

Consolidated Financial Statements

for

Re:Creation Group PLC

Year Ended 30 November 2003



Re:Creation Group PLC

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for the Year Ended 30 November 2003.

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Re:Creation Group PLC

Company Information
for the Year Ended 30 November 2003.

DIRECTORS:

N Joslin
S Bishop
M Lehrter
J G Dymott

SECRETARY:

J G Dymott

REGISTERED OFFICE:

Pentos House
Falcon Business Park
Ivanhoe Road
Finchampstead
Wokingham
BERKSHIRE

REGISTERED NUMBER:

3674002 (England and Wales)

AUDITORS:

Pridie:Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey
GU2 4HS

Re:Creation Group PLC
Report of the Directors
for the Year Ended 30 November 2003.

The directors present their report with the financial statements of the group for the year ended 30 November 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the distribution of games and leisure vehicles.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

RESULTS AND DIVIDENDS

The result for the year after taxation was a profit of £87,336 (2002 - loss of £336,147). No dividends will be distributed for the year ended 30 November 2003. (2002 - nil).

EVENTS SINCE THE YEAR END

Information relating to events since the end of the year is given in the notes to the accounts.

DIRECTORS

The directors of the holding company in office during the year and their beneficial interests in the issued share capital were as follows:

Name	Class of Capital	30.11.03	30.11.02
N Joslin	Ordinary £1	282,016	277,786
S Bishop	Ordinary £1	239,707	239,707
M Lehrter	Ordinary £1	141,008	141,008
J G Dymott	Ordinary £1	-	-

CREDITOR PAYMENT TERMS

It is the Group's policy to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's normal practice that payment is made accordingly. During the period the group took on average 150 days to settle outstanding debts (2002: 183 days).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing those 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;
- prepare the financial statements on the going concern unless it is inappropriate to presume that the group will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ensure that the directors' report and other information included in the annual report is prepared in accordance with company law in the UK.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Re:Creation Group PLC

Report of the Directors
for the Year Ended 30 November 2003.

AUDITORS

The auditors, Pridie:Brewster will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



DIRECTOR

Dated: 2 4 4

Re:Creation Group PLC

Report of the Independent Auditors to the Shareholders of
Re:Creation Group PLC

We have audited the financial statements of Re:Creation Group PLC for the year ended 30 November 2003 which comprise the Profit and Loss Account, the Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

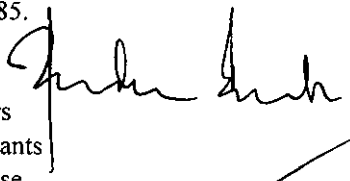
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 30 November 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pridie:Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS



Dated:

2nd April 2004

Re:Creation Group PLC

Consolidated Profit and Loss Account
for the Year Ended 30 November 2003

		Total		Continuing Operations	Total
		2003	2002	Acquisitions 2002	2002
	Notes	£	£	£	£
TURNOVER	1	6,242,429	2,425,965	1,741,517	4,167,482
Cost of sales		5,183,459	1,907,650	1,693,773	3,601,423
GROSS PROFIT		1,058,970	518,315	47,744	566,059
Administrative expenses		948,122	701,496	40,279	741,775
OPERATING PROFIT/(LOSS)	3	110,848	(183,181)	7,465	(175,716)
Exceptional item	15	(16,415)			(172,546)
		94,433			(348,262)
Interest receivable and similar income		1,828			3,651
		96,261			(344,611)
Interest payable and similar charges	4	417			1,281
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		95,844			(345,892)
Tax on profit/(loss) on ordinary activities	5	8,508			(9,745)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		87,336			(336,147)
RETAINED PROFIT B/FWD		483,726			819,873
RETAINED PROFIT C/FWD		571,062			483,726

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS & LOSSES

The group has no recognised gains or losses other than the loss or profit for the current year and previous period.

During the period goodwill in the amount of £16,415 has been written off as impaired to the profit and loss account

Re:Creation Group PLC
Consolidated Balance Sheet
30 November 2003

		30.11.03		30.11.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible Fixed Assets	6		-		-
Tangible assets	7		<u>16,536</u>		<u>27,312</u>
			16,536		27,312
CURRENT ASSETS:					
Stocks	9	1,609,502		852,639	
Debtors	10	2,735,832		2,072,446	
Cash at bank and in hand		<u>51,464</u>		<u>179,280</u>	
		4,396,798		3,104,365	
CREDITORS: Amounts falling due within one year	11	<u>3,137,232</u>		<u>1,959,092</u>	
NET CURRENT ASSETS			<u>1,259,566</u>		<u>1,145,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>1,276,102</u>		<u>1,172,585</u>
CAPITAL AND RESERVES					
Called up share capital	13		705,040		700,810
Profit and loss account			<u>571,062</u>		<u>483,726</u>
SHAREHOLDERS' FUNDS	14		1,276,102		1,184,536
Minority interest			-		(11,951)
TOTAL EQUITY			<u>1,276,102</u>		<u>1,172,585</u>

