-	-	-	(236,212)
<b>At 30 September 2014</b>	1,813,675	7,197,319	-	-	(8,126,905)	884,089
<b>Group - other reserves</b>			<b>Merger reserve £</b>	<b>Currency Reserve £</b>	<b>Shares held by ESOP £</b>	<b>Total £</b>
<b>At 1 October 2012</b>			16,000	(1,763)	(4,541)	9,696
Total comprehensive expense for the year			-	1,502	-	1,502
<b>At 30 September 2013</b>			16,000	(261)	(4,541)	11,198
Total comprehensive expense for the year			-	-	-	-
Transfer to retained earnings			(16,000)	(261)	4,541	(11,198)
<b>At 30 September 2014</b>			-	-	-	-

All equity is attributable to equity shareholders of the parent company.

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

Company	Share capital £	Share Premium Account £	Share Based payments £	Other reserves £	Retained Earnings £	Total £
<b>At 1 October 2012</b>	905,065	7,160,948	80,146	11,459	(7,827,455)	330,163
Total comprehensive expense for the year	-	-	-	-	245,806	245,806
<b>Transactions with owners</b>						
Share based payments	-	-	1,269	-	-	1,269
<b>At 1 October 2013</b>	905,065	7,160,948	81,415	11,459	(7,581,649)	577,238
Total comprehensive expenses 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 30 September 2014</b>	1,813,675	7,197,319	-	-	(8,126,905)	884,089
<b>Company - other reserves</b>				<b>Merger Reserve £</b>	<b>Shares held by ESOP £</b>	<b>Total £</b>
<b>At 1 October 2012</b>				16,000	(4,541)	11,459
Total comprehensive expense for the year				-	-	-
<b>At 30 September 2013</b>				16,000	(4,541)	11,459
Total comprehensive expense for the year				-	-	-
Transfer to retained earnings				(16,000)	4,541	(11,459)
<b>At 30 September 2014</b>				-	-	-

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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.

**Share based payments**

Represents the reserve account which is used for the corresponding entry to the share based payment charge through the income statement. During the year on disposal of the subsidiaries, this reserve has been released to retained earnings.

**Merger reserve**

Represents the difference between the fair value and nominal value of the equity consideration provided in exchange for 90% or more of the equity instruments acquired in another entity. During the year on disposal of the subsidiaries this reserve has been released to retained earnings.

**Shares held by ESOP**

These relate to shares held by the company's Employee Share Ownership Plan and are used to assist in meeting the Group's obligations under employee remuneration schemes. During the year on disposal of the subsidiaries this reserve has been released to retained earnings.

**Foreign currency translation reserve**

The translation reserve represents the exchange gains and losses that have arisen on the retranslation of overseas operations. During the year on disposal of the subsidiaries this reserve has been released to retained earnings.

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Operating activities</b>				
(Loss)/profit before tax	(323,194)	391,415	(638,130)	245,806
Adjustments for:				
Depreciation of property, plant and equipment	3,982	4,882	3,010	2,444
Loss on disposal of property, plant and equipment	-	1,350	3,646	1,350
Amortisation of intangibles	-	8,779	-	-
Share based payments	-	1,269	-	1,269
Exchange adjustment	-	1,502	-	-
Decrease in inventories	25,409	24,523	-	-
Decrease/(increase) in trade and other receivables	442,322	(195,477)	523,463	15,450
Decrease in trade and other payables	(177,024)	(184,633)	(121,589)	(194,015)
Net finance income	1,700	158,575	3,214	13,419
Other gains on disposal of investments	-	-	196,868	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(26,805)</b>	<b>212,185</b>	<b>(29,518)</b>	<b>85,723</b>
<b>Investing activities</b>				
Payments to acquire property, plant and equipment	-	(1,456)	-	(1,253)
Cash held by subsidiaries disposed of	(13,557)	-	-	-
Receipts from sale of property, plant and equipment	-	1,100	-	1,100
Interest received	1,514	16	-	-
<b>Net cash used in investing activities</b>	<b>(12,043)</b>	<b>(340)</b>	<b>-</b>	<b>(153)</b>
<b>Financing activities</b>				
Capital element of finance lease contracts	-	(3,123)	-	(3,123)
Decrease in shareholder loan	-	(153,668)	-	(153,668)
Net proceeds from issue of shares	944,981	-	944,981	-
Interest paid	(3,214)	(158,591)	(3,214)	(13,419)
<b>Net cash generated from/(used in) financing activities</b>	<b>941,767</b>	<b>(315,382)</b>	<b>941,767</b>	<b>(170,210)</b>
Taxation	(147)	(1,888)	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>902,772</b>	<b>(105,425)</b>	<b>912,249</b>	<b>(84,640)</b>
Cash and cash equivalents at the start of the year	9,529	114,954	52	84,692
<b>Cash and cash equivalents at the end of the year</b>	<b>912,301</b>	<b>9,529</b>	<b>912,301</b>	<b>52</b>
<b>Cash and cash equivalents consists of:</b>				
Cash and cash equivalents	912,301	9,529	912,301	52

