

# YOLO

Leisure & Technology PLC

Annual Report  
30 September 2017

**YOLO LEISURE AND TECHNOLOGY PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2017**

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

**YOLO LEISURE AND TECHNOLOGY PLC**  
**REPORT AND FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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<b>CONTENTS</b>	<b>Page</b>
Directors and Officers	1
Chairman's statement	2 – 5
Strategic report	6
Directors' report	7 – 8
Corporate Governance report	9 – 10
Directors' remuneration report	11 - 12
Statement of Directors' Responsibilities	13
Independent auditors' report	14 - 16
Statement of comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21 - 30

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS AND OFFICERS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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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>	4 More London Riverside London SE1 2AU
<b>Nominated adviser</b>	Cairn Financial Advisors LLP Cheyne House Crown Court 62 - 63 Cheapside London EC2V 6AX
<b>Auditors</b>	haysmacintyre 10 Queen Street Place London EC4R 1AG
<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>Brokers</b>	Peterhouse Corporate Finance Limited 15 Eldon Street London EC2M 7LD
<b>Website</b>	<a href="http://www.yoloplac.com">www.yoloplac.com</a>

# YOLO LEISURE AND TECHNOLOGY PLC

## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### Introduction

It is my pleasure to present the Annual report and financial statements for YOLO Leisure & Technology plc ("YOLO" or the "Company"), covering our financial year ended 30 September 2017. During this year we have continued to pursue our strategy as an investment company with the five companies within our portfolio.

### Financial Review

Total comprehensive income for the year was £726,153 (2016: Loss £621,530), resulting from unrealised gains on investments of £657,935 (2016: losses £372,758) and realised gains on disposal of investments of £270,559 (2016: £Nil). Cash at the bank at the year-end was £619,939 (2016: £139,412).

During the year the Company placed 254,000,000 shares at 1.0p each raising total gross funds of £2,540,000. A further 8,400,000 fee shares were also issued at a price of 1.0p.

As at 30 September 2017 gross assets were £4,558,402 (2016: £1,283,888) and the net fair value of investments held was £3,875,483 (2016: £1,127,262). Total net assets were £4,514,025 (2016: £1,206,871) which represents 1.02 (2016: 0.68) pence per share.

### Simplestream Limited

Simplestream is a leading and profitable Software as a Service (SaaS) provider of online video services specialising in live streaming, automated catch-up and live-to-Video On Demand ("VOD") solutions through its proprietary cloud-based Media Manager platform. Simplestream provides broadcasters and rights owners with an end-to-end technology services eco-system, with a full range of multi-platform TV and video distribution products including; low latency online simulcasts of TV channels, real-time sports highlights clipping, broadcaster catch-up services, social video syndication and subscriber management services.

Simplestream's technology platform also provides multi-channel, multi-territory frontend templated applications for a complete range of connected devices including mobiles, tablets, connected TVs and fast growing over the top (OTT) platforms such as Amazon Fire TV, Apple TV and Roku. In the UK, Simplestream's "Hybrid TV" solution is used by leading broadcasters to power "catchup" services on Freeview, Freesat, YouView and EETV.

Simplestream provides award winning products across a broad range of sport, entertainment and teleshopping customers, including A+E Networks, Sony, AMC Networks, Discovery, QVC, At The Races, Box Nation, NewsCorp and MTG. As broadcasters look to make the transition from traditional satellite and cable delivery to internet based services, with large new contracts in the pipeline, Simplestream has great traction and strong potential for growth. The company is expected to open an office in North America in Q2 2018 as part of a rapid growth plan to double revenues in two years.

Yolo holds 9,943 shares in Simplestream, which represents 6.34% on a fully diluted basis.

### TVPlayer Limited

TVPlayer is a complete next generation pay TV platform that now offers comparable functionality to traditional pay TV services (including live, catch-up, on demand, and Pay Per View).

TV Player is a fully licensed TV service enabling viewers in the United Kingdom to stream over 98 TV channels. The TV Broadcast platform offers a "TVPlayer Plus" branded 'no contract, cancel anytime' monthly or yearly subscription service which allows consumers access to an additional 34 premium television channels, with a great selection of catchup. TVPlayer is also ITV's official online partner for ITV Box Office, a pay-per-view service that includes the World Boxing Super Series.

