

# YOLO

Leisure & Technology PLC

Annual Report  
30 September 2016

**YOLO LEISURE AND TECHNOLOGY PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2016**

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

**YOLO LEISURE AND TECHNOLOGY PLC**  
**REPORT AND FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS AND OFFICERS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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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 2016

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#### Introduction

I am pleased to present our Annual report for YOLO Leisure & Technology plc ("YOLO" or the "Company"), covering the financial year ended 30 September 2016. During this year we have continued to fulfil our strategy with the four companies we are now invested into, with TVPlayer Ltd and Simplestream Ltd having split to become separate and accountable entities.

Each of the businesses are pioneering innovators in their sectors with strong content and technology platforms with the capability to scale and create value for customers and shareholders.

#### Financial Review

During the year the Company completed a placing of 40,000,000 shares raising gross funds of £600,000 for further investment and working capital.

#### Simplestream Limited and TVPlayer Limited

The Company made its first investment of £550,000 into Simplestream Ltd on 28 January 2015, for 5.1% of the company. This was followed up this year on the 29 of January 2016 when the Company made a further investment of £257,384 through convertible loan notes ("Loan Notes") bearing an interest of 8% which were repayable on or before 16 July 2018.

On the 18 August 2016, Simplestream Ltd demerged its B2C business TVPlayer Ltd, creating two separate limited companies with focussed strategies and accountable management. As a result of the conversion and a further direct investment round led by A&E Television Network LLC ("A&E" - 50% owned by Disney and Hearst Media) into TVPlayer YOLO had a holding of 6.78% in Simplestream and 4.66% in TVPlayer.

YOLO's investment has been into two innovative TV technology platforms, namely Simplestream and TVPlayer, 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 ("OTT") services. Such is the demand for watching television online, OTT services are forecast to grow to \$54 billion by 2029 (source: Markets & Markets - OTT Market Report 2014-2019), with over \$1 billion forecast to be 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 and profitable B2B provider of video services including live streaming, automated catch-up and live-to-Video On Demand ("VOD") solutions through its proprietary Media Manager platform. Simplestream provides broadcasters and rights owners with a Technology Services Ecosystem with a full range of multi-platform TV and video distribution including; live streaming, real-time highlights clipping, catch-up, social syndication and subscription management services.

Simplestream's technology platform provides for multi-channel and multi-territory content delivery for premium live-streaming, catch-up and automated live-to-VOD into mobiles, tablets, and a large variety of other media platforms such as Amazon Fire, AppleTV, SmartTV's, YouView, Freesat, Freeview, and other connected devices.

TVPlayer is a leading next generation B2C Over-The-Top ("OTT") TV platform with 2.8 million downloads and up to 1 million regular monthly active users. TVPlayer critically is a fully-licensed platform having entered into multi-year content licensing agreements with the leading free-to-air and subscription television broadcasters. It streams 60 free to air and 24 Plus channels of the UK's most popular TV channels to desktop, mobiles, tablet, 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 and secondly a paid subscription service with TVPlayer Plus, offering premium channels in the UK without a contract, providing 24 additional premium channels for a monthly fee of £5.99 with additional up sell services.

## **YOLO LEISURE AND TECHNOLOGY PLC**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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A+E Television Networks LLC, a \$20 billion mass media global media JV company between Disney and Hearst Media, sees great opportunities for the business. Both TV Player and Simplestream businesses are well positioned to capitalise on the growth and user opportunities within the UK and International markets.

#### **GFinity Plc**

YOLO holds a total of 2,143,023 shares in GFinity Plc ("GFinity") which, as at 31 August 2016, represented 1.36% of the company (source: GFinity plc website, shares in issue),

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.

In the year to 30 June 2016, GFinity continued to invest in the business in line with its stated strategy to build its reputation with game publishers, prospective sponsors and the wider eSports community to cement its position as a leader within the eSports industry. This has been achieved through the development of both physical assets, such as the eSports Arena in the UK, and digital assets to host and stream eSports competitions online. Collectively these assets, together with the expertise of the GFinity team, mean that the Company is uniquely positioned to provide an end-to-end eSports solution both to game publishers and other partners looking to access the growing audience of eSports enthusiasts.

