

Company Number: 3910588

THE 4LESS GROUP PLC
ANNUAL REPORT
YEAR ENDED 31 MARCH 2004



THE 4LESS GROUP PLC

COMPANY INFORMATION

Directors	William Eric Peacock - Chairman (Appointed 11 March 2004) Charles McLeod - Chief Executive Officer Timothy Sullivan James Corsellis Gregory Begley (Appointed 1 October 2003) Nigel Paul (Appointed 1 October 2003)
Secretary	Nigel Paul
Company Number	3910588
Registered Office	160 Brompton Road Knightsbridge London SW3 1HW
Auditors	PKF Farringdon Place 20 Farringdon Road London EC1M 3AP
Solicitors	Mishcon de Reya 12 Red Lion Square London WC1R 4QD
Bankers	Bank of Ireland 36 Queen Street London EC4R 1AJ

THE 4LESS GROUP PLC

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THE 4 LESS GROUP PLC

CHAIRMAN'S STATEMENT

Introduction

The year under review has been very successful for The 4Less Group Plc. Business volumes grew strongly while the Group took significant steps to further develop its position as one of the leading providers of foreign exchange and other financial services to retail and corporate clients both in the UK and overseas. This advance was strengthened shortly after the year end with the Group's listing on AIM on 15 April 2004 when we raised £1.3 million (after expenses). These funds are being used to provide working capital and support two new initiatives targeted at the business finance and insurance markets.

Performance

Gross turnover for the 12 months to 31 March 2004 was £319.2 million generating a gross profit of £2.9 million. This represents an increase in gross profit of 55% over the 2003 result. Margins improved from 0.73% to 0.81% in our core currencies business while the Group profit on ordinary activities before tax of £298,000 was a rise of 176% on the previous year. This result was slightly ahead of the forecast for profit before tax of £290,000 issued at the time of the AIM listing and placing. The Group has ample cash resources to fund its planned activities. The move to AIM gives the Group increased visibility and raises its profile with investors and in its industry sector, while also helping to build a broader shareholder base and greater liquidity in the stock.

Prior Period Adjustment

The accounts include a prior period adjustment to correct understatements of trade debtors and trade creditors contained in the balance sheet at 31 March 2002. The effect on net assets is £232,000 after taxation. The net assets at 31 March 2004, adjusted for the net proceeds of the flotation and the prior period adjustment are £1.7 million. The understatements relate wholly to the two years ended 31 March 2002, the first two years of trading. Since 31 March 2002, the Group's management and its financial and accounting systems have been significantly strengthened and we are satisfied that the Group's systems and internal controls are robust.

Board

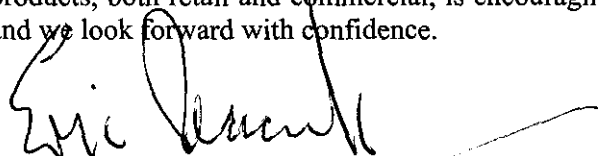
In October 2003 the Board was strengthened through the appointment of Greg Begley as Chief Operating Officer and Nigel Paul as Finance Director who both have many years of experience in banking and finance. I joined the Board in March 2004, prior to the move to AIM.

People

The number of people in the Group has grown significantly during the year. I have been greatly impressed by the quality and professionalism demonstrated by staff at all levels. The Group places strong emphasis on training and is committed to the on-going development of its staff. I would like to thank everyone associated with the Group for their commitment, hard work and above all, enthusiasm.

Outlook

The year has started well; demand for our services remains strong and the level of interest in our new products, both retail and commercial, is encouraging. Trading conditions in our key markets are buoyant and we look forward with confidence.



Eric Peacock
Non-executive chairman

THE 4LESS GROUP PLC

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

The year to 31 March 2004 has been productive in terms of business performance and also seen considerable change as we have taken major steps in positioning the Group for future development. We continued to broaden our customer base with new client registrations increasing by 37% per cent over the year. Our new Spanish Office directly serves the extensive and important business relationships we have in that country.

The management team was strengthened in October 2003 by the appointment of Greg Begley as Chief Operating Officer and Nigel Paul as Finance Director. Immediately following the year under review the Group moved its listing from OFEX to AIM, raising £1.7m gross (£1.3m net) for the purposes of developing the infrastructure of the group, expanding the existing operations especially into the corporate arena, and to support increased foreign exchange lines with our bankers.

A key part of the development of the infrastructure of the Group has been our commitment to regulation and compliance with Anti-money Laundering and Proceeds of Crime legislation. We continue to develop our internal control and client registration systems, and work closely with external specialist consultants to ensure staff are aware of the changing legislation and adequately trained. We have also expanded our back office infrastructure in line with the growth in the number of foreign currency transactions.

Our Property Finance division is now FSA authorised to conduct mortgage business, and FLG Insurance Brokers Limited, our insurance subsidiary is a member of the General Insurance Standards Council and has completed the process of applying for FSA registration which comes into force in January 2005.

We constantly listen to the requirements of our clients and as a result of great demand we have created International Equity Release. This product, which is available from Banks in France, Spain and Portugal, will allow UK residents with unencumbered properties in these countries to take out Euro mortgages secured on their overseas property. At present this facility is not generally available in these countries and is only available through Property Finance 4Less.