The platform is growing at more than 15% per month. Since January 2014, TVPlayer has attracted over 11 million users onto its website and a further 4 million app downloads in the UK. In November 2017 there were 1 million monthly active users, 40,000 paying subscribers and a further 10,000 trial subscribers (80% of whom convert into paying subscribers).

## **YOLO LEISURE AND TECHNOLOGY PLC**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The business generates revenue through ad supported free viewing that drives paid subscribers, with additional upsell services. TVPlayer will be the first platform in the UK to launch network personal video recording (nPVR) functionality, enabling users to record, view and store their favourite shows in the cloud.

TVPlayer completed an investment expansion round for working capital on 28 February 2017 which was led by A&E Television Network LLC ("A&E" - a joint venture between Disney and Hearst Media). YOLO made a further investment of £85,896 in TVPlayer to ensure the Company maintained its existing holding.

The company is currently raising additional funds for expansion, and expects valuation to be significantly higher than the previous rounds. A&E is a major strategic investor with a 24.94% holding, Yolo has a holding of 11,067 shares equating to 4.2% on a fully diluted basis and Beringea LLP holds 10.86%.

#### **GFinity Plc**

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.

GFinity has made significant progress this year, with the launch of the Elite Series season two, partnership with Formula One, the launch of the Elite Series in Australia, new broadcasting partnerships with BT Sport, BBC 3 and Eleven Sports and the acquisition of CEVO an American based provider of technology and services to the eSports market.

At the start of the year, YOLO held a total of 2,143,023 shares in GFinity Plc. The Company took the opportunity to realise some of the gains made on the investment over the last 3 years by the sale of 1,743,023 of the shares into the market at an average price of 25.6p realising a gain on the cost of investment of £148,707. YOLO held 400,000 shares in GFinity at the year end.

#### **AudioBoom Plc**

AudioBoom is one of the world's leading spoken-word audio or podcasting platforms 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.

AudioBoom continues to make rapid progress towards monetising its content platform and announced a funding round of £4m on 21 March 2017. Yolo took the opportunity to invest a further £46,260 and acquire 1,840,000 shares to increase the holding to 5,340,000 shares, which represents 0.57% of the issued share capital.

#### **Magic Media Works Ltd**

Magic Media Works is a music entertainment technology business. The company's mission is to bring families together, through shared Music Entertainment Experiences, making every home a Connected Home.

The Electric Jukebox ROXI, the company's second product, recently launched both in the UK and US markets and offers five music entertainment experiences in one music entertainment hub including unlimited music streaming, Karaoke-style singing, global radio access, an ambient Sound Machine and its music trivia game, Name That Tune. The company has global rights agreements with the major labels; Universal Music Group, Sony Music Group, Warner Music Group and major independents including Merlin Music, providing customers with one year's access to a premium music catalogue of over twenty nine million music tracks.

In addition to effortless media discovery and consumption, ROXI's vision is to create experiences that bring people together around music, and support activity beyond simply listening to music, with a clearly differentiated software and hardware offering. Electric Jukebox ROXI has built a multi-territory media platform with localisation available for language, search, catalogue and playlist curation.

## YOLO LEISURE AND TECHNOLOGY PLC

### CHAIRMAN'S STATEMENT (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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The company is focused on continually improving engagement with its consumers through further enhancement and refinement of user experience and facilitating integration in third party home ecosystems to ensure that ever more people can access and enjoy the product. Electric Jukebox ROXI has also launched its consumer media campaign across digital, social and traditional TV to build awareness and sales. In Q1 2018 the focus will move to increasing the addressable market by broadening the product range and price points with new hardware content configurations which are currently in development but not yet publicly announced. Magic Media Works also continues to progress its intellectual property protection programme, including applications for patents, trademarks and registered design rights.

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") bearing interest at a rate of 10% per annum from 1 March 2017 and were repayable on or before 31 December 2018.

On 5 June 2017 YOLO converted its Loan Notes into 41.42% of the Magic Media Works shares on a fully diluted basis, and invested a further £500,000 as part of the £1.2m Pre-IPO Loan Notes ("Pre-IPO Loan Notes") issued by Magic Media Works Ltd.

The Pre-IPO Loan Notes will convert into ordinary shares in Magic Media Works at a 33% discount to the share price on an initial public offer and start to accrue interest at 10% per annum from 1 December 2017. The Pre-IPO Loan Notes are repayable on 1 December 2019.