The growth reflects widening acknowledgement of GFinity's capability, across a broad range of games and platforms. Events during the year have been staged across PC, console and mobile devices. Clients, meanwhile, have included game publishers, platform providers, brands from within the industry and also increasingly consumer brands looking for a way to reach the core eSports audience of young affluent males, who they find it increasingly difficult to reach via other channels.

As a sector, eSports continues to go from strength to strength. Leading industry analysts NewZoo report that the eSports audience has now risen to over 250 million globally. Major events are already filling arenas and attracting audiences that dwarf many conventional sports. A recent report by Newzoo forecasts that the eSports market will grow at a compound annual growth rate of 42% to over US\$1.1bn by 2019. 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. GFinity's Management continues to believe it has significant potential to grow rapidly over this time frame and believes that its strategy of continued investment in the capability and reputation of the business are the correct route to deliver long-term value to the shareholders.

The year to 30 June 2016 was one in which GFinity continued to deliver on its strategic objective to develop its operational capability and to build its reputation with the eSports audience and key partners within the industry. Revenue for the financial year increased significantly from £0.56m to £1.45m as activity at the Company's eSports arena increased and the Company signed contracts with a number of leading video game publishers and eSports sponsors such as Microsoft, Gillette and FutHead.com.

Following the year-end, GFinity also successfully completed a placing to raise a further £3.7m, positioning the company in a strong cash position to accelerate its drive towards its strategic goals.

In 2016, 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).

## **YOLO LEISURE AND TECHNOLOGY PLC**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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#### **AudioBoom Plc**

YOLO holds 3,500,000 shares in AudioBoom Plc ("AudioBoom"), equating to 0.65% of the issued share capital.

AudioBoom is the leading spoken-word audio platform for hosting, distributing and monetising content that enables the creation, broadcast and syndication of audio content across multiple networks and geographies. AudioBoom works with its partners to monetise their audio via live in-reads, the dynamic insertion of pre and post roll audio adverts and video ads. The platform enables partners to deliver their content to millions of listeners worldwide via embedded (in websites) players, mobile applications, Facebook and Twitter integrations.

At 31 May 2016, the number of content channels was 8,115, an increase of over 55% on 12 months earlier (2015: 5,237). This improvement reflected not only the addition of new content partners but also the scale of those partners, with many establishing multiple channels for different genres and geographic regions.

Listens are the number of times users consume AudioBoom hosted content via embeddable content players on third party websites or apps. The number of listens is a key metric for the business, as it is the sole driver of advertising revenue. Total listens in the period under review was 222 million - an increase of 80% on the same period last year (H1 2015: 123 million). Total lifetime listens of AudioBoom content achieved since inception have now exceeded one billion.

The geographical split on listens is currently circa 70% USA, 11% UK, 5% Australia and 14% Rest of the World, reflecting the global appeal and the spread of content hosted.

AudioBoom has made further tangible progress in H1 2016, growing revenue, securing significant new content partners and further broadening its geographic distribution. The momentum from H1 has continued into H2, which has started well, with the business securing significant advanced bookings for advertising revenue. Fill rates and CPMs (cost per thousand listens that advertisers pay) are expected to improve further in all the major territories and content verticals over the next few months and beyond. There have also been multiple technological upgrades to the AudioBoom platform scheduled for H2 2016, which should create increasingly large volumes of monetisable ad impressions.

#### **Placing of shares**

On 20 January 2016 the Company placed 40,000,000 shares at 1.5p and raised £600,000 before costs. 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. The funds were used for investment and working capital.

#### **Investment Strategy**

Our vision is to be a successful and profitable investment company focussing on technology, travel leisure and media 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.

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.



## **YOLO LEISURE AND TECHNOLOGY PLC**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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The Company will focus on opportunities in the technology, travel 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 will continue to pursue and evaluate opportunities that meet our investment criteria. In parallel to this we remain positive in the prospects of each of our four current investment partners and recognise that Management are continuing to execute their strategic plan to monetise and engage their content and users and build on the impressive foundations that have been laid.

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

On 7 November 2016, the Company completed a placing of 254,000,000 shares at a price of 1.0p raising total gross funds of £2,540,000. A further 8,400,000 fee shares were issued at a price of 1.0p.