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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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 Group*

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 £884,089 as at 30 September 2014 (2013 net assets of £262,449) and generated a loss before tax of £323,341 (2013 profit before tax of £391,415) in the reporting period.

The directors have prepared a cash flow forecast for the 12 months to 31 March 2016. 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 Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings as at 30 September 2014. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Company has applied the exemptions under s408 of the Companies Act 2006 to not prepare a Company income statement. The result for the year of the company was a loss of £638,130 (2013: profit of £245,806).

The following subsidiaries were sold during the year and consolidated up to date of sale:

SDS Group Limited	22 May 2014
International Glass Solutions LLC	17 July 2014
Pentagon Protection Global Limited	17 July 2014

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 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.

**1.5 Interest income**

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

**1.6 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation and subject to an impairment review. Cost includes expenditure to the acquisition of the items.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the income statement as incurred.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows.

Plant and machinery	25% on written down value
Fixtures and fittings	25% on written down value
Motor vehicles	25% on written down value

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

**1.7 Impairment**

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments.

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Foreign currencies**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the parent company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. a disposal of the Group's entire interest in foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss or joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the income statement.

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

**1.9 Leasing**

Assets held under finance leases are recognised as assets of the Group and their fair value or, if lower, at the present value of the minimum lease payment, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of the financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.



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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 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 Group's liability or 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. 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.

**1.11 Inventories**

Inventories are all finished goods and are included at the lower of cost and net realizable value, after making provision for slow moving and obsolete items.

**1.12 Financial instruments**

**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.

**Borrowings**

Borrowing are recognized initially at fair value net of transaction costs incurred and such interest bearing liabilities are subsequently stated at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Financial instruments (continued)**

**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 Group 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.

**Investments in subsidiaries**

Investments in subsidiaries are included in these financial statements at the cost of the ordinary share capital acquired. Adjustments to this value are only made when, in the opinion of the director, a permanent diminution in value has taken place and where there is no prospect of an improvement in the foreseeable future.

**Equity instruments**

Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

**1.13 Share based payments**

The Group 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 Group'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.

Options over the Company's shares granted to employees of subsidiaries are recognized as a capital contribution by the company to the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.14 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.

**Leases**

In categorising leases as finance leases or operating leases, management makes adjustments as to whether significant risk and rewards of ownership have transferred to the Group. In making the assessment at inception of the lease, management consider a range of factors including whether the lease term is for the major part of the economic life of the asset being leased, whether the present value of the minimum lease payments at inception of the lease amounts to substantially all of the fair value of the leased asset, if the lease transfers ownership of the asset at the end of the term, whether there is an option to purchase the asset or less than its fair value, the nature of the asset being leased, penalties for early cancellation of the lease and options to extend the lease for a secondary period/term.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Based on the risks and returns the directors consider that the primary reporting format by business segment is by business type. Results by business segment are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Protective Film and Anchoring (discontinued)</b>		
Turnover	95,578	2,465,294
Cost of sales	(89,114)	(1,448,927)
	<hr/>	<hr/>
<b>Gross profit</b>	6,464	1,016,367
Overheads (net)	(317,171)	(734,116)
	<hr/>	<hr/>
<b>Operating (loss)/profit</b>	(310,707)	282,251
	<hr/> <hr/>	<hr/> <hr/>