At year end YOLO held 2,673,662 shares which is 41.83% of the issued share capital.

#### 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. Under the terms of the placing each placee also received one warrant for every five shares subscribed for, exercisable at 1.3p per share.

#### Post year end investment in TVPlayer and restructuring of Magic Media

**TVPlayer** - has raised a further £2.2 million of financing in December 2017, and YOLO has participated with a Convertible Loan of £50,000. TVPlayer expects to raise a further round in early 2018, with funds used to upgrade additional functionality on the TVPlayer platform, to license new content and to support the subscriber growth through marketing.

**Magic Media Works** has secured commitments of £1.46 million from existing and new investors towards an intended £2 million new round of financing.

Henrik Holmark, previously the CFO of Pandora Jewellery, has invested £650,000 in this fund raise and will join the Magic board as a non-executive director.

YOLO took the strategic decision not to invest additional capital into Magic Media. Further, as the largest shareholder in Magic, YOLO agreed to release some of its shares in Magic and its anti-dilution rights to acquire additional shares in Magic to new investors for nominal consideration in order to assist Magic in completing the fund raise and so help it to achieve its goals and potential. The board of Magic confirmed to YOLO that the provision of this support by YOLO has been instrumental in allowing Magic to move forward to the successful completion of this funding round.

Following completion of this round of funding YOLO will remain a significant shareholder in Magic with a shareholding equal to 1,646,682 ordinary shares in Magic (representing 18.6 percent of the issued share capital of Magic, subject to the £2.0 million fundraise completing) and options over a further 95,000 ordinary shares.

Completion of the fund raise will enable Magic to start the New Year with a strengthened board, new product initiatives to roll out in both the US and UK territories and, crucially, new funding to help it to execute its development plans. The Board believes this decision to be in the best interests of shareholders.

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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### **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 the 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 to invest into 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 technology, travel, leisure and media 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. 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 has the potential to 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 December 2017

# YOLO LEISURE AND TECHNOLOGY PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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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 pages 2 - 5

#### 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 carries out sufficient due diligence on acquisitions and monitors 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 recognises that not all investments will generate income for the Company as they are early stage start-ups and will be continually re-investing cash generated back into the business for further growth.

**Investment growth:** the Board monitors progress of its investments on a quarterly basis, and has a presence on the board of its private investments either as formal board member and or observer to closely monitor the progress of its investments and assist the managements where it can add value. Investment growth is detailed in note 9.

**Overhead base:** the Board is satisfied with the level of costs and that these have been maintained to a minimum level

#### Approval

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

S Robinson  
Director

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Directors present their report together with the financial statements for the year ended 30 September 2017.

#### Directors and Directors' Interests

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

#### Details of Directors' Warrants

	Share Warrants	
	2017 Number	2016 Number
Simon Robinson - exercise price 1.3p, expires 15 July 2017		4,461,538
- exercise price 1.8p, expires 31 July 2017		400,000
- exercise price 1.3p expires 31 October 2019	9,800,000	
Sohail Bhatti - exercise price 1.3p, expires 15 July 2017		1,500,000
- exercise price 1.8p, expires 31 July 2017		166,666
	<u>9,800,000</u>	<u>6,528,204</u>

	S L Robinson		M S Bhatti	
	Shares	Warrants	Shares	Warrants
At 1 October 2016	7,260,432	4,861,538	666,666	1,666,666
Placing 7 November 2016	4,000,000	800,000	-	-
Director Warrants 7 November 2016		9,000,000	-	-
Warrants lapsed 31 July 2017		(4,861,538)		(1,666,666)
	<u>11,260,432</u>	<u>9,800,000</u>	<u>666,666</u>	<u>-</u>

During the year the Directors received 800,000 placing warrants and 9,000,000 director warrants. There is no charge to the income statement.

#### Directors' Indemnity Insurance

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

# YOLO LEISURE AND TECHNOLOGY PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### Substantial shareholders

As at 21 June 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	22.68%
Vidacos Nominees	20,000,000	4.53%
Lynchwood Nominees Limited	17,416,675	3.95%
Commerzbank Aktiengesellschaft	14,649,136	3.32%
Beaufort Nominees Ltd	13,802,355	3.13%

#### 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.

#### Going concern

The Directors have prepared a cash flow forecast for the period ending 31 March 2019. 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 (2016 – Nil).

