

JUMBO INFLATABLES LIMITED
(Formerly Jumbo Promotions Limited)

COMPANY NO 1517401

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2003



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JUMBO INFLATABLES LIMITED

COMPANY INFORMATION

Directors

J.C.S.Tham
D.Cond

Secretary

D.Cond

Registered Office

Unit 1, Harrowbrook Road
Harrowbrook Industrial Estate
Hinckley
LE10 3DJ

Bankers

Barclays Bank Plc
15 Colmore Row
Birmingham
B3 2WN

Auditors

Kitchen & Brown
Alpha House
40 Coinagehall Street
Helston
Cornwall
TR13 8EQ

JUMBO INFLATABLES LIMITED**REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their report and financial statements for the year ended 31st December 2003.

Principal activity and business review

On 1 January 2003 the trade and assets of Supa-Bounce were transferred to the company.

The principal activities of the company are the manufacture and sale of innovative inflatables to recreational markets and the design and installation of children's play areas.

The company has had a difficult year. A move to a new factory and an encouraging order book leave the directors confident that the company can return to profitability.

Change of Name

On 6 July 2003 the company changed its name to Jumbo Inflatables Limited.

Results and Dividend

The results of the company for the year are set out on page 4.

The directors do not recommend payment of a dividend as the funds of the company are fully employed.

Directors

The directors who served the company during the year together with their interests (including family interests) in the shares of the company are as follows:

	No of Shares Held	
	2003	2002
J.C.S.Tham (Appointed 6 October 2003)	-	-
W.K. Goldsmith (Resigned 23 September 2003)	-	-
D.G.Taylor (Appointed 23 September 2003, Resigned 4 February 2004)	-	-
D.Cond	-	-

The company is a wholly owned subsidiary of Jumbo International PLC and the interest of the directors in the parent company can be found in that company's accounts.

Auditors

On 22 December 2003, Kitchen & Brown were appointed auditors to the company.

Kitchen & Brown have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors to the company for the ensuing year.

By Order of the Board



D.Cond
Secretary

Unit 1, Harrowbrook Road
Harrowbrook Industrial Estate
Hinckley
LE10 3DJ

Date: 27th July 2004

JUMBO INFLATABLES LIMITED**DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS****Statement of Directors' Responsibilities**

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 of the profit or loss of the company 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 and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**JUMBO INFLATABLES LIMITED**

We have audited the financial statements of Jumbo Inflatables Limited for the year ended 31st December 2003 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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 the 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 the 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 misstatements within it.

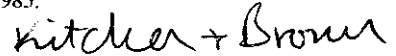
Basis of Opinion

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 affairs as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kitchen & Brown
Chartered Accountants
and Registered Auditors

Alpha House
40 Coinagehall Street
Helston
Cornwall
TR13 8EQ

Date: 27th July 2004

JUMBO INFLATABLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDED 31 DECEMBER 2003

	Note	Year Ended 31.12.2003 £	Year Ended 31.12.2002 £
Turnover – continuing operations	2	2,517,465	3,303,126
Cost of sales		(1,822,855)	(2,308,581)
Gross Profit		694,610	994,545
Administration expenses		(1,181,926)	(1,442,493)
Operating Loss	3	(487,316)	(447,948)
Other interest receivable and similar income	5	-	9,092
Interest payable and similar charges	6	(2,050)	-
Loss on ordinary activities before taxation		(489,366)	(438,856)
Tax on (loss) on ordinary activities	7	-	-
Retained loss transferred from reserves	16	(489,366)	(438,856)

There are no recognised gains or losses other than the loss for the year.

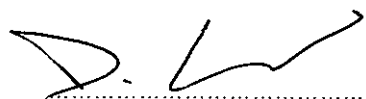
JUMBO INFLATABLES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Note	2003		2002	
		£	£	£	£
Fixed Assets					
Tangible assets	8		73,956		62,569
Intangible assets	9		23,100		24,640
			<u>97,056</u>		<u>87,209</u>
Current Assets					
Stocks	10	470,907		329,370	
Debtors	11	631,376		643,584	
Cash at bank and in hand		41,026		139,220	
		<u>1,143,309</u>		<u>1,112,174</u>	
Creditors					
Amounts falling due within one year	12	(1,414,761)		(1,037,563)	
Net Current (Liabilities)/Assets			<u>(271,452)</u>		<u>74,611</u>
Total Assets Less Current Liabilities			<u>(174,396)</u>		<u>161,820</u>
Creditors: Amounts falling due after one year	13		(200,000)		-
Provisions for liabilities and charges	14		(69,900)		(116,750)
Total Assets Less Current Liabilities			<u>(444,296)</u>		<u>45,070</u>
Capital and Reserves					
Called up share capital	15,16		100		100
Profit and loss account	16		(444,396)		44,970
Equity Shareholders' Funds	16		<u>(444,296)</u>		<u>45,070</u>

Approved by the board on 27th July 2004
and signed on its behalf


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D Cond
Director

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. Principal Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

a) Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

b) Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter, as follows: -

Short Leasehold Improvements		Life of lease
Plant and Machinery	15% - 25%	Reducing balance
Motor vehicles	25%	Reducing balance

c) Stocks and Work-in-Progress

Stocks are stated at the lower of cost and net realisable value.

Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

d) Deferred Taxation

Provision is made for deferred taxation on all reversible timing differences but deferred tax assets are only recognised where recoverability is anticipated.

e) Foreign Currency Translation

Transactions in foreign currencies are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

All exchange differences are dealt with through the profit and loss account.

f) Pension scheme arrangements

The company makes contributions on behalf of staff members to a defined contribution scheme. The pension cost charge represents contributions payable to the scheme.

g) Leasing Commitments

Rentals paid under operating leases are charged to the P&L on a straight line basis over the lease term.

h) Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets and is written off over its estimated useful economic life of 20 years.

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
(Continued)...

2. Turnover

Turnover is attributable to the one principal activity of the company. The geographical analysis of turnover is as follows: -

	Year Ended 31.12.2003	Year Ended 31.12.2002
	£	£
United Kingdom	1,066,240	1,829,993
Europe	1,000,662	798,164
Rest of the World	450,563	674,969
	<u>2,517,465</u>	<u>3,303,126</u>

3. The Operating loss is stated after charging/(crediting):

	Year Ended 31.12.2003	Year Ended 31.12.2002
	£	£
Auditors' remuneration and expenses	5,000	5,500
Depreciation of owned assets	54,178	54,814
Amortisation of intangible assets	1,540	1,540
Operating leases – land and buildings	125,798	127,153
Operating leases – other	27,652	26,793
Profit on foreign exchange	(1,769)	(1,792)
	<u> </u>	<u> </u>

4. Directors' and Employees

Directors' Emoluments

Emoluments	64,099	74,094
Compensation for loss of office	9,550	-
Company contributions to money purchase pension schemes	2,500	7,700
	<u>76,149</u>	<u>81,794</u>

Number of directors in money purchase pension schemes

1 2

Staff Costs

The average number of persons employed by the company, including directors, during the year was as follows:

	Year Ended 31.12.2003 Number	Year Ended 31.12.2002 Number
Management and administration	9	7
Production	58	59
Sales	5	10
	<u>72</u>	<u>76</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,194,124	1,249,694
Social security	100,556	104,334
Other pension costs	15,466	32,479
	<u>1,310,146</u>	<u>1,386,507</u>

JUMBO INFLATABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

(Continued)...

	Year Ended 31.12.2003	Year Ended 31.12.2002
5. Interest Receivable and Similar Income	£	£
Bank interest receivable	-	9,092
	<hr/>	<hr/>
6. Interest Payable and Similar Charges	2,050	-
	<hr/>	<hr/>
7. Tax on loss on ordinary activities	Year Ended 31.12.2003	Year Ended 31.12.2002
	£	£
a) Analysis of charge in year		
Current tax:		
UK corporation tax charge on profit/(loss) of the period	-	-
Deferred tax:		
Total deferred tax (see note 14)	-	-
Tax charge on ordinary activities	<hr/>	<hr/>
	<hr/>	<hr/>
b) Factors affecting the tax charge for the year		
The tax charge for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:	Year Ended 31.12.2003	Year Ended 31.12.2002
	£	£
Loss on ordinary activities before tax	(489,366)	(438,856)
	<hr/>	<hr/>
Tax on Loss at 30% (2002 30%)	(146,810)	(131,657)
Effects of:		
Expenses not deductible (primarily amortisation, legal and professional fees and inter-company balances written off)	5,000	5,614
Capital allowances for the period less than depreciation	9,600	16,444
Tax losses carried forward	132,210	109,599
Utilisation of tax losses	-	-
Current tax charge for the period	<hr/>	<hr/>
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c) Factors that may affect future tax charges

The company has tax losses amounting to approximately £660,000 available for use against future trading profits.

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
(Continued)...