ON BEHALF OF THE BOARD:



 DIRECTOR

Approved by the Board on 2004 APRIL 2004



 DIRECTOR

Approved by the Board on 2004 APRIL 2004

Re:Creation Group PLC

Balance Sheet
30 November 2003

		30.11.03		30.11.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		16,536		27,312
Investments	8		<u>140,940</u>		<u>136,710</u>
			157,476		164,022
CURRENT ASSETS:					
Stocks	9	1,525,455		727,271	
Debtors	10	2,853,374		2,488,898	
Cash at bank and in hand		<u>51,460</u>		<u>178,402</u>	
		4,430,289		3,394,571	
CREDITORS: Amounts falling due within one year					
	11	<u>3,158,421</u>		<u>2,200,968</u>	
NET CURRENT ASSETS			<u>1,271,868</u>		<u>1,193,603</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,429,344</u>		<u>1,357,625</u>
CAPITAL AND RESERVES					
Called up share capital	13		705,040		700,810
Profit and loss account			724,304		656,815
SHAREHOLDERS' FUNDS			<u>1,429,344</u>		<u>1,357,625</u>

ON BEHALF OF THE BOARD:


.....
DIRECTOR

Approved by the Board on 2nd April 2004


.....
DIRECTOR

Approved by the Board on 2/4/4

Re:Creation Group PLC
Cash Flow Statement
for the Year Ended 30 November 2003

	Notes	30.11.03 <u>£</u>	30.11.02 <u>£</u>
Net cash (outflow)/inflow from operating activities	1	(346,788)	318,341
Returns on investments and servicing of finance	2	1,411	2,370
Taxation		-	(94,198)
Capital expenditure	2	(13,585)	(3,287)
Acquisitions and disposals	5	(12,185)	(47,787)
Financing		-	-
(Decrease)/Increase in cash in the period		<u>(371,147)</u>	<u>175,439</u>

Reconciliation of net cash flows to movement in net funds

Increase/(Decrease) in cash in the period	<u>(371,147)</u>	<u>175,439</u>
Change in net funds resulting from cash flows	<u>(371,147)</u>	<u>175,439</u>
Movement in net funds in the period	(371,147)	175,439
Net funds at 1 December 2002	179,280	3,841
Net funds at 30 November 2003	<u>(191,867)</u>	<u>179,280</u>

The notes form part of these financial statements

Re:Creation Group PLC

Cash Flow Statement
for the Year Ended 30 November 2003

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	30.11.03 £	30.11.02 £
Operating profit/(loss)	110,848	(348,262)
Depreciation charges	23,715	33,168
Goodwill written off	16,415	172,546
Loss on sale of fixed assets	653	-
(Increase)/Decrease in stocks	(756,863)	579,990
(Increase)/Decrease in debtors	(663,386)	(564,738)
Increase/(Decrease) in creditors	921,830	445,637
Net cash (outflow)/inflow from operating activities	(346,788)	318,341

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE
CASHFLOW STATEMENT**

	30.11.03 £	30.11.02 £
Returns on investments and servicing of finance		
Interest received	1,828	3,651
Interest paid	(417)	(1,281)
Net cash outflow for returns on investments and servicing of finance	1,411	2,370
Capital expenditure		
Purchase of tangible fixed assets	(17,585)	(3,287)
Sale of tangible fixed assets	4,000	-
Net cash outflow for capital expenditure	(13,585)	(3,287)
Financing		
Loan repayments in year	-	-
Cash receipt re share issue	-	-
Net cash (outflow) from financing	-	-

The notes form part of these financial statements

Re:Creation Group PLC
Cash Flow Statement
for the Year Ended 30 November 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.12.02 £	Cashflow £	At 30.11.03 £
Net cash:			
Cash at bank and in hand	179,280	(127,816)	51,464
Bank overdraft	-	(259,746)	(259,746)
	<u>179,280</u>	<u>(387,562)</u>	<u>(208,282)</u>
Total	<u><u>179,280</u></u>	<u><u>(387,562)</u></u>	<u><u>(208,282)</u></u>
Analysed in Balance Sheet			
Cash at bank and in hand	179,820		51,464
Bank overdraft	-		(259,746)
	<u>179,820</u>		<u>(208,282)</u>

4. MAJOR NON-CASH TRANSACTIONS

All of the consideration for the purchases of subsidiary undertakings that occurred during the year comprised of shares issued in Re:Creation Group Plc. Further details of the acquisition are set out below.