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

Simon Robinson  
Director

**YOLO LEISURE AND TECHNOLOGY PLC**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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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 2017**

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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 the 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 the 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 2019. 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 2017

#### 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>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind by director are as follows:		
Simon Robinson	50,000	50,000
Sohail Bhatti	55,681	54,988
Aggregate emoluments	<u>105,681</u>	<u>104,988</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 (2016: Nil). The total contributions payable during the year amounted to £Nil (2016: £Nil).

Share Warrants held by the Directors are as follows:

	<b>Share Warrants</b>	
	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson - exercise price 1.3p, expires 15 July 2017		4,461,538
- exercise price 1.8p, expires 31 July 2017		400,000
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Sohail Bhatti - exercise price 1.3p, expires 15 July 2017		1,500,000
- exercise price 1.8p, expires 31 July 2017		166,666
	<u>9,800,000</u>	<u>6,528,204</u>

**YOLO LEISURE AND TECHNOLOGY PLC**

**DIRECTORS' REMUNERATION REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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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 December 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 2017**

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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 Financial 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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#### **Opinion**

We have audited the financial statements of Yolo Leisure and Technology plc for the year ended 30 September 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of the company's profit 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.

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Our assessment of risks of material misstatement**

##### Risk Area: Going concern

The company is dependent on generating cash inflows from management fees, alternative sources of finance and the realisation of investments in order to meet ongoing overheads and other expenditure, including new investments. Should the company be unable to generate such cash inflows to meet obligations, that cannot be met from existing cash resources, there is an increased risk that the company may cease to be a going concern.

##### Our Response: Going concern

We reviewed the cash flow projections prepared by the directors, for which they are solely responsible, for the period ended 31 March 2019 and considered the reasonableness of the cash income and expenditure projected by the directors over that period. We also considered and discussed with the directors the discretion that they have over the nature and level of

## INDEPENDENT AUDITORS' REPORT (continued)

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

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expenditure to be incurred in the event that actual events materially deviated from their expectations during the period ended 31 March 2019. We also considered the income levels forecast by the directors as well as the likely alternative sources of finance should the directors need to raise additional funding.

#### *Risk Area: Valuation of investments*

The company holds unlisted shares and securities for which there are no quoted market prices and which require valuation techniques to be used which are not based on observable market data. Accordingly, such valuations are subject to judgement by the directors.

#### *Our Response: Valuation of investments*

We reviewed the basis of the valuations prepared by the directors and considered the reasonableness of the judgements made by them. We discussed with and challenged the directors on the bases adopted when valuing the unlisted shares and securities. We also considered the reasonableness of the valuation approaches adopted.

#### **Our application of materiality**

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the company we considered the value of the investments to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the company to be £80,000 based on approximately 2% of gross assets of the draft financial statements.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the company was 75% of materiality namely £60,000.

We agreed to report to the Audit Committee all audit differences in excess of £4,000, as well as differences below that threshold that, in our view warranted reporting on a qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### **An overview of the scope of our audit**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk](http://www.frc.org.uk).

Yolo Leisure and Technology plc is a standalone entity based in London and the scope of the audit and audit strategy was tailored by obtaining an understanding of the company, its activities and its control environment. In order to maintain our knowledge of the company and the risks it faces, the senior statutory auditor and the audit engagement team met members of the company's finance and Executive Committee teams. This dialogue continued throughout the audit process, as we reassessed and re-evaluated audit risks where necessary and tailored our approach accordingly. Our planned audit testing was directed accordingly and was focussed on areas where we assessed there to be the highest risks of material misstatement.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT (continued)

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

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

10 Queen Street Place  
London  
EC4R 1AG

21 December 2017

**YOLO LEISURE AND TECHNOLOGY PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Notes	2017 £	2016 £
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
Other income	2	36,596	14,000
Administrative expenses		(272,662)	(274,595)
Realised gain on disposal		270,559	-
Unrealised gains/(losses) on remeasurement to fair value	9	657,935	(372,758)
<b>OPERATING PROFIT / (LOSS) BEFORE FINANCING ACTIVITIES</b>		<u>692,428</u>	<u>(633,353)</u>
Finance income	3	33,725	11,823
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX</b>	4	<u>726,153</u>	<u>(621,530)</u>
Tax charge	7	-	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX</b>		<u>726,153</u>	<u>(621,530)</u>
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS</b>		<u>726,153</u>	<u>(621,530)</u>
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSES) ATTRIBUTABLE TO:</b>			
Equity holders of the company		<u>726,153</u>	<u>(621,530)</u>
<b>Profit / (Loss ) per share (pence per share)</b>			
Basic	8	<u>0.18p</u>	<u>(0.37)p</u>
Diluted		<u>0.18p</u>	<u>(0.37)p</u>