Also on the same date 9,800,000 director warrants at exercise price of 1.3p were awarded to Simon Robinson.

#### **Further investments post the financial 15/16 year end**

On 5 November 2016, the Company completed an investment in Magic Media Works Ltd ("Magic Media Works") by investing £1.4m through a convertible loan note in Magic Media Works ("Loan Notes"). The Loan Notes bear interest at a rate of 10% per annum from 1 March 2017 and are repayable on or before 31 December 2018. The Loan Notes are secured by a first ranking debenture over the assets of Magic Media Works and are convertible into approximately 41.2% of the ordinary share capital of Magic Media Works on a fully diluted basis.

Magic Media Works has developed a number of subscription-free music streaming products and services which allow users to access ad-free music content without the requirement for account registration, passwords, software downloads or pairing of third party streaming devices.

Magic Media Works has entered into licensing agreements with the world's major record labels, including Universal Music Group, Sony Music Group and Warner Music Group and major independents including Merlin Music and also the major music publishers, allowing users to access millions of albums and over 29 million music tracks ad-free. Streamed music content is accessed via the Electric Jukebox product, a proprietary streaming device developed by Magic Media Works.

**YOLO LEISURE AND TECHNOLOGY PLC**

**CHAIRMAN'S STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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With a potential addressable consumer market of some 800 million users worldwide (*Source IFPI*), Magic Media Works is currently the world's only dedicated music streaming developer of consumer music streaming players and services that provide on-demand ad-free access to a wide ranging music catalogue without the need for either a user account, application download or a monthly subscription.

Magic Media Works has signed up a number of celebrities to assist in marketing Electric Jukebox, including Robbie Williams and his wife Ayda Field, Stephen Fry, Sheryl Crow, Alesha Dixon and Alexander Armstrong, all of whom have equity interests in the business.

Magic Media Works has successfully launched its first product, Electric Jukebox, in the UK in late November. The business is currently developing its next version of Electric Jukebox and evaluating international expansion into the USA and Europe.

Further to the demerger and investment by A&E in August 2016, TVPlayer completed an investment expansion round for working capital on 28 February 2017 which was led by A&E. YOLO made a further investment of £85,424 in TVPlayer to ensure the Company maintained its existing holding.

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

Simon Robinson  
Chairman

Date: 21 March 2017

# **YOLO LEISURE AND TECHNOLOGY PLC**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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### **Principal Activity**

The Company is an investment company 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.

### **Risks 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**

Measuring performance is integral to our strategic growth. The Board has selected KPI's to benchmark the Company's progress and consider that future investment income and investment growth will be the measures used to assess the progress of the Company.

Investment income is detailed in the statement of comprehensive income.

The Board is satisfied with the level of costs and that these have been maintained to a minimum level. However the charge relating to unrealised losses on remeasurement to fair value is primarily attributable to the two listed investments. In the comparative year this was an unrealised gain.

Investment growth is detailed in note 9.

### **Approval**

This report was approved by the Board of Directors and authorised for issue on 21 March 2017 and signed on its behalf by:

S Robinson  
Director

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2016

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The Directors present their report together with the financial statements for the year ended 30 September 2016.

#### Directors and Directors' Interests

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

	30 September 2016		Placing During the year		30 September 2015	
	No of Shares	No of Warrants	No of Shares	No of Warrants	No of Shares	No of Warrants
S L Robinson	7,260,432	4,861,538	1,600,000	400,000	5,660,432	4,461,538
M S Bhatti	666,666	1,666,666	666,666	166,666	-	1,500,000

#### Details of Directors' Warrants

	Share Warrants	
	2016 Number	2015 Number
Simon Robinson - exercise price 1.3p, expires 15 July 2017	4,461,538	4,461,538
- exercise price 1.8, expires 31 July 2017	400,000	-
Sohail Bhatti - exercise price 1.3p, expires 15 July 2017	1,500,000	1,500,000
- exercise price 1.8, expires 31 July 2017	166,666	-
	<u>6,528,204</u>	<u>5,961,538</u>

The warrants received by the directors during the year were placing warrants and therefore there is no charge to income statement.