With over 1 million UK nationals owing properties in Europe and expected to grow by a further 2 million over the next 5 year, the prospects for this business are good.

We have developed the infrastructure and recruited high calibre staff for our new FLG Corporate Services division which acting as broker, assists in the arrangement of bespoke trade and asset finance products for clients from a wide range of financial institutions. This business is now ready to formally launch its products and services.

Trading review

The Group continued to develop its trading base during the year. The major contributors were our foreign currency and overseas mortgages divisions. The referrals now coming through the overseas mortgage division have lead to the Group setting up an insurance broking operation to service the substantial demand for insurance cover for overseas properties.

The Group commenced trading in March 2000 as a foreign currency exchange service providing an alternative to the UK Clearing Banks, whose high charges and low levels of customer support had just been severely criticised in the Cruickshank Report. Today in addition to currency services the Group provides a range of lending and insurance products for the consumer and business market.

The Group's rapid growth has resulted from focusing on outstanding customer service backed by people with the requisite skills to fulfil our clients' needs. We do not take principal risk on any of our lending products or facilitate speculative currency transactions.

The number of fully registered customers has grown through personal recommendation, targeted marketing and innovative use of the internet. This has been further boosted by reciprocal referral relationships with overseas property agents and a number of UK-based car dealerships. The client base is now in excess of 20,000. Satisfied customers are our greatest asset and most effective advertisement. We are encouraged that over thirty per cent of our business comes from recommendations or referrals. Our large customer base of high net worth individuals expect excellence and we are constantly looking at ways of developing new products which we believe they will find attractive.

Currencies4less is our principal business activity and accounted for over 99.8% per cent of Group sales and profit in the year under review. We expect this business to continue to grow strongly although as a proportion of the whole Group it will gradually reduce as the other businesses, including the new corporate operations, become more established.

Propertyfinance4less had a good year boosted by the continuing strong demand from UK citizens for homes overseas. There are now over one million UK nationals owning property abroad, principally in France, Italy, Portugal and Spain and demand in other countries, including the USA, is also buoyant. This trend is expected to continue and we can now benefit significantly from the high level of requests we have received for insurance cover through our newly established FLG Insurance Brokers division.

Car-finance4less was formed to arrange financing for clients wishing to purchase cars abroad. However as the financial benefit of importing cars has gradually diminished this business now focuses on building referral relationships with the larger independent dealerships who operate mainly in the quality brands market. The business is making steady progress in offering competitive financial products aimed at higher value cars for personal use.

FLG Insurance Brokers has recently commenced trading. We are excited about the prospects for this business whose products span both the consumer and corporate markets. The business provides a range of insurance products for property owners overseas including house and contents insurance, mortgage linked life/protection assurance, critical illness, health and travel insurance. It also provides corporate customers with credit insurance, bonds, liability insurance and personal indemnity cover. Early signs are encouraging and with the additional benefit of annual renewal premiums, the outlook for the business is positive and it should provide a stable and growing income stream to the Group.

FLG Corporate Services has also only recently commenced trading. This division provides financial services to business customers requiring customised funding packages to support their existing trading activities and growth ambitions. They will arrange asset and trade finance facilities and debt financing, with particular emphasis on companies with a turnover broadly in the range £1 million to £50 million. Our Corporate Services team has long experience in this market and over the years has built a wide network of business contacts and commercial relationships. We are excited by the opportunities in this market and are particularly encouraged by our discussions with the larger financial institutions that will provide the financing to our clients. It is early days but the feedback we have received suggests that this business has a bright future.

Corporate identity

We have recently introduced a new corporate identity and have redesigned our Group web site in order to provide more information for investors and others interested in our company. This new style will be adopted Group wide.

Looking forward

The Group has come a long way in a short time. The management team is determined to continue to grow the business in a controlled manner without curbing the entrepreneurial drive and enthusiasm, which is so important in a fast developing operation. Looking to the future we aim to reinforce our strong organic growth with acquisitions that support and complement our existing businesses. We are proud of what has been achieved but not complacent about the challenges that lie ahead.



Charles McLeod
Chief Executive Officer

4LESS GROUP PLC

REPORT OF THE DIRECTORS

The Directors present their report together with consolidated financial statements for the year ended 31 March 2004.

Principal Activities

The principal activities of the Group are the provision of foreign currency exchange and related finance products, and the arrangement of overseas mortgages and finance for the acquisition of motor vehicles. The principal activity of the company is the provision of foreign currency exchange.

Results and dividends

The Group's profit for the financial year, after taxation, was £201,769. The trading results for the year, and the Group's and Company's financial position at the end of the year are shown in the attached financial statements.

The Directors have not recommended the payment of a dividend.

Business Review

An overall review of the business and indications of likely future developments is given in the Chairman's and Chief Executive's reports.

Directors

The Directors who held office during the year are set out below.

The following table shows the beneficial interests of the Directors in the shares of the company at 31 March 2004 and at 31 March 2003, or their appointment to the board if later, together with their salaries and fees.