**YOLO LEISURE AND TECHNOLOGY PLC**  
**(formerly PENTAGON PROTECTION PLC)**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>2. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Security Products and Services (discontinued)</b>		
Turnover	737,067	2,892,219
Cost of sales	(463,749)	(1,992,035)
<b>Gross profit</b>	<u>273,318</u>	<u>900,184</u>
Overheads (net)	(265,186)	(571,320)
<b>Operating profit</b>	<u>8,132</u>	<u>328,864</u>
<b>Group Operating Expenses (net)</b>		
Overheads	(199,346)	(61,125)
<b>Totals</b>		
Turnover	832,645	5,357,513
Cost of sales	(552,863)	(3,440,962)
<b>Gross profit</b>	<u>279,782</u>	<u>1,916,551</u>
Overheads (net)	(781,703)	(1,366,561)
<b>Operating (loss)/profit</b>	<u>(501,921)</u>	<u>549,990</u>
Assets and liabilities by business segment are as follows		
<b>Protective Film and Anchoring (discontinued)</b>		
Total assets	-	995,179
Total liabilities	-	(1,003,754)
Depreciation and amortisation in period	3,010	2,755
Capital expenditure	2,935	22,289
<b>Security Products and Services (discontinued)</b>		
Total assets	-	445,209
Total liabilities	-	(17,185)
Depreciation and amortisation in period	972	10,906
Capital expenditure	-	200
<b>TOTAL ASSETS</b>	<u>-</u>	<u>1,440,388</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>(1,020,939)</u>

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

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**2. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)**

The secondary reporting format is by geographic segment based on location of customers £Nil (2013: £135,953) of business assets are located in the Americas, with the rest located in the United Kingdom. External revenue by segment is as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Discontinued operations</b>		
United Kingdom	458,470	2,471,648
Americas	326,775	523,424
Europe	9,345	950,160
Africa and Middle East	29,150	1,314,657
Far East	8,905	97,624
	<u>832,645</u>	<u>5,357,513</u>

**3. OTHER GAINS AND LOSSES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Credit arising from CVA	271,997	-
	<u>271,997</u>	<u>-</u>

**4. FINANCE INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest received	1,514	16
	<u>1,514</u>	<u>16</u>

**5. FINANCE COSTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank charges	-	13,851
Interest on bank loans and overdrafts	81	22
Interest on obligations under finance lease	1,316	346
Interest on other loans	1,817	8,500
Interest on shareholder loans	-	66,997
Purchase invoice financing	-	68,875
	<u>3,214</u>	<u>158,591</u>

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<b>6. (LOSS)/PROFIT FOR THE YEAR BEFORE TAX</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>(Loss)/profit for the year is stated after charging:</b>		
Depreciation		
- on owned assets	1,582	3,144
- on leased assets	2,400	1,738
Operating lease rentals		
- Plant and machinery	11,127	2,652
- Land and buildings	16,734	27,850
Impairment of inventories	-	3,511
Auditors' remuneration		
- audit services	15,250	18,500
- non-audit services	750	-
Foreign exchange losses	-	11,998
	<u>          </u>	<u>          </u>

<b>7 DIRECTORS' EMOLUMENTS</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind by director are as follows		
Steve HARRY	39,316	65,614
Steve Chambers	28,191	120,804
Simon Robinson	5,000	-
Sohail Bhatti	5,000	-
	<u>          </u>	<u>          </u>
Aggregate emoluments	<u>77,507</u>	<u>186,418</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 amounted to 1 (2013: 1). The total contributions payable during the year amounted to £975 (2013: £1,950) which were paid on behalf of Steve HARRY.