#### Directors' Indemnity Insurance

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

#### Substantial shareholders

As at 28 February 2017 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	%
Nigel Wray	100,100,000	22.69%%
Vidacos Nominees	20,000,000	4.53%
Lynchwood Nominees Limited	17,416,675	3.95%
Beaufort Nominees Ltd	13,802,355	3.13%

## **YOLO LEISURE AND TECHNOLOGY PLC**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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##### **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 7 November 2016, the Company completed a placing of 254,000,000 shares at a price of 1.0p raising total gross funds of £2,540,000. A further 8,400,000 fee shares were issued at a price of 1.0p.

Also on the same date 9,000,000 director warrants at exercise price of 1.3p were awarded to Simon Robinson.

###### **Further investment**

On 5 November 2016, the Company completed an investment in Magic Media Works Ltd by investing £1.4m through a convertible loan note in Magic Media Works ("Loan Notes"). The Loan Notes bear interest at a rate of 10% per annum from 1 March 2017 and are repayable on or before 31 December 2018. The Loan Notes are secured by a first ranking debenture over the assets of Magic Media Works and are convertible into approximately 41.2% of the ordinary share capital of Magic Media Works on a fully diluted basis.

###### **Going concern**

The Directors have prepared a cash flow forecast for the 12 months to 31 March 2018. 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 (2015 – Nil).

The report was approved by the Directors on 21 March 2017 and signed on its behalf by:

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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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 the 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 2016**

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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 2018. 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 2016

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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 12 months.

#### Details of Directors' remuneration

This report should be read in conjunction with note 8 to the financial statements, which also forms part of this report.

<b>Directors' emoluments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind by director are as follows:		
Simon Robinson	50,000	37,000
Sohail Bhatti	54,988	38,581
Aggregate emoluments	<u>104,988</u>	<u>75,581</u>

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

The number of Directors for whom retirement benefits are accruing under defined contribution schemes was Nil (2015: Nil). The total contributions payable during the year amounted to £Nil (2015: £Nil).

Share Warrants held by the Directors are as follows:

	<b>Share Warrants</b>	
	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson - exercise price 1.3p, expires 15 July 2017	4,461,538	4,461,538
- exercise price 1.8, expires 31 July 2017	400,000	-
Sohail Bhatti - exercise price 1.3p, expires 15 July 2017	1,500,000	1,500,000
- exercise price 1.8, expires 31 July 2017	166,666	-
	<u>6,528,204</u>	<u>5,961,538</u>

Post year end Simon Robinson took part in the placing in November 2016 and acquired a further 800,000 warrants and was awarded a further 9,000,000 warrants with an exercise price of 1.3p and expiring on 31 October 2019.



**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS' REMUNERATION REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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*Non- Executive Directors*

There are currently 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 21 March 2017, and signed on its behalf by:

Simon Robinson  
Director

## **YOLO LEISURE AND TECHNOLOGY PLC**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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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 2016 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 2016 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

**YOLO LEISURE AND TECHNOLOGY PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Notes	2016 £	2015 £
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
Other income	2	14,000	9,333
Administrative expenses		(274,595)	(287,651)
Unrealised (losses)/gains on remeasurement to fair value		(372,758)	33,041
<b>OPERATING LOSS BEFORE FINANCING ACTIVITIES</b>		<u>(633,353)</u>	<u>(245,277)</u>
Finance income	3	11,823	357
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAX</b>	4	<u>(621,530)</u>	<u>(244,920)</u>
Tax charge	7	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAX</b>		<u>(621,530)</u>	<u>(244,920)</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>		<u>(621,530)</u>	<u>(244,920)</u>
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:</b>			
Equity holders of the company		<u>(621,530)</u>	<u>(244,920)</u>
<b>Loss per share (pence per share)</b>			
Basic	8	<u>(0.37)p</u>	<u>(0.19)p</u>
Diluted		<u>(0.37)p</u>	<u>(0.19)p</u>