5. PURCHASE OF SUBSIDIARY UNDERTAKINGS

Net assets aquired	£
Cash at bank and in hand	(12,185)
Goodwill	<u>16,415</u>
	<u><u>4,230</u></u>
Satisfied by	
Shares allotted	<u><u>4,230</u></u>

The notes form part of these financial statements

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Basis of Preparation of Group Financial Statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 30 November 2003. Group accounts are prepared using the acquisition method of accounting.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer Equipment	- 50% on cost and 33% on cost
Motor Vehicles	- 50% on cost
Fixtures & Fittings	- 33% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of ten years.

Research and Development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchases and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred

Foreign Currencies

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

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

2. STAFF COSTS

	30.11.03	30.11.02
	£	£
Wages and salaries	517,218	351,773
Social security costs	57,813	44,849
	<u>575,031</u>	<u>396,622</u>

The average monthly number of employees during the year was as follows:

	30.11.03	30.11.02
Directors	4	4
Sales & Administration	9	10
	<u>13</u>	<u>14</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.11.03	30.11.02
	£	£
Depreciation - Owned Assets	23,715	33,168
Loss on disposal of fixed assets	653	-
Exchange (gains)/losses	(24,503)	785
Amortisation and other amounts written off goodwill	16,415	172,546
Hire of other assets - operating leases	28,046	28,046
Auditors' remuneration	9,800	9,800
	<u>57,026</u>	<u>244,345</u>

Details of Directors' Emoluments are as follows

	30.11.03	30.11.02
	£	£
Aggregate Emoluments	310,282	238,946
Company pension contributions to money purchase schemes	-	-
	<u>310,282</u>	<u>238,946</u>

Emoluments of the highest paid director:

	30.11.03	30.11.02
	£	£
Aggregate Emoluments	111,981	89,288
Company pension contributions to money purchase scheme	-	-
	<u>111,981</u>	<u>89,288</u>

There are no directors to whom retirement benefits were accrued during the year.

Re:Creation Group PLC
Notes to the Financial Statements
for the Year Ended 30 November 2003

4. INTEREST PAYABLE AND SIMILAR CHARGES

	30.11.03 £	30.11.02 £
Bank Interest	417	996
Loan Interest	-	285
	<u>417</u>	<u>1,281</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	30.11.03 £	30.11.02 £
Current tax		
UK corporation tax	8,508	-
Previous year tax credit	-	(9,745)
Tax on profit on ordinary activities	<u>8,508</u>	<u>(9,745)</u>

6. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £
COST:	
At 1 December 2002	-
Additions	16,415
Impairment loss	(16,415)
At 30 November 2003	<u>-</u>
AMORTISATION:	
At 1 December 2002	-
Charge for year	-
At 30 November 2003	<u>-</u>
NET BOOK VALUE:	
At 30 November 2003	<u>-</u>
At 30 November 2002	<u>-</u>

Goodwill arising on the acquisition of subsidiary undertakings has been written off to the profit and loss account as impaired during the period.

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

7. TANGIBLE FIXED ASSETS

Of the group and the company

	Computer Equipment	Motor Vehicles	Fixtures & fittings	Totals
	£	£	£	£
COST:				
At 1 December 2002	59,716	10,800	10,587	81,103
Additions	16,030	-	1,555	17,585
Disposals	(29,560)	(10,800)	-	(40,360)
At 30 November 2003	<u>46,186</u>	<u>-</u>	<u>12,142</u>	<u>58,328</u>
DEPRECIATION:				
At 1 December 2002	41,703	6,750	5,338	53,791
Charge for year	18,479	1,800	3,436	23,715
Eliminated on disposals	(27,164)	(8,550)	-	(35,714)
At 30 November 2003	<u>33,018</u>	<u>-</u>	<u>8,774</u>	<u>41,792</u>
NET BOOK VALUE:				
At 30 November 2003	<u>13,168</u>	<u>-</u>	<u>3,368</u>	<u>16,536</u>
At 30 November 2002	<u>18,013</u>	<u>4,050</u>	<u>5,249</u>	<u>27,312</u>

8. FIXED ASSET INVESTMENTS

a) Of the Group

The group has no fixed asset investments.

b) Of the Company

	£
COST:	
As at 1 December 2002	136,710
Additions	4,230
As at 30 November 2003	<u>140,940</u>
NET BOOK VALUE:	
As at 30 November 2003	<u>140,940</u>
As at 30 November 2002	<u>136,710</u>

The fixed asset investment relates to investments in subsidiary undertakings all of which are registered in England and Wales.