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	9	3,875,483	1,127,262
		<u>3,875,483</u>	<u>1,127,262</u>
<b>Current assets</b>			
Trade and other receivables	10	62,980	17,214
Cash and cash equivalents		619,939	139,412
		<u>682,919</u>	<u>156,626</u>
<b>TOTAL ASSETS</b>		<u>4,558,402</u>	<u>1,283,888</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	44,377	77,016
<b>Total liabilities</b>		<u>44,377</u>	<u>77,016</u>
<b>Equity</b>			
Share capital	12	5,206,954	2,582,954
Share premium account		7,574,273	7,617,273
Retained earnings		(8,267,202)	(8,993,355)
<b>Total equity attributable to equity shareholders of the parent</b>		<u>4,514,025</u>	<u>1,206,872</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,558,402</u>	<u>1,283,888</u>

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

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	<b>Share capital £</b>	<b>Share Premium Account £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
<b>At 1 October 2015</b>	2,182,954	7,439,303	(8,371,825)	1,250,432
Total comprehensive expense 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 1 October 2016</b>	<u>2,582,954</u>	<u>7,617,273</u>	<u>(8,993,355)</u>	<u>1,206,872</u>
Total comprehensive income for the year	-	-	726,153	726,153
<b>Transactions with owners</b>				
Shares issued	2,624,000	-	-	2,624,000
Cost of new issue	-	(43,000)	-	(43,000)
<b>At 30 September 2017</b>	<u><u>5,206,954</u></u>	<u><u>7,574,273</u></u>	<u><u>(8,267,202)</u></u>	<u><u>4,514,025</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 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Operating activities</b>		
Profit / (Loss) for the year	726,153	(621,530)
Adjustments for:		
(Increase) in trade and other receivables	(45,766)	(665)
(Increase) / Decrease in trade and other payables	(32,639)	38,152
Net finance cost / (income)	33,725	(11,823)
Unrealised (gains) / losses on remeasurement to fair value	(657,935)	372,758
Realised (gains) on disposal of investments	(270,559)	-
<b>Net cash used in activities</b>	<u>(247,021)</u>	<u>(223,108)</u>
<b>Investing activities</b>		
Payments to acquire investments	(2,265,087)	(269,174)
Receipts from disposal of investments	445,360	-
Net finance income	(33,725)	11,823
<b>Net cash (used in) investing activities</b>	<u>(1,853,452)</u>	<u>(257,351)</u>
<b>Financing activities</b>		
Net proceeds from issue of shares	2,581,000	577,970
<b>Net cash generated from financing activities</b>	<u>2,581,000</u>	<u>577,970</u>
Taxation	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	480,527	97,511
Cash and cash equivalents at the start of the year	139,412	41,901
<b>Cash and cash equivalents at the end of the year</b>	<u>619,939</u>	<u>139,412</u>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	<u>619,939</u>	<u>139,412</u>

# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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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 £4,514,025 as at 30 September 2017 (2016 net assets of £1,206,872) and generated a profit before tax of £726,153 (2016 loss before tax: £621,530) in the reporting period.

The Directors have prepared a cash flow forecast for the period ending 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 2017

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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 2017

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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 estimates, 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 2017 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 2017)
- Amendments to IAS 34 Interim Financial Reporting (effective for accounting periods on or after 1st January 2017)
- Amendments to IAS 38 Intangible Assets (effective for accounting periods beginning on or after 1st January 2017)

The Company is in the process of assessing the impact of these new standards and interpretations on its financial reporting but has as yet not adopted any before the effective date

##### 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>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Management fees	36,596	14,000
	<hr/> <hr/>	<hr/> <hr/>
<b>3. FINANCE INCOME</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank and other interest (paid) / received	(189)	11,823
Other interest receivable	33,914	-
	<hr/> <hr/>	<hr/> <hr/>
	33,725	11,823

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

<b>4. PROFIT / (LOSS) FOR THE YEAR BEFORE TAX</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Profit / (Loss) for the year is stated after charging:</b>		
Auditors' remuneration		
- audit services	11,850	10,750
- non-audit services	2,975	1,000
	<u>          </u>	<u>          </u>
<b>5. DIRECTORS' EMOLUMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments including benefits in kind, by director, are as follows:-		
Simon Robinson	50,000	50,000
Sohail Bhatti	55,681	54,988
	<u>          </u>	<u>          </u>
Aggregate emoluments	<u>105,681</u>	<u>104,988</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 (2016: £Nil). The total contributions payable during the year amounted to £Nil (2016: £Nil).