**YOLO LEISURE AND TECHNOLOGY PLC****STATEMENT OF FINANCIAL POSITION****FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Notes	2016 £	2015 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	9	1,127,262	1,230,846
		<u>1,127,262</u>	<u>1,230,846</u>
<b>Current assets</b>			
Trade and other receivables	10	17,214	16,549
Cash and cash equivalents		139,412	41,901
		<u>156,626</u>	<u>58,450</u>
<b>TOTAL ASSETS</b>		<u>1,283,888</u>	<u>1,289,296</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	77,016	38,864
<b>Total liabilities</b>		<u>77,016</u>	<u>38,864</u>
<b>Equity</b>			
Share capital	12	2,582,954	2,182,954
Share premium account		7,617,273	7,439,303
Retained earnings		(8,993,355)	(8,371,825)
<b>Total equity attributable to equity shareholders of the parent</b>		<u>1,206,872</u>	<u>1,250,432</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,283,888</u>	<u>1,289,296</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2017, 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 2016**

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	<b>Share capital £</b>	<b>Share Premium Account £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
<b>At 1 October 2014</b>	1,813,675	7,197,319	(8,126,905)	884,089
Total comprehensive expense 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 1 October 2015</b>	<u>2,182,954</u>	<u>7,439,303</u>	<u>(8,371,825)</u>	<u>1,250,432</u>
Total comprehensive expenses for the year			(621,530)	(621,530)
<b>Transactions with owners</b>				
Shares issued	400,000	200,000		600,000
Cost of new issue		(22,030)		(22,030)
<b>At 30 September 2016</b>	<u><u>2,582,954</u></u>	<u><u>7,617,273</u></u>	<u><u>(8,993,355)</u></u>	<u><u>1,206,872</u></u>

**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.

**Retained earnings**

Represents accumulated losses to date.

**YOLO LEISURE AND TECHNOLOGY PLC****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Loss for the year	(621,530)	(244,920)
Adjustments for:		
Decrease/(Increase) in trade and other receivables	(665)	(8,952)
Decrease in trade and other payables	38,152	3,055
Net finance income	(11,823)	(357)
Unrealised losses/(gains) on remeasurement to fair value	372,758	(33,041)
<b>Net cash used in activities</b>	<u>(223,108)</u>	<u>(284,215)</u>
<b>Investing activities</b>		
Payments to acquire investments	(269,174)	(1,197,805)
Interest received	11,823	357
<b>Net cash (used in)</b>	<u>(257,351)</u>	<u>(1,197,448)</u>
<b>Financing activities</b>		
Net proceeds from issue of shares	577,970	611,263
<b>Net cash generated from financing activities</b>	<u>577,970</u>	<u>611,263</u>
Taxation	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	97,511	(870,400)
Cash and cash equivalents at the start of the year	41,901	912,301
<b>Cash and cash equivalents at the end of the year</b>	<u>139,412</u>	<u>41,901</u>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	<u>139,412</u>	<u>41,901</u>

# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2016

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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 £1,206,872 as at 30 September 2016 (2015 net assets of £1,250,432 ) and generated a loss before tax of £621,530 (2015 loss before tax: £244,920 ) in the reporting period.

The Directors have prepared a cash flow forecast for the 12 months to 31 March 2018. 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Deferred taxation (continued)

Such assets and liabilities are not recognised 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 realised. 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 recognised 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 recognised in the income statement.

The Company discounts some of its trade receivables. The accounting policy is to continue to recognise 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 recognised 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 2016

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#### 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 Standards in issue but not yet effective

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on or after 1st October 2016 are:

- IFRS 9 Financial Instruments (EU effective date 1st January 2018)
- IFRS 15 Revenues from Contracts with Customers (EU effective date 1st January 2018)
- IFRS 16 Leases (EU effective date 1st January 2019)
- Amendments to IAS 7 Statement of Cashflows (effective for accounting periods beginning on or after 1st January 2017)
- Amendments to IAS 16 Property, Plant and Equipment (effective for accounting periods beginning on or after 1st January 2016)
- Amendments to IAS 34 Interim Financial Reporting (effective for accounting periods on or after 1st January 2016)
- Amendments to IAS 38 Intangible Assets (effective for accounting periods beginning on or after 1st January 2016)

The Company is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

##### 1.9 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.

<b>2. OTHER INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Management fees	14,000	9,333
	<u>          </u>	<u>          </u>
<b>3. FINANCE INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank and other interest received	11,823	357
	<u>          </u>	<u>          </u>

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

<b>4. LOSS FOR THE YEAR BEFORE TAX</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Loss for the year is stated after charging:</b>		
Auditors' remuneration		
- audit services	10,750	10,730
- non-audit services	1,000	1,500
	<u>          </u>	<u>          </u>

<b>5. DIRECTORS' EMOLUMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind, by director, are as follows:-		
Simon Robinson	50,000	37,000
Sohail Bhatti	54,988	38,581
	<u>          </u>	<u>          </u>
Aggregate emoluments	<u>104,988</u>	<u>75,581</u>

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

The number of Directors for whom retirement benefits are accruing under defined contribution schemes was Nil (2015: Nil). The total contributions payable during the year amounted to £ Nil (2015: £Nil).