Included in the aggregate emoluments above is the fair value of options awarded to directors during the years which are detailed below.

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Steve HARRY	-	50,000
Steve Chambers	-	300,000
Simon Robinson	3,500,000	-
Sohail Bhatti	1,500,000	-
	<u>          </u>	<u>          </u>
	<u>5,000,000</u>	<u>350,000</u>

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**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>8. STAFF COSTS</b>	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
The average monthly number of employees (including directors) during the year was		
Operations	6	7
Administration	3	3
Sales	2	3
	<u>11</u>	<u>13</u>
	<b>£</b>	<b>£</b>
<b>Employment costs</b>		
Wages and salaries	306,112	578,760
Social security costs	26,491	44,712
Other pension costs	4,375	8,550
	<u>336,978</u>	<u>632,022</u>

**9. PENSION COSTS**

The Group operated a defined contribution pension scheme for employees until the disposal of the subsidiaries during the year. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Contributions payable by the Group for the year	<u>4,375</u>	<u>8,550</u>
Contributions payable at the year end included in other payables	<u>-</u>	<u>293</u>

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<b>10. TAXATION</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>10(a) Current year tax</b>		
UK corporation tax (note 10(b))	-	-
Foreign tax	(147)	1,888
	<u>(147)</u>	<u>1,888</u>
<b>Tax (charge)/credit for the year</b>	<u>(147)</u>	<u>1,888</u>
<b>10(b) Factors affecting the tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(323,194)	391,415
	<u>(323,194)</u>	<u>391,415</u>
(Loss)/profit on ordinary activities before taxation multiplied by the main rate of UK corporation tax 22% (2013: 20%)	(71,103)	78,283
	<u>(71,103)</u>	<u>78,283</u>
Effects of		
Non deductible expenses	14,200	13,884
Accelerated capital allowances	527	(375)
Carried forward losses	56,376	(89,904)
	<u>71,053</u>	<u>(76,215)</u>
<b>Current tax charge</b>	<u>-</u>	<u>1,888</u>

The group has tax losses of approximately £327,000 (2013: £826,000) available to carry forward against future trading profits, subject to agreement by HMRC

**11. (LOSS)/EARNINGS PER SHARE**

The calculations of (loss)/earnings per share are based on the following (losses)/profits and number of shares.

	<b>2014</b>		<b>2013</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
(Loss)/Profit for the financial year	(323,341)	(323,341)	389,527	389,527
	<u>(323,341)</u>	<u>(323,341)</u>	<u>389,527</u>	<u>389,527</u>
Weighted average number of shares for basic and diluted (loss)/earnings per share	101,994,855	101,999,399	11,133,908	11,138,452
	<u>101,994,855</u>	<u>101,999,399</u>	<u>11,133,908</u>	<u>11,138,452</u>

In accordance with the provisions of IAS33 in 2014 and 2013 shares under option were not regarded as dilutive in calculating diluted earnings per share.



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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**12. INVESTMENTS**

<b>Company</b>	<b>Shares in Group undertakings £</b>
<b>Cost</b>	
At 1 October 2012 and 30 September 2013	641,921
<b>Provision</b>	
At 1 October 2012 and 30 September 2013	-
<b>Disposals</b>	
At 30 September 2014	(641,921)
<b>Net book value</b>	
At 30 September 2014	-
At 30 September 2013 and 30 September 2012	641,921

The company disposed of 100% of the ordinary share capital of the following subsidiary companies during the year.