	Salary and Fees		Ordinary Shares of 1p each	
	2004 £	2003 £	2004 Number	2003 Number
*William Eric Peacock (appointed 11 March 2004)	-	-	-	-
Charles McLeod	85,000	85,000	3,260,662	3,827,002
Greg Begley (appointed 1 October 2003)	44,000	n/a	-	-
Nigel Paul (appointed 1 October 2003)	44,000	n/a	-	-
Timothy Sullivan	75,000	75,000	48,330	25,000
*James Corsellis	13,500	31,375	-	-
Bertrand Picot (resigned 11 March 2004)	75,000	75,000	-	257,500

*Non-executive and member of the audit committee and the remuneration committee. James Corsellis holds 155,713 warrants which may be converted for 60p per share until 26 June 2007. Marwyn Investments Limited a company of which he is director also holds 311,247 warrants which may be converted at 28p per share. Subsequent to the year end, the company has granted options and warrants as detailed in note 17. The company's registers indicate that the number of ordinary shares of 1p each held by directors' as at 14 September 2004 are William Eric Peacock – nil, Charles McLeod – 2,860,662, Greg Begley – 41,666, Nigel Paul – 41,666, Timothy Sullivan – 48,330, James Corsellis – nil.

THE 4LESS GROUP PLC

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

Payment Policy

The policy for the Group is to agree the terms of payment with suppliers on an individual basis at the time of entering the transaction. At the year end trade creditors were on average 25 days (2003: 24 days).

Transition to International Financial Reporting Standards (IFRS)

The Group is in the process of preparing to convert to IFRS in time for application to the 2006 results. A project team has been established to identify the effects of differences between UK GAAP and IFRS. This process is currently ongoing and will continue as new standards and amendments to existing standards evolve. During the year ending 31 March 2005 the Group will begin to run a separate internal IFRS financial reporting consolidation.

Disabled Employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee information and consultation

The Group continues to involve its staff in the future development of the business. Information is provided to employees by regular briefing meetings.

The Group operates a Group Stakeholder Pension Plan available to all employees.

THE 4LESS GROUP PLC

REPORT OF THE DIRECTORS

Going Concern

After making enquiries, the Directors have formed a judgement that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.


Post Balance Sheet Events

On 15 April 2004, the Company floated and was admitted on the Alternative Investment Market (AIM) and raised £1.7m (before expenses) via the issue of 2,833,333 ordinary shares of 1p each at a price of 60p each. Further details are provided in Note 17.

Auditors

PKF offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Nigel Paul', written over a horizontal line.

Nigel Paul
Secretary
16 September 2004

THE 4LESS GROUP PLC
CORPORATE GOVERNANCE STATEMENT
YEAR ENDED 31 MARCH 2004

Introduction

The Board of The 4Less Group plc is committed to achieving good standards of corporate governance, integrity and business ethics for all activities. Under the rules of the AIM, the Group is not required to comply with the Combined Code. However, the Group has taken steps to comply with the Combined Code in so far as it can be applied practically, given the size of the Group and the nature of its operations.

Audit Committee

The Audit Committee consists of the non-executive directors with William Eric Peacock as chairman. The committee will meet at least twice a year, linked to the timing of the publications of the Group's results. The committee will also meet on an ad hoc basis when necessary. The external auditors may also be invited to attend these meetings.

The committee operates within specific terms of reference which include:

- considering the appointment of external and internal auditors;
- reviewing the relationship with external auditors;
- reviewing the financial reporting and internal control procedures
- reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors
- reviewing the consistency of accounting policies both on a year to year basis and across the Group.

Remuneration Committee

The Remuneration Committee consists of the non-executive directors with W Eric Peacock as chairman.

The Chief Executive Officer of the Company, Charles McLeod, may also be invited to attend certain meetings of the Remuneration Committee.

Role of the Remuneration Committee

The Remuneration Committee reviews and determines on behalf of the Board and shareholders of the Company the pay, benefits and other terms of service of the executive directors of the Company and the broad pay strategy with respect to senior Company employees.

Transitional period and establishment of the Remuneration Committee

The Company became an AIM-listed company on 15 April 2004. In view of this timing the Remuneration Committee has considered the remuneration policy for the current year.

Best Practice

As the Company is AIM-listed the Company is not legally required to set out its remuneration policy but is doing so on a voluntary basis. To the extent that such principles are relevant to the current circumstances of the Company, the provisions of inter alia the Directors' Remuneration Report Regulations 2002 and the Combined Code are taken into account.

Remuneration Policy

The objective of the Company's remuneration policy is to provide remuneration in a form and amount to attract, retain and motivate high quality management.

The remuneration policy of the Company has four principal components:

Basic Salaries

Basic Salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other similar companies. Within that frame of reference, it is intended that pay should be at the mid-market rate.

THE 4LESS GROUP PLC
CORPORATE GOVERNANCE STATEMENT
YEAR ENDED 31 MARCH 2004

Bonuses

Bonuses are payable according to the achievement by the Company of certain pre-determined Company targets including earnings and development milestones. The level of bonuses payable on achievement of the targets is set at the level to provide the necessary incentives for executive directors and senior managers. There are appropriate adjustments to the bonus payable in the event of over or under-achievement of the Company against those targets.

Share Option Scheme

At the Annual General Meeting held on 27 February 2004, shareholders approved the creation of The 4Less Group plc 2004 Enterprise Management Incentive Plan (the EMI Plan).