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson - exercise price 1.3p, expires 15 July 2017	4,461,538	4,461,538
- exercise price 1.8, expires 31 July 2017	400,000	-
Sohail Bhatti (exercise price 1.3p, expires 15 July 2017)	1,500,000	1,500,000
- exercise price 1.8, expires 31 July 2017	166,666	-
	<u>          </u>	<u>          </u>
	<u>6,528,204</u>	<u>5,961,538</u>

Warrants acquired by the directors during the year were acquired as part of a placing that took place on 20 January 2016.

Post year end Simon Robinson took part in the placing in November 2016 and acquired further 800,000 warrants and was awarded a further 9,000,000 warrants with an exercise price of 1.3p and expiring on 31 October 2019.

YOLO LEISURE AND TECHNOLOGY PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

6. STAFF COSTS	2016 Number	2015 Number
The average monthly number of employees (including Directors) during the year was		
Administration	2	2
	<u>          </u>	<u>          </u>
	<b>£</b>	<b>£</b>
<b>Employment costs</b>		
Wages and salaries	100,000	74,000
Social security costs	9,107	2,661
	<u>          </u>	<u>          </u>
	<u>109,107</u>	<u>76,661</u>

7. TAXATION	2016 £	2015 £
<b>7(a) Current year tax</b>		
UK corporation tax (note 7(b))	-	-
	<u>          </u>	<u>          </u>
<b>7(b) Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(621,530)	(244,920)
	<u>          </u>	<u>          </u>
Loss on ordinary activities before taxation multiplied by the main rate of UK corporation tax 20% (2015: 20%)	(124,360)	(48,984)
	<u>          </u>	<u>          </u>
Effects of:		
Non deductible expenses	74,552	-
Non taxable income		-
Accelerated capital allowances		-
Other timing differences		-
Utilisation of tax losses		-
Carried forward management expenses	48,754	48,984
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	<u>          </u>	<u>          </u>

**8. LOSS PER SHARE**

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

	2016		2015	
	Basic	Diluted	Basic	Diluted
Loss for the financial year	(621,530)	(621,530)	(244,920)	(244,920)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Weighted average number of shares for basic and diluted loss per share	166,226,947	166,226,947	126,908,817	126,908,817
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

<b>9. INVESTMENTS</b>	<b>Level 1 £</b>	<b>Level 3 £</b>	<b>Total £</b>
<b>Held at fair value</b>			
At 1 October 2015	673,346	557,500	1,230,846
Additions during the year	-	269,174	269,174
Revaluation	(372,758)	-	(372,758)
	<u>300,588</u>	<u>826,674</u>	<u>1,127,262</u>
At 30 September 2016	<u>300,588</u>	<u>826,674</u>	<u>1,127,262</u>
<b>Net book value</b>			
At 30 September 2016	<u>300,588</u>	<u>826,674</u>	<u>1,127,262</u>
At 30 September 2015	<u>673,346</u>	<u>557,500</u>	<u>1,230,846</u>

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:

**Simplestream Limited**

On 29 January 2016, the Company invested £257,384 as convertible loan note into Simplestream. On 15 August the Loan Note and the accumulated interest were converted at a value of £269,174 and resulting in a holding in Simplestream of 6.78%. Immediately after conversion the Simplestream demerged its subsidiary, TVPlayer and following further fund raise by TVplayer in which the company did not take part the holding in TVplayer at the end of the year was 4.66%.

<b>10. TRADE AND OTHER RECEIVABLES</b>	<b>2016 £</b>	<b>2015 £</b>
Trade receivables	8,400	4,200
Prepayments and accrued income	8,814	3,163
Other receivables	-	9,186
	<u>17,214</u>	<u>16,549</u>

The Directors consider the carrying value of trade receivables to equal their fair value. No interest is charged on receivables.