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>2016</b>
	<b>Number</b>	<b>Number</b>
Simon Robinson - exercise price 1.3p, expires 15 July 2017	-	4,461,538
- exercise price 1.8p, expires 31 July 2017	-	400,000
- exercise price 1.3p expires 31 October 2019	9,800,000	-
Sohail Bhatti - exercise price 1.3p, expires 15 July 2017	-	1,500,000
- exercise price 1.8p, expires 31 July 2017	-	166,666
	<u>          </u>	<u>          </u>
	<u>9,800,000</u>	<u>6,528,204</u>

Warrants acquired by the Directors during the year were acquired as part of a placing that took place on 7 November 2016 on terms similar to other shareholders.

Simon Robinson 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 2017**

<b>6. STAFF COSTS</b>	<b>2017 Number</b>	<b>2016 Number</b>
The average monthly number of employees (including Directors) during the year was		
Administration	2	2
	<u>£</u>	<u>£</u>
<b>Employment costs</b>		
Wages and salaries	100,000	100,000
Social security costs	8,863	9,107
	<u>108,863</u>	<u>109,107</u>

<b>7. TAXATION</b>	<b>2017 £</b>	<b>2016 £</b>
<b>7(a) Current year tax</b>		
UK corporation tax (note 7(b))	-	-
<b>7(b) Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	726,153	(621,530)
Profit/(loss) on ordinary activities before taxation multiplied by the main rate of UK corporation tax 19.50% (2016: 20%)	141,590	(124,360)
Effects of:		
Non deductible expenses	(128,263)	74,552
Non taxable income	(52,755)	
Chargeable gain	25,055	
Deferred tax not recognised	14,373	
Carried forward management expenses		48,754
<b>Current tax charge</b>	<u>-</u>	<u>-</u>

**8. PROFIT / (LOSS) PER SHARE**

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

	<b>2017</b>		<b>2016</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
Profit / (Loss) for the financial year	726,153	726,153	(621,530)	(621,530)
Weighted average number of shares for basic and diluted loss per share	<u>414,723,306</u>	<u>414,723,306</u>	<u>166,226,947</u>	<u>166,226,947</u>

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

<b>9. INVESTMENTS</b>	<b>Level 1 £</b>	<b>Level 3 £</b>	<b>Total £</b>
<b>Held at fair value</b>			
At 1 October 2016	300,588	826,674	1,127,262
Additions during the year	46,260	2,218,827	2,265,087
Disposals during the year	(174,801)	-	(174,801)
Revaluation	92,808	565,127	657,935
	<u>264,855</u>	<u>3,610,628</u>	<u>3,875,483</u>
<b>Net book value</b>			
At 30 September 2017	<u>264,855</u>	<u>3,610,628</u>	<u>3,875,483</u>
	<u><u>300,588</u></u>	<u><u>826,674</u></u>	<u><u>1,127,262</u></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:

On 28 February 2017 the Company made an investment of £85,896 in TVPlayer to ensure the Company maintained its existing holding.

On 21 March 2017 the Company took the opportunity to invest a further £46,260 and acquire 1,840,000 shares in AudioBoom to increase the holding to 5,340,000 shares.

**Magic Media Works Ltd**

On 7 November 2016 the Company invested £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.

On 5 June 2017 YOLO converted its Loan Notes to 41.42% of the Magic Media Works shares on a fully diluted basis, and invested a further £500,000 as part of the £1.2m Pre-IPO Loan Notes ("Pre-IPO Loan Notes") issued by Magic Media Works Ltd.

The Pre-IPO Loan Notes will convert into ordinary shares in Magic Media Works at a 33% discount to the share price on an initial public offer and will start to accrue interest at 10% per annum from 1 December 2017. The Pre-IPO Loan Notes are repayable on 1 December 2019.