The EMI Plan will be operated by the Board (acting where appropriate, through the Remuneration Committee). Options granted under the EMI Plan should qualify for favourable tax treatment provided various conditions set out in the Income Tax (Earnings and Pensions) Act 2003 are met.

Any employee or director of the Group who works at least 25 hours per week for the Group or who spends at least 75 per cent of his working time for the Group will be eligible to participate in the EMI Plan at the discretion of the Board.

Employee Benefit Trust

At the Annual General Meeting held on 27 February 2004 shareholder approval was obtained for the creation of The 4Less Group 2004 Employee Settlement ('the EBT').

The EBT is a discretionary trust capable of benefiting all employees and former employees of the Company and its subsidiaries and certain of their dependants. The trustees are Dominion Employment Benefit Trustees Limited based in Jersey. The trustees of EBT are entirely independent of the Company. The Company cannot give any instructions to the trustees but can make recommendations to them.

The Company has made an initial contribution of £100 to the trustees and may make further contributions to the trustees from time to time.

Pensions

The Group provides a stakeholder pension scheme for all employees. No contributions are made by the company to the scheme.

Directors' Remuneration

The particulars of the remuneration of the Directors and their interests are as set out in the Directors' Report.

Directors' Service Contracts

All executive Directors are employed under service contracts. The services of Charles McLeod may be terminated by a maximum of 12 months notice by the company or the executive. The services of the other executive directors may be terminated by a maximum of 6 months notice.

THE 4LESS GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE 4LESS GROUP PLC

We have audited the financial statements of The 4Less Group plc for the year ended 31 March 2004 which comprise the consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' Report.

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 and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive Officer's Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate in the group'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.

THE 4LESS GROUP PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE 4LESS GROUP PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 March 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF

PKF
Registered Auditors
London, UK
16 September 2004

THE 4LESS GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
TURNOVER	2	319,169,452	271,862,416
Cost of sales		(316,264,498)	(269,987,866)
GROSS PROFIT		2,904,954	1,874,550
Administrative expenses		(2,736,518)	(1,860,202)
OPERATING PROFIT	3	168,436	14,348
Interest receivable and similar income	6	133,496	95,395
Interest payable and similar charges	7	(4,011)	(2,117)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		297,921	107,626
TAXATION	8	(96,152)	(31,747)
PROFIT FOR THE FINANCIAL YEAR	18	201,769	75,879
Earnings per share	9	3.923p	1.489p
Diluted earnings per share	9	3.815p	1.367p
All amounts relate to continuing operations.			

THE 4LESS GROUP PLC
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2004

	<u>2004</u> £	<u>2003</u> £
Profit for the financial year	201,769	75,879
Prior period adjustment		
Adjustments in respect of the understatement of trade debtors and trade creditors relating to transactions wholly contained in the two accounting periods ended 31 March 2002 (as explained in note 23)	(231,706)	-
	<hr/>	<hr/>
Total recognised gains and losses recognised since last annual report	(29,937)	75,879
	<hr/>	<hr/>

THE 4LESS GROUP PLC
CONSOLIDATED BALANCE SHEET
31 MARCH 2004

			<u>2004</u>	<u>2003</u> (As restated)
	<u>Notes</u>	£	£	£
FIXED ASSETS				
Tangible	10		299,516	87,871
			<hr/>	<hr/>
			299,516	87,871
CURRENT ASSETS				
Debtors	12	608,220	251,678	
Cash at bank and in hand		7,844,363	4,669,598	
		<hr/>	<hr/>	
		8,452,583	4,921,276	
CREDITORS: amounts falling due within one year	13	(8,310,210)	(4,769,027)	
		<hr/>	<hr/>	
NET CURRENT ASSETS			142,373	152,249
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			441,889	240,120
			<hr/>	<hr/>
NET ASSETS			441,889	240,120
			<hr/>	<hr/>
CAPITAL AND RESERVES				
Called up share capital	17	51,427	51,427	
Share premium account	18	160,805	160,805	
Profit and loss account	18	229,657	27,888	
		<hr/>	<hr/>	
EQUITY SHAREHOLDERS' FUNDS	19		441,889	240,120
			<hr/>	<hr/>

The financial statements were approved by the board on 16 September 2004

Signed on behalf of the board of directors


Charles McLeod
Director

THE 4LESS GROUP PLC
COMPANY BALANCE SHEET
31 MARCH 2004

		<u>2004</u>	<u>2003</u> (As restated)
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible	10	288,708	82,247
Investments	11	6	6
		<hr/>	<hr/>
		288,714	82,253
CURRENT ASSETS			
Debtors	12	664,519	284,787
Cash at bank and in hand		7,784,558	4,665,129
		<hr/>	<hr/>
		8,449,077	4,949,916
CREDITORS: amounts falling due within one year	13	(8,229,371)	(4,752,820)
		<hr/>	<hr/>
NET CURRENT ASSETS		219,706	197,096
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		508,420	279,349
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	17	51,427	51,427
Share premium account	18	160,805	160,805
Profit and loss account	18	296,188	67,117
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		508,420	279,349
		<hr/>	<hr/>