<b>Name</b>	<b>Principal activity</b>	<b>Country of incorporation</b>
SDS Group Limited	Supply of security equipment and security training consultancy	England
Pentagon Protection Global Limited	Supply of window film solutions	England
International Glass Solutions LLC	Supply of window film solutions	USA

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**13. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 October 2012	1,374	19,716	9,662	30,752
Additions	-	1,456	21,033	22,489
Disposals	-	-	(5,225)	(5,225)
At 30 September 2013	1,374	21,172	25,470	48,016
On disposal of subsidiary companies	(1,374)	(21,172)	(25,470)	(48,016)
At 30 September 2014	-	-	-	-
<b>Depreciation</b>				
At 1 October 2012	173	9,886	5,108	15,167
Charge for the year	267	2,387	2,228	4,882
Disposals	-	-	(2,775)	(2,775)
At 30 September 2013	440	12,273	4,561	17,274
Charge for the year	304	1,126	2,552	3,982
On disposal of subsidiary companies	(744)	(13,399)	(7,113)	(21,256)
At 30 September 2014	-	-	-	-
<b>Net book value</b>				
At 30 September 2014	-	-	-	-
At 30 September 2013	934	8,899	20,909	30,742
At 1 October 2012	1,201	9,830	4,554	15,585

Assets with a net book value of £Nil (2013: £19,804) are held under finance leases. Depreciation of £2,400 (2013: £1,738) was charged in the year on these assets.

Depreciation is included within administrative expenses on the Consolidated Statement of Comprehensive Income.

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 October 2012	1,374	2,864	5,225	9,463
Additions	-	1,253	21,033	22,286
Disposals	-	-	(5,225)	(5,225)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	1,374	4,117	21,033	26,524
Disposals	(1,374)	(4,117)	(21,033)	(26,524)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	-	-	-	-
<b>Depreciation</b>				
At 1 October 2012	173	1,092	2,266	3,531
Charge for the year	267	439	1,738	2,444
Disposals	-	-	(2,775)	(2,775)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	440	1,531	1,229	3,200
Charge for the year	304	306	2,400	3,010
Disposals	(744)	(1,837)	(3,629)	(6,210)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	-	-	-	-
<b>Net book value</b>				
At 30 September 2014	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	934	2,586	19,804	23,324
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2012	1,201	1,772	2,959	5,932
	<hr/>	<hr/>	<hr/>	<hr/>

Assets with a net book value of £Nil (2013: £19,804) are held under finance leases. Depreciation of £2,400 (2013: £1,738) was charged in the year on these assets.

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**14. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade receivables	-	552,393	-	285,712
Amounts owed by Group undertakings	-	-	-	303,009
Prepayments and accrued income	3,630	114,138	3,630	68,404
Other receivables	3,967	155,027	3,967	27,721
	<u>7,597</u>	<u>821,588</u>	<u>7,597</u>	<u>684,846</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 0 (2013: 69 days). No interest is charged on receivables.

At 30 September 2014 £Nil (2013: £3,937) of trade receivables were denominated in Euros, £Nil (2013: £1,395) in US Dollars and £Nil (2013: £12,892) in Singapore dollars.

The allowance for doubtful debts is made up as follows

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Opening balance as at 1 October	78,925	7,208	72,429	5,814
(Release of)/additions to provisions for receivables impairment	(78,925)	71,717	(72,429)	66,615
	<u>-</u>	<u>78,925</u>	<u>-</u>	<u>72,429</u>

The ageing analysis of the allowance for doubtful debts is made up as follows

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Up to 3 months	-	60,600	-	60,600
Older than 3 months	-	18,325	-	11,829
	<u>-</u>	<u>78,925</u>	<u>-</u>	<u>72,429</u>

The ageing analysis of receivables past due but not impaired is as follows

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Up to 3 months	-	271,997	-	105,050
Older than 3 months	-	183,718	-	168,244
	<u>-</u>	<u>455,715</u>	<u>-</u>	<u>273,294</u>

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15. TRADE AND OTHER PAYABLES	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade payables	-	583,630	-	288,648
Other taxes and social security costs	-	45,560	-	21,409
Other payables	-	74,079	-	18,532
Accruals and deferred income	35,808	118,872	35,808	96,653
	<u>35,808</u>	<u>822,141</u>	<u>35,808</u>	<u>425,242</u>
Shareholder loan	-	337,888	-	337,888
	<u>35,808</u>	<u>1,160,029</u>	<u>35,808</u>	<u>763,130</u>

The directors consider the carrying value of trade payables to equal their fair value. At 30 September 2014, £Nil (2013: £46,575) of trade payables were denominated in US Dollars, £Nil (2013: £19,149), in Euros £Nil (2013: £13,905) in Canadian Dollars and £Nil (2013: £368) in Naira.