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

<b>10. TRADE AND OTHER RECEIVABLES</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade receivables	20,100	8,400
Prepayments and accrued income	5,990	8,814
Other receivables	36,890	-
	<u>62,980</u>	<u>17,214</u>

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

<b>11. TRADE AND OTHER PAYABLES</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other taxes and social security costs	7,857	8,123
Accruals and deferred income	36,520	68,893
	<u>44,377</u>	<u>77,016</u>

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

<b>12. SHARE CAPITAL</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
As at 1 October	2,582,954	2,182,954
Issue of 262,400,000 (2016: 40,000,000) Ordinary shares of 1p each	2,624,000	400,000
	<u>5,206,954</u>	<u>2,582,954</u>
At 30 September 2017	<u>5,206,954</u>	<u>2,582,954</u>
<b>The Company has the following classes of share capital</b>		
Ordinary shares 441,322,758 (2016: 178,922,758) shares of 1p each	4,413,228	1,789,228
Deferred shares (8,819,181 shares of 9p each)	793,726	793,726
	<u>5,206,954</u>	<u>2,582,954</u>

**Share transaction history**

During the 2017 financial year the following share transactions took place.

	<b>Quantity of 1p shares</b>	<b>Value £</b>
7 November 2016 Placing	<u>262,400,000</u>	<u>2,624,000</u>

**YOLO LEISURE AND TECHNOLOGY PLC**

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

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**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	1.3p	31 October 2019	50,800,000
Director Warrants	1.3p	31 October 2019	9,000,000

	<b>Warrant Number</b>	<b>Exercise price pence</b>	<b>Expiry Date</b>
As At 1 October 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>		
Lapsed	(20,973,048)	1.3	15/07/2017
	(10,000,000)	1.8	31/07/2017
Granted during the year	59,800,000	1.3	31/10/2019
	<u>70,859,846</u>		
As At 30 September 2017	3,059,846	1.3	15/07/2019
	8,000,000	1.3	27/01/2018
	59,800,000	1.3	31/10/2019
	<u>70,859,846</u>		

# YOLO LEISURE AND TECHNOLOGY PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

#### 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:

	2017 £	2016 £
<b>Financial assets</b>		
Cash and cash equivalents	619,939	139,412
Trade receivables	20,100	8,400
Other receivables	36,890	-
	<u>676,929</u>	<u>147,812</u>
<b>Total financial assets</b>	676,929	147,812
<b>Non-financial assets</b>		
Prepayments and accrued income	5,991	8,814
Other receivables	-	-
	<u>5,991</u>	<u>8,814</u>
<b>TOTAL ASSETS</b>	<u>682,920</u>	<u>156,626</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
Accruals	29,614	68,892
	<u>29,614</u>	<u>68,892</u>
Non-financial liabilities		
Other payables	14,765	8,124
	<u>14,765</u>	<u>8,124</u>
<b>TOTAL LIABILITIES</b>	<u>44,379</u>	<u>77,016</u>

The fair value of the Company's financial assets and liabilities are considered by the Directors not to be 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 £115,412 (2016: £115,391).

## YOLO LEISURE AND TECHNOLOGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 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 admitted to 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 shareholder in Yolo Leisure and Technology Plc was paid £160,000 (2016: £Nil) for corporate services. At the year end the Company owed £Nil (2016: £Nil) to Sports Resource Group Limited.

#### 16. Post Balance Sheet Events

**TVPlayer** - is raising further funds of £12m to invest further in technology, marketing and some senior appointments. It has to date secured over £2m from existing and new investors. YOLO has agreed to invest a further £50,000 in TVPlayer via a convertible loan note as part of this fundraise.

**Magic Media Works** has secured commitments of £1.46m from existing and new investors towards an intended £2 million new round of financing.

Henrik Holmark, previously the CFO of Pandora Jewellery, has invested £650,000 in this fund raise and will join the Magic board as a non-executive director.

YOLO has taken the strategic decision not to invest additional capital into Magic. Further, as the largest shareholder in Magic, YOLO agreed to release some of its shares in Magic and its anti-dilution rights to acquire additional shares in Magic to new investors for nominal consideration in order to assist Magic in completing the fund raise and so help it to achieve its goals and potential. The board of Magic confirmed to YOLO that the provision of this support by YOLO has been instrumental in allowing Magic to move forward to the successful completion of this funding round.