The financial statements were approved by the board on 16 September 2004

Signed on behalf of the board of directors


Charles McLeod
Director

THE 4LESS GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2004

	<u>2004</u> £	<u>2003</u> £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	168,436	14,348
Depreciation of tangible fixed assets	108,113	62,400
Increase in debtors	(397,280)	(200,295)
Increase in creditors	3,520,958	3,378,388
	<hr/>	<hr/>
Net cash inflow from operating activities	3,400,227	3,254,841
	<hr/>	<hr/>
CASH FLOW STATEMENT (note 20)		
Net cash inflow from operating activities	3,400,227	3,254,841
Returns on investments and servicing of finance	129,485	88,132
Taxation	(35,189)	(60,589)
Capital expenditure	(319,758)	(32,384)
	<hr/>	<hr/>
Cash inflow before financing	3,174,765	3,250,000
Financing	-	(81,272)
	<hr/>	<hr/>
Increase in cash in the period	3,174,765	3,168,728
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds (note 21)		
Increase in cash in the period	3,174,765	3,168,728
Finance lease – repayment of capital element	-	19,576
	<hr/>	<hr/>
Change in net funds	3,174,765	3,188,304
Net funds at 1 April 2003	4,669,598	1,481,294
	<hr/>	<hr/>
Net funds at 31 March 2004	7,844,363	4,669,598
	<hr/>	<hr/>

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings made up to 31 March 2004. The results of subsidiaries acquired are consolidated from the date on which control passed. Acquisitions are accounted for under the acquisition method.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985. The profit after tax for the financial period of the parent company was £229,071 (2003 - £92,483).

(b) Turnover and revenue recognition

Turnover represents:

1. The gross value of foreign exchange currency transactions undertaken by the group's foreign currency business. Purchases of currency relating to the such transactions are treated as cost of sales.

Turnover is recognised after receiving the client's written authorisation. Where the group enters into contracts with its clients, it also enters into separate matched forward contracts with its bankers.

2. Commissions earned from arranging property and car finance. Such revenue is recognised when the client has entered into irrevocable arrangements with the loan provider.

(c) Forward delivery contracts and monies due from clients

The company has the right to insist on net settlement. Accordingly, trade debtors represent the net balance due to the group.

Where funds have been received from clients in advance, the group's liability to them is included in trade creditors.

This represents a change in accounting policy to more accurately reflect the nature of the transactions undertaken by the group and has had no impact on the profit and loss account. See notes 16 and 23. The previous accounting policy was to include the gross amounts owing from and to clients within trade debtors and trade creditors respectively.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

1 ACCOUNTING POLICIES (continued)

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	33%
Office equipment	33%
Leasehold improvements	Over the life of the lease

(e) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(f) Investments

Investments are stated at cost less provision for impairment.

(g) Financial instruments

The only financial instruments utilised by the group are spot and fixed and open forward exchange contracts to match customers' specific requirements. The group does not enter into speculative contracts on its own account.

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, if matched, at the forward contract rate. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction or, if matched, at the forward contract rate. Exchange differences are taken into account in arriving at the operating profit.

(i) Deferred taxation

In accordance with FRS19 full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted. Deferred tax assets are only recognised where they arise from timing differences where their recoverability is regarded as more likely than not.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

2 SEGMENTAL REPORTING

An analysis of turnover and profit after tax by class of business is given below:

	Turnover	
	<u>2004</u>	<u>2003</u>
	£	£
Provision of foreign currency	318,779,410	271,516,883
Arranging car finance	205,389	262,734
Arranging property finance	184,653	82,799
	<hr/>	<hr/>
	319,169,452	271,862,416
	<hr/>	<hr/>

All turnover arose within the United Kingdom.

	Profit Before Tax	
	<u>2004</u>	<u>2003</u>
	£	£
Provision of foreign currency	316,625	122,577
Arranging car finance	(36,308)	5,611
Arranging property finance	17,604	(20,562)
	<hr/>	<hr/>
	297,921	107,626
	<hr/>	<hr/>

An analysis of net assets by class of business:

	<u>2004</u>	<u>2003</u>
	£	£
Provision of foreign currency	508,420	279,349
Arranging car finance	(41,376)	(5,458)
Arranging property finance	(25,155)	(33,771)
	<hr/>	<hr/>

3 OPERATING PROFIT

The operating profit is stated after charging:

	<u>2004</u>	<u>2003</u>
	£	£
Depreciation of tangible fixed assets - owned	108,113	62,400
Auditor's remuneration - audit services	25,000	20,000
- non audit services	5,000	37,115
Operating lease rentals:		
-land and buildings	93,877	31,348
	<hr/>	<hr/>

The company's auditors also provided further non-audit services amounting to £60,000 in the year in relation to the company's preparation for admission on to AIM.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

4 DIRECTORS' EMOLUMENTS

	<u>2004</u> £	<u>2003</u> £
Directors' emoluments	336,500	266,375

No pension contributions were made on behalf of any of the directors (2003: £Nil).