The shareholder loan was settled during the year by setting off against the consideration for the sale of the subsidiary companies.

16. OBLIGATIONS UNDER FINANCE LEASE	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Amounts payable under finance leases				
Within one year	-	7,292	-	7,292
In the second to fifth years	-	13,518	-	13,518
	<u>-</u>	<u>20,810</u>	<u>-</u>	<u>20,810</u>
Less: Future finance charges	-	(2,900)	-	(2,900)
Present value of lease obligations	-	17,910	-	17,910
Less: amount due for settlement within 12 months	-	(5,625)	-	(5,625)
Amounts payable under finance leases in the second to fifth years	<u>-</u>	<u>12,285</u>	<u>-</u>	<u>12,285</u>

All leases are denominated in sterling. The fair value of the Group's lease obligations approximates their carrying amount. The carrying amount is not deemed materially different to the present value of the minimum lease payments.

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**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

<b>17. SHARE CAPITAL</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
As at 1 October 2013 (11,133,908 Ordinary shares of 1p each)	905,065	905,065
Issue of 90,860,947 (2013: Nil) ordinary shares of 1p each	908,610	-
	<u>1,813,675</u>	<u>905,065</u>
At 30 September 2014 (101,994,855 Ordinary shares of 1p each)	1,813,675	905,065
	<u>1,813,675</u>	<u>905,065</u>
<b>The company has the following classes of share capital</b>		
Ordinary shares (101,994,855 (2013:11,133,908) shares of 1p each)	1,019,949	111,339
Deferred shares (8,819,181 shares of 9p each)	793,726	793,726
	<u>1,813,675</u>	<u>905,065</u>

**Share transaction history**

During the prior year there were no share transactions. During the year 2014 the following share transactions took place.

	<b>Quantity of 1p shares</b>	<b>Value</b>
11 July 2014	90,860,947	908,610

**Warrants**

During the year warrants were granted as follows:

Type	Exercise price	Expiry date	Number
Placing warrants	1.3p	15 July 2017	20,900,951
Broker Warrants	1.3p	15 July 2019	3,059,846
Director Warrants	1.3p	15 July 2017	5,000,000

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.

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**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**18. SHARE BASED PAYMENTS**

**Enterprise Management Initiative**

Details of options granted are as follows

	2014		2013	
	Options (No)	Weighted average exercise price (p)	Options (No)	Weighted average exercise price (p)
	£	£	£	£
Outstanding at 1 October 2013	266,026	78	266,026	78
Outstanding at 1 October 2013	350,000	16	350,000	16
Lapsed during the year	(616,026)	(43)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 September 2014	-	-	616,026	43
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Exercisable at 30 September 2014	-	-	616,026	56
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Due to disposal of subsidiaries and the CVA arrangements all options under EMI have lapsed.