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

<b>11. TRADE AND OTHER PAYABLES</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other taxes and social security costs	8,123	4,705
Accruals and deferred income	68,893	34,159
	<u>77,016</u>	<u>38,864</u>

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

<b>12. SHARE CAPITAL</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
As at 1 October 2015	2,182,954	1,813,675
Issue of 40,000,000 (2015: 36,927,903) Ordinary shares of 1p each	400,000	369,279
	<u>2,582,954</u>	<u>2,182,954</u>
At 30 September 2016	<u>2,582,954</u>	<u>2,182,954</u>
<b>The Company has the following classes of share capital</b>		
Ordinary shares 178,922,758 (2015: 138,922,758) shares of 1p each	1,789,228	1,389,228
Deferred shares (8,819,181 shares of 9p each)	793,726	793,726
	<u>2,582,954</u>	<u>2,182,954</u>

**Share transaction history**

During the 2016 financial year the following share transactions took place.

	<b>Quantity of 1p shares</b>	<b>Value £</b>
22 January 2016 Placing	37,733,334	377,333
10 February 2016 Placing	2,266,666	22,667

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**12. 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 receive the nominal amount paid up on their share after there has been a 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	31 July 2017	10,000,000

  

	<b>Warrant Number</b>	<b>Exercise price pence</b>	<b>Expiry Date</b>
As At 1 October 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>32,032,894</u>		
Granted during the year	10,000,000	1.8p	31/07/2017
	<u>42,032,894</u>		
As At 30 September 2016	20,973,048	1.3p	15/07/2017
	3,059,846	1.3p	15/07/2019
	8,000,000	1.8p	27/01/2018
	10,000,000	1.8p	31/07/2017
	<u>42,032,894</u>		

**13. 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>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Cash and cash equivalents	139,412	41,901
Trade receivables	8,400	4,200
Other receivables	-	3,500
	<u>147,812</u>	<u>49,601</u>
<b>Total financial assets</b>	<b>147,812</b>	<b>49,601</b>
<b>Non-financial assets</b>		
Prepayments and accrued income	8,814	3,163
Other receivables	-	5,686
	<u>8,814</u>	<u>8,849</u>
<b>TOTAL ASSETS</b>	<b>156,626</b>	<b>58,450</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
Accruals	68,892	34,159
	<u>68,892</u>	<u>34,159</u>
Non-financial liabilities		
Other payables	8,124	4,705
	<u>8,124</u>	<u>4,705</u>
<b>TOTAL LIABILITIES</b>	<b>77,016</b>	<b>38,864</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 £115,391 (2015: £35,357).



**13. 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 the 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.

**14. 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.

**15. RELATED PARTY DISCLOSURES**

As well as remuneration of Directors (Note 5), 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 £ Nil (2015: £28,800) for corporate services relating to the new share issue. At the year end the Company owed £Nil (2015: £6,000) to Sports Resource Group Limited.

Simon Robinson's director's fees of £ Nil (2015: £8,000) were paid to Positive Thoughts Limited, a company controlled by him.

Sohail Bhatti's director's fees of £ Nil (2015: £8,000) were paid to Woodhouse Price Limited, a company controlled by him.

**16. POST BALANCE SHEET EVENTS**

**Placing of shares**

On 7 November 2016, the Company completed a placing of 254,000,000 shares at a price of 1.0p raising total gross funds of £2,540,000. A further 8,400,000 fee shares were issued at a price of 1.0p.

Also on the same date 9,000,000 director warrants at exercise price of 1.3p were issued to Simon Robinson.

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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**16. POST BALANCE SHEET EVENTS (continued)**

**Further investment**

On 5 November 2016, the Company completed an investment in Magic Media Works Ltd by investing £1,400,000 through a convertible loan note in Magic Media Works ("Loan Notes"). The Loan Notes bear interest at a rate of 10% per annum from 1 March 2017 and are repayable on or before 31 December 2018. The Loan Notes are secured by a first ranking debenture over the assets of Magic Media Works and are convertible into approximately 41.2% of the ordinary share capital of Magic Media Works on a fully diluted basis.