The highest paid director received emoluments and benefits as follows:

	<u>2004</u> £	<u>2003</u> £
Emoluments	85,000	85,000

On 14th April 2004 the company granted Executive Share Options to the trustee of the EBT Plan (see directors report) in respect of the following directors:

Exercise Price	£ <u>0.55</u>	£ <u>0.70</u>	£ <u>0.90</u>	£ <u>Total</u>
	No:	No:	No:	No:
Greg Begley	265,000	265,000	265,000	795,000
Nigel Paul	265,000	265,000	265,000	795,000
Timothy Sullivan	<u>194,462</u>	<u>194,462</u>	<u>194,462</u>	<u>583,386</u>
Total:	<u>724,462</u>	<u>724,462</u>	<u>724,462</u>	<u>2,173,386</u>

The above options are exercisable between three and ten years following their grant if the company's share price has not been less than the relevant exercise price for a continuous period of three months.

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	<u>2004</u> £	<u>2003</u> £
Wages and salaries	1,379,102	951,557
Social security costs	157,026	96,790
	<u>1,536,128</u>	<u>1,048,347</u>

The average number of employees, including executive directors, during the period was:

	<u>No.</u>	<u>No.</u>
Sales and administration	34	22

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2004</u> £	<u>2003</u> £
Bank interest receivable	133,496	95,395
	<hr/>	<hr/>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2004</u> £	<u>2003</u> £
Bank loans and overdrafts	4,011	1,680
Finance charges under finance lease and hire purchase contracts	-	437
	<hr/>	<hr/>
	4,011	2,117
	<hr/>	<hr/>

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

8 TAXATION

	<u>2004</u>	<u>2003</u>
	£	(as restated) £
a) Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period (previously 2003: £30,618)	90,840	14,186
Adjustment in respect of previous periods (previously 2003: £1,129)	(358)	431
Total current tax (note 8(b)) (previously 2003: £31,747)	90,482	14,617
Total deferred tax (note 8(c)) (previously 2003: £Nil)	5,670	17,130
Total tax charge for the year	96,152	31,747
b) Factors affecting tax charge for period		
Profit on ordinary activities before tax	297,921	107,626
Expected tax @ 30%	89,377	32,288
Expenses not deductible for tax purposes	13,231	3,864
Depreciation in excess of capital allowances	4,828	9,418
Taxation of profits at marginal/ small companies rate	(6,098)	(8,517)
Utilisation of tax losses brought forward	(10,498)	(22,867)
Adjustments to tax charge in respect of prior period	(358)	431
Actual tax charge	90,482	14,617

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

8 TAXATION (continued)

c) Deferred tax asset

Group	Tax Losses £	Accelerated Capital Allowances £	Total £
At 1 April 2003	12,777	443	13,220
Deferred tax credit/(charge) (note 8(a))	(10,498)	4,828	(5,670)
	<hr/>		
At 31 March 2004	2,279	5,271	7,550
	<hr/>		
Company			
At 1 April 2003	4,841	159	5,000
Deferred tax credit/(charge)	(4,841)	4,341	(500)
	<hr/>		
At 31 March 2004	-	4,500	4,500
	<hr/>		

9 EARNINGS PER SHARE

Both basic earnings per share and diluted earnings per share are based on a profit of £201,769 (2003: £75,879). The basic earnings per share has been calculated on a weighted average of 5,142,850 (2003: 5,116,738) ordinary shares in issue. The diluted earnings per share has been calculated on a weighted average of 5,288,452 (2003: 5,573,448) of ordinary shares in issue and the dilutive potential ordinary shares from warrants.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

10 TANGIBLE FIXED ASSETS

Group	<u>Leasehold improvements</u> £	<u>Motor vehicles</u> £	<u>Office equipment</u> £	<u>Total</u> £
Cost				
At 1 April 2003	-	-	205,860	205,860
Additions	162,837	11,253	145,668	319,758
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	162,837	11,253	351,528	525,618
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2003	-	-	117,989	117,989
Charge for period	20,680	3,312	84,121	108,113
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	20,680	3,312	202,110	226,102
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 31 March 2004	142,157	7,941	149,418	299,516
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	-	-	87,871	87,871
	<hr/>	<hr/>	<hr/>	<hr/>
Company	<u>Leasehold Improvements</u>	<u>Motor Vehicles</u>	<u>Office equipment</u> £	<u>Total</u> £
Cost				
At 1 April 2003	-	-	197,131	197,131
Additions	162,837	-	145,668	308,505
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	162,837	-	342,799	505,636
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2003	-	-	114,884	114,884
Charge for period	20,680	-	81,364	102,044
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	20,680	-	196,248	216,928
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 31 March 2004	142,157	-	146,551	288,708
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	-	-	82,247	82,247
	<hr/>	<hr/>	<hr/>	<hr/>

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

11 FIXED ASSET INVESTMENTS

Company

**Shares in
subsidiary
undertakings**
£

Cost

At 1 April 2003 and 31 March 2004

6

The company holds 100% of the ordinary share capital of www.car-finance4less.com Limited, which is an arranger of car finance, www.property-finance4less.com Limited, which is an arranger of property finance and www.fx4less.com Limited, Boatfinance4less Limited, and Currencies4less Limited which are dormant. All subsidiaries are registered in England and Wales.