**19. FINANCIAL INSTRUMENTS**

The Group's financial instruments comprise cash, borrowings, factor finance and hire purchase and finance liabilities as well as 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 Group's financial instruments

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
<b>Financial assets</b>				
Cash and cash equivalents	912,301	9,529	912,301	52
Trade receivables	-	552,393	-	285,712
Other receivables	3,967	155,027	3,967	330,730
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total loans and receivables	916,268	716,949	916,268	616,494
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Non-financial assets</b>				
Inventories	-	144,023	-	8,135
Prepayments and accrued income	3,630	114,138	3,630	68,404
Goodwill	-	434,536	-	-
Investments	-	-	-	641,921
Property, plant and equipment	-	30,742	-	23,324
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>3,630</u>	<u>1,440,388</u>	<u>3,630</u>	<u>1,358,278</u>

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**19. FINANCIAL INSTRUMENTS (continued)**

**Financial liabilities**

Financial liabilities measured at amortised

Cost

Trade payables	-	583,630	-	288,648
Other payables	-	457,527	-	377,829
Accruals	35,808	118,872	35,808	96,653
Obligations under finance lease	-	17,910	-	17,910
Total financial liabilities measured at amortised cost	35,808	1,177,939	35,808	781,040
<b>TOTAL LIABILITIES</b>	<b>35,808</b>	<b>1,177,939</b>	<b>35,808</b>	<b>781,040</b>

The main purpose of these financial instruments is to raise finance for the Group's operations. Short term receivables and payables have been excluded from the following disclosures.

The fair value of the Group'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 Group's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Group'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 Group's policy to regularly review the Group's exposure to interest rate risk.

**Financial assets**

The Group'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 Group's floating rate cash balances at the year end were £910,653 (2013: £9,529).

**Liquidity risk**

The principal risk to which the company is exposed is liquidity risk. The nature of the Group'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 Group seeks to manage liquidity through planning, forecasting, and careful cash management.

**Foreign currency risk**

During the year the majority of the Group's operating revenues and expenses were denominated in sterling, although there were a number of Euro and US Dollar denominated transactions. A natural hedge exists through the matching of anticipated foreign currency expenses with foreign currency revenues reducing the foreign currency risk. Any excess exposure over and above this natural hedge is monitored by the directors who will implement further measures to mitigate if necessary.

The foreign currency risk is not considered material and therefore no sensitivity analysis is included in these financial statements



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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**19. FINANCIAL INSTRUMENTS (continued)**

**Credit risk**

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

**Capital management**

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

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

**20. 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.

**21. RELATED PARTY DISCLOSURES**

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

As at 30 September 2014, the Group owed Haytham ElZayn, the former Chairman £Nil (2013 £337,888) in the form of a working capital loan. The loan bears interest at 3% over The Royal Bank of Scotland Plc's base rate and was secured during the previous year by a debenture and share charge over the investments of the Company, and any income and other rights relating to such investments. The interest paid on this loan during the year was £Nil (2013: £7,864).

At 30 September 2014 the company owed £Nil (2013: £3,960) to Service Group Distribution, a company owned by Haytham ElZayn.

As approved at the EGM in July 2014, and under the sales and purchase agreement dated 17 July 2014 Haytham ElZayn took over the trading business of the group in full and final settlement of the loans provided by him.

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 £94,343 for corporate services relating to the new share issue.

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

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

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**22. OPERATING LEASE COMMITMENTS**

The Group leases offices and various plant and machinery under non-cancellable operating agreements. The lease terms are between 3 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
No later than 1 year	-	21,744
Later than 1 year and no later than 5 years	-	84,043
	<u>-</u>	<u>105,787</u>
	<u>-</u>	<u>105,787</u>

**23. POST BALANCE SHEET EVENTS**

**Exercise of warrants:**

On 16 December 2014 warrants were exercised for a total of 3,557,692 ordinary shares of 1p each for an exercise price of 1.3p.

**Investments:**

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 £64,314.

On 4 February 2015 the Company invested £550,000 in 5.1% of the equity of Simplestream Limited a company specialising in over the top television (OTT) services.

On 23 February the Company acquired 2,500,000 shares in Audioboom Plc for a consideration of £245,488.18.

Further details of these investments are given in the Chairman's statement on page 2.

**Issue of shares:**

On 28 January 2015 the Company issued 32,000,000 ordinary shares of 1p each at a price of 1.8p to raise £576,000. The Company also issued 8,000,000 subscriber warrants for new ordinary shares at an exercise price of 1.8p.