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

8. FIXED ASSET INVESTMENTS (Cont'd)

Holdings of 20% or more

The company holds 20% or more of the nominal value of the share capital of the following companies.

Company	Country of Incorporation	Holding	Proportion Held
Billy-Bob Teeth Limited	United Kingdom	Ordinary	100%
Leapfrog Business Development & Marketing Ltd.	United Kingdom	Ordinary	100%
Leapfrog Tax Free Solutions Limited	United Kingdom	Ordinary	100%
Citybug UK Limited	United Kingdom	Ordinary	100%

The principal business activities of all the above companies are as follows:

Billy-Bob Teeth Limited	Non-store retail and wholesale
Leapfrog Business Development & Marketing Ltd.	Not trading, dormant throughout period.
Leapfrog Tax Free Solutions Limited	Not trading, dormant throughout period.
Citybug UK Limited	Not trading, dormant throughout period.

9. STOCKS

	Group		Company	
	30.11.03 £	30.11.02 £	30.11.03 £	30.11.02 £
Finished Goods	<u>1,609,502</u>	<u>852,639</u>	<u>1,525,455</u>	<u>727,271</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	Group		Company	
	30.11.03 £	30.11.02 £	30.11.03 £	30.11.02 £
V.A.T	404	405	-	-
Trade debtors	2,469,887	1,819,099	2,469,887	1,819,099
Other Debtors	6,594	17,201	6,495	16,867
Amounts owed from group undertakings	-	-	109,611	495,752
Prepayments & accrued income	257,636	235,741	257,636	157,180
Taxation	1,311	-	9,745	-
	<u>2,735,832</u>	<u>2,072,446</u>	<u>2,853,374</u>	<u>2,488,898</u>

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	Group		Company	
	30.11.03	30.11.02	30.11.03	30.11.02
	£	£	£	£
Bank loans and overdrafts	259,746	-	259,746	-
Trade Creditors	1,995,958	1,556,492	1,995,958	1,554,794
Other creditors	2,567	2,980	2,567	2,980
V.A.T	117,464	55,520	117,464	55,520
Amounts owed to group undertakings	-	-	26,190	320,672
Social security & other taxes	20,237	17,431	20,237	17,431
Accrued expenses	741,260	326,669	736,259	249,571
	<u>3,137,232</u>	<u>1,959,092</u>	<u>3,158,421</u>	<u>2,200,968</u>

12. OBLIGATIONS UNDER LEASING AGREEMENTS

The annual commitments under non-cancellable operating leases were as follows:-

	Group		Company	
	30.11.03	30.11.02	30.11.03	30.11.02
	£	£	£	£
Expiring:				
Between one and five years	<u>33,046</u>	<u>28,046</u>	<u>33,046</u>	<u>28,046</u>

13. CALLED UP SHARE CAPITAL

Authorised:		Nominal	30.11.03	30.11.02
Number:	Class:	Value:	£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		Nominal	30.11.03	30.11.02
Number:	Class:	Value:	£	£
705,040	Ordinary	£1	<u>705,040</u>	<u>700,810</u>

During the period the company issued 4,230 £1 ordinary shares at par.

Re:Creation Group PLC

Notes to the Financial Statements
for the Year Ended 30 November 2003

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	30.11.03	30.11.02	30.11.03	30.11.02
	£	£	£	£
Profit/(Loss) for the financial year	87,336	(336,147)	67,489	(163,058)
New share capital subscribed	4,230	136,710	4,230	136,710
Net addition to shareholders' funds	<u>91,566</u>	<u>(199,437)</u>	<u>71,719</u>	<u>(26,348)</u>
Opening shareholders' funds	1,184,536	1,383,973	1,357,625	1,383,973
Closing shareholders' funds	<u><u>1,276,102</u></u>	<u><u>1,184,536</u></u>	<u><u>1,429,344</u></u>	<u><u>1,357,625</u></u>
 Equity interests	 <u><u>1,276,102</u></u>	 <u><u>1,184,536</u></u>	 <u><u>1,429,344</u></u>	 <u><u>1,357,625</u></u>

15. EXCEPTIONAL ITEM

Goodwill arising on the acquisition of the subsidiary undertakings during the year in the amount of £16,415 (2002: £172,546) has been written off to the profit and loss account as impaired.