12 DEBTORS

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		(as restated)		(as restated)
	£	£	£	£
Due within one year				
Trade debtors	304,572	143,353	110,675	79,742
Amounts due from group undertakings	-	-	264,140	110,482
Other debtors	-	2,109	-	-
Corporation tax recoverable	-	35,068	-	33,798
Prepayments and accrued income	296,098	57,928	285,204	55,765
Deferred tax asset (note 8(c)) relating to prior period adjustment (Note 23)	7,550	13,220	4,500	5,000
	608,220	251,678	664,519	284,787

13 CREDITORS

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		(as restated)		(as restated)
	£	£	£	£
Amounts falling due within one year				
Trade creditors	8,026,377	4,636,921	8,014,815	4,630,337
Corporation tax	20,225	-	21,495	-
Other tax and social security	74,666	42,693	64,960	42,693
Other creditors	69,226	32,531	11,100	23,408
Accruals and deferred income	119,716	56,882	117,001	56,382
	8,310,210	4,769,027	8,229,371	4,752,820

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

14 LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Land and buildings

Leases expiring:

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	£	£	£	£
Between two and five years	127,300	-	127,300	-

15 FINANCIAL INSTRUMENTS

Treasury activities take place under procedures and policies monitored by the Board. They are designed to minimise the financial risks faced by the Group which primarily arise from interest rate, currency and liquidity risks and information is given below. As permitted by FRS 13 no further details are set out in respect of short-term debtors and creditors.

Interest rate risks

The group has financed its operations primarily through the issue of equity shares and retained profit. Floating rate assets comprise cash at bank and the group receives interest on cash balances at rates linked to the group's banker base rate. The group has no significant borrowings. The group has no other assets or liabilities that are subject to interest rate fluctuations.

Liquidity risk

The Group's treasury management policies are designed to ensure the continuity of funding. The Group has significant surplus cash at the period end.

Foreign currency risk

The Group does not have any significant foreign currency exposure as all foreign currency is acquired under matched contracts to fulfil contracts with customers and therefore no further analysis is required under FRS 13.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

16 FORWARD DELIVERY CONTRACTS AND MONIES DUE FROM CLIENTS

At the year end, the amount due from clients in respect of open contracts was £13,680,180 (2003 - £13,402,307).

At the year end, the group had committed to purchase currency at fixed rates from its bankers, in respect of clients, amounting to £16,081,319 (2003 - £14,565,570).

17 SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	No.	£	No.	£
At 1 April 2003	10,000,000	100,000	5,142,850	51,427
31 March 2004	14,000,000	140,000	5,142,850	51,427

At the Annual General meeting held on 27 February 2004 the authorised share capital of the Company was increased from £100,000 to £140,000 by the creation of 4,000,000 Ordinary Shares of 1 penny each ranking *pari passu* in all respects with the existing Ordinary Shares of 1 penny each in the capital of the Company.

The Directors were generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities as defined in section 80(2) up to an aggregate nominal amount of £40,000 for the purposes of the EMI plan, the EBT and the Executive Options, such authority to expire on 26 February 2009.

On 15 April 2004 the Company issued 2,833,333 new ordinary shares of 1p each ranking *pari passu* in all respects with the existing Ordinary Shares of 1 penny each in the capital of the Company and on that date the Company's shares were admitted for trading on AIM. The shares were issued at 60p which represented a premium to the nominal value of 59p. Following Admission, the authorised and issued share capital of the company was:

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	No.	£	No.	£
At 15 April 2004	14,000,000	140,000	7,976,183	79,762

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

17 SHARE CAPITAL (continued)

The company has shareholder authority to grant three Executive Options in respect of an aggregate amount of 2,173,386 Ordinary Shares, and these were granted on 14 April 2004.

On the same day the Company granted options in respect of an aggregate amount of 137,500 Ordinary Shares to certain employees of the Company. It is the Company's intention to grant these further options are under the terms of the EMI Plan referred to in the Directors' Report.

On 26 June 2002 the company granted a share warrant to Marwyn Investments Limited, in respect of 311,427 Ordinary Shares exercisable at a price of 28 pence per share, to James Corsellis in respect of 155,713 Ordinary Shares, exercisable at a price of 60 pence per share and to JM Finn & Co in respect of 311,427 Ordinary Shares, exercisable at a price of 60 pence per share. The warrants granted to Marwyn Investments Limited and James Corsellis may be exercised in whole or in part at any time up until 27 May 2007. The warrant granted to JM Finn & Co may be exercised in whole or in part at any time up until 27 June 2007.

On 15 April 2004 the Company granted a warrant to Corporate Synergy to subscribe for 79,762 Ordinary Shares and is exercisable at a price of 60 pence per share. It may be exercised in whole or in part at any time prior to the fifth anniversary of admission to AIM.