8. Tangible Assets	Leasehold Improvements £	Plant and Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 2003	34,098	386,423	13,941	434,462
Additions	-	37,724	-	37,724
Inter-company Transfer	-	71,050	26,917	97,967
Write off of assets	(25,850)	(335,195)	(24,095)	(385,140)
Disposals	-	-	(16,763)	(16,763)
At 31 December 2003	<u>8,248</u>	<u>160,002</u>	<u>-</u>	<u>168,250</u>
Depreciation				
At 1 January 2003	29,779	328,173	13,941	371,893
Charge for the year	1,650	49,566	2,962	54,178
Inter-company Transfer	-	46,171	23,955	70,126
Write off of assets	(25,850)	(335,195)	(24,095)	(385,140)
Disposals	-	-	(16,763)	(16,763)
At 31 December 2003	<u>5,579</u>	<u>88,715</u>	<u>-</u>	<u>94,294</u>
Net book value				
At 31 December 2003	<u>2,669</u>	<u>71,287</u>	<u>-</u>	<u>73,956</u>
At 31 December 2002	<u>4,319</u>	<u>58,250</u>	<u>-</u>	<u>62,569</u>

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
(Continued)...

9. Intangible Assets

Cost	Goodwill £
At 1 January 2003 and 31 December 2003	30,800
Amortisation	
At 1 January 2003	6,160
Charge for the year	1,540
At 31 December 2003	7,700
Net book value	
At 31 December 2003	23,100
At 31 December 2002	24,640

10. Stocks and Work in Progress

	2003 £	2002 £
Raw materials and consumables	130,605	128,619
Work in progress	42,723	37,738
Finished goods and goods for resale	297,579	163,013
	<u>470,907</u>	<u>329,370</u>

At 31st December 2003 the company held £69,000 raw material stock on consignment (2002: £71,000)

11. Debtors

	2003 £	2002 £
Trade debtors	188,831	266,593
Amounts owed by group undertakings	277,987	308,833
Other debtors	62,235	18,163
Prepayments and accrued income	102,323	49,995
	<u>631,376</u>	<u>643,584</u>

JUMBO INFLATABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

(Continued)...

12.	Creditors - Amounts Falling Due Within One Year	2003 £	2002 £
	Payments received on account	92,908	33,544
	Trade creditors	328,743	300,899
	Amounts owed to group undertakings	831,462	593,959
	Other tax and social security	29,890	32,598
	Accruals and deferred income	131,758	76,563
		<u>1,414,761</u>	<u>1,037,563</u>

13.	Creditors - Amounts Falling Due After One Year	2003 £	2002 £
	Loans From Director	200,000	-
		<u>200,000</u>	<u>-</u>

14. Provisions for liabilities and charges

- a) At 31st December 2003 the company had ongoing commitments in respect of the closure of the advertising and promotions business. In accordance with FRS12 a provision has been recognised as follows:

	2003 £	2002 £
Amount provided at 1 st January 2003	116,750	-
Provided during the year	-	116,750
Utilised during the year	(46,850)	-
Amount provided at 31 st December 2003	<u>69,900</u>	<u>116,750</u>

- b) The amount provided for deferred taxation has been made in accordance with the accounting policies described in note 1. The amounts provided and the full potential liability for accelerated capital allowances are as follows:

	2003 Provided £	Potential £	2002 Provided £	Potential £
Accelerated capital allowances	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
(Continued)...

15. Share Capital

	2003 £	2002 £
Authorised: 1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

16. Equity Shareholders' Funds

	Profit and Loss Account £	Share Capital £	Total £
At 1 January 2002	483,826	100	483,926
Loss for the year	(438,856)	-	(438,856)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2002	44,970	100	45,070
	<u> </u>	<u> </u>	<u> </u>
Loss for the year	(489,366)	-	(489,366)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2003	(444,396)	100	(444,296)
	<u> </u>	<u> </u>	<u> </u>

17. Operating Leases

At 31 December 2003 the company had annual commitments under operating leases as set out below:

	2003 Land & Buildings	2002 Land & Buildings	2003 Other	2002 Other
Operating leases which expire in:				
One year	5,063	8,188	8,712	7,285
Two – five years	15,000	15,000	-	7,885
After Five Years	115,000	66,500	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

JUMBO INFLATABLES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
(Continued)...

18. Contingent Liabilities

As at the year-end, a £12,000 (2002 - £12,000) bond is retained by Customs & Excise as a guarantee regarding import duty and VAT liabilities.

The company is party to a web guarantee in respect of bank loans and overdrafts of the Jumbo International Plc group of companies which at 31st December 2003 stood at £106,000 (2002: £175,000). These bank loans and overdrafts are secured by way of a debenture charge over the company's assets.

19. Ultimate Parent Undertaking and related parties

The ultimate parent company is Anglefolder Limited, a company registered in England & Wales. Copies of the group financial statements can be obtained from 27a Sloane Square, London SW1W 8AB.

The company has taken advantage of the exemptions conferred by FRS8 paragraph 3(c) not to make disclosures concerning relevant related parties.