18 RESERVES

	<u>Group</u> £	<u>Company</u> £
Share premium		
At 1 April 2003 and 31 March 2004	160,805	160,805
<hr/>		
Group		
Profit and loss account	<u>2004</u>	<u>2003</u>
At beginning of year as previously stated	259,594	183,715
Prior period adjustment (note 23)	(311,056)	(311,056)
Associated tax credit	79,350	79,350
<hr/>		
Opening balance as restated	27,888	(47,991)
Profit for year	201,769	75,879
<hr/>		
At end of year	229,657	27,888
<hr/>		

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

18 RESERVES (continued)

Company

Profit and loss account	<u>2004</u>	<u>2003</u>
At beginning of year as previously stated	308,313	215,830
Prior period adjustment (note 23)	(311,056)	(311,056)
Associated tax credit	69,860	69,860
	<hr/>	<hr/>
Opening balance as restated	67,117	(25,366)
Profit for year	229,071	92,483
	<hr/>	<hr/>
At end of year	<u>296,188</u>	<u>67,117</u>

19 SHAREHOLDERS' FUNDS

Group

	<u>2004</u>	<u>2003</u>
	£	£
Shareholders' funds at beginning of year as originally stated	471,826	477,219
Prior period adjustment (note 23)	(311,056)	(311,056)
Associated tax credit	79,350	79,350
	<hr/>	<hr/>
Shareholders' funds at beginning of year as restated	240,120	245,513
Profit for the year	201,769	75,879
New shares issued	-	65,730
Costs incurred in respect Ofex flotation	-	(147,002)
	<hr/>	<hr/>
At end of year	<u>441,889</u>	<u>240,120</u>

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

20 GROSS CASH FLOWS

	<u>2004</u>	<u>2003</u>
Returns on investments and servicing of finance		
Interest received	133,496	90,686
Interest paid	(4,011)	(2,554)
	<hr/> 129,485	<hr/> 88,132
Capital expenditure		
Payments to acquire tangible fixed assets	(319,758)	(32,384)
	<hr/>	<hr/>
Financing		
Issue of share capital	-	65,730
Expenses paid in connection with share issues	-	(147,002)
	<hr/>	<hr/>
	-	(81,272)
	<hr/>	<hr/>

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April <u>2003</u> £	Cash <u>flows</u> £	Other <u>changes</u> £	At 31 March <u>2004</u> £
Cash at bank and in hand	4,669,598	3,174,765	-	7,844,363
	<hr/>	<hr/>	<hr/>	<hr/>

22 TRANSACTIONS WITH RELATED PARTIES

As permitted by Financial Reporting Standard 8, "Related Party Disclosures", the financial statements do not disclose transactions between the parent company and its subsidiaries to the extent that the transactions have been eliminated on consolidation.

During the year the Group paid the Marwyn Group of companies, of which Mr J Corsellis is a director and shareholder, £79,379 (2003 - £Nil). In addition to consultancy fees, these amounts included payments for the services of Mr J Corsellis as director and chairman.

During the year, Tauristic Marketing Ltd, of which Mr C McLeod is a director and shareholder, entered into spot foreign exchange transactions on an arm's length basis amounting to £15,964 (2003 - £2,019).

Mr G Begley contracted to purchase currency at fixed forward and spot rates on an arms length basis. At the balance sheet date, the total due for draw down at fixed future dates to September 2004 amounted to £87,089. The total value of the transaction was £137,627.

THE 4LESS GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

23 PRIOR PERIOD ADJUSTMENTS

Certain balances in the financial statements have been restated for the year ended 31 March 2003 in relation to the following prior period adjustments.

- a) Since the year end, it was found that trade debtors and trade creditors were understated in prior years. This represents a fundamental error relating to certain balances and transactions wholly contained in the two accounting periods ended 31 March 2002.
- b) Trade debtors and trade creditors have been restated following a change in accounting policy as described in note 1(c).

	As originally stated £	Adjustment as per 23(a) above £	Adjustment as per 23(b) above £	As restated 31 March 2003 £
Group				
Trade debtors	13,465,918	104,309	(13,426,874)	143,353
Corporation tax recoverable (note 12)	-	35,068	-	35,068
Deferred tax asset (note 8(c) and note 12)	-	13,220	-	13,220
Trade creditors	17,648,430	415,365	(13,426,874)	4,636,921
Corporation tax payable (note 13)	31,062	(31,062)	-	-
Profit and loss account (note 18)	259,594	(231,706)	-	27,888
Company				
Trade debtors	13,402,307	104,309	(13,426,874)	79,742
Corporation tax recoverable (note 12)	-	33,798	-	33,798
Deferred tax asset (note 8(c) and note 12)	-	5,000	-	5,000
Trade creditors	17,641,846	415,365	(13,426,874)	4,630,337
Corporation tax payable (note 13)	31,062	(31,062)	-	-
Profit and loss account (note 18)	308,313	(241,196)	-	67,117

24 COMMITMENTS AND GUARANTEES

The company has provided guarantees to the bank for the overdraft facilities of its subsidiary undertakings to the extent of £70,000. The maximum exposure was £9,204.

The company has a facility with its bank for spot and forward foreign exchange trading up to a maximum contingent risk amount outstanding (as determined by the bank) of £4,750,000. The amount outstanding under this facility at the year end was £Nil (2003 - £Nil).

25 POST BALANCE SHEET EVENTS

On 15 April 2004, the Company was floated and admitted on the Alternative Investment Market (AIM) and raised £1.7m (before expenses) via the issue of 2,833,333 ordinary shares of 1p each at a price of 60p each. Further details are provided in Note 17.

26 ULTIMATE CONTROLLING PARTY

At the balance sheet date, the company was controlled by Charles McLeod. Following company's floatation on AIM, the company is no longer controlled by him.