

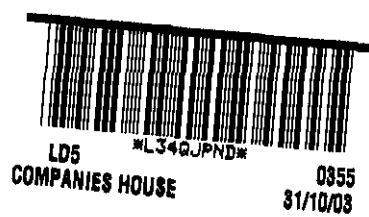
KS-3  
JUMBO PROMOTIONS LIMITED

COMPANY NO 1517401

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



# **JUMBO PROMOTIONS LIMITED**

## **COMPANY INFORMATION**

### **Directors**

W.K. Goldsmith  
D.Cond

### **Secretary**

D.Cond

### **Registered Office**

7 Harriott Drive  
Heathcote Industrial Estate  
Warwick  
CV34 6TJ

### **Bankers**

Barclays Bank Plc  
15 Colmore Row  
Birmingham  
B3 2WN

### **Auditors**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# JUMBO PROMOTIONS LIMITED

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and financial statements for the year ended 31<sup>st</sup> December 2002.

### Principal activity and business review

On 1 January 2002 the trade and assets of Pleasure & Leisure Inflatables Limited, Oughton Leisure Products Limited and The Inflatable Fun Factory Limited were transferred to the company.

The principal activities of the company throughout the year were that of advertising, promotions and public relations, mainly through the supply of static inflatable units and balloons, and the provision of inflatable recreational and promotion modules and other play equipment.

Difficult market conditions meant that the company had a disappointing year, resulting in a discontinuation of the advertising and promotions sector of the business. The inflatable business finished 2002 with a strong order book and the directors are confident that this will continue into the new year.

### 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:

	2002	No of Shares Held 2001
J.A. Simmons ( appointed 4 June 2002, resigned 3 January 2003)	-	-
W.K. Goldsmith	-	-
D.Cond	-	-

All of the directors at 31<sup>st</sup> December 2002 were also directors of the parent undertaking, Jumbo International Plc. Their interests in the shares of that company are disclosed in its financial statements.

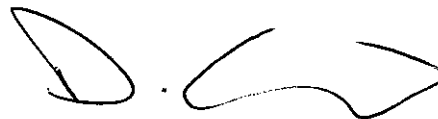
### Charitable Donations

The company made charitable donations of £344 during the year.

### Auditors

Kingston Smith 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

7 Harriott Drive  
Heathcote Industrial Estate  
Warwick  
CV34 6TJ

Date 27<sup>th</sup> June 2003

**JUMBO PROMOTIONS 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 PROMOTIONS LIMITED**

We have audited the financial statements of Jumbo Promotions Limited for the year ended 31<sup>st</sup> December 2002 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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.

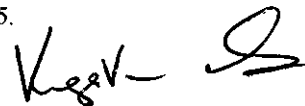
**Basis of Opinion**

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Kingston Smith  
Chartered Accountants  
and Registered Auditors**

**Devonshire House  
60 Goswell Road  
London EC1M 7AD**

**Date: 27<sup>th</sup> June 2003**

**JUMBO PROMOTIONS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR YEAR ENDED 31 DECEMBER 2002**

	Note	Year Ended 31.12.2002 £	Year Ended 31.12.2001 £
<b>Turnover – continuing operations</b>	<b>2</b>	3,303,126	897,669
Cost of sales		(2,308,581)	(608,725)
		<hr/>	<hr/>
<b>Gross Profit</b>		994,545	288,944
Administration expenses		(1,442,493)	(441,672)
		<hr/>	<hr/>
<b>Operating Loss</b>	<b>3</b>	(447,948)	(152,728)
Profit on sale of fixed assets		-	69,959
Other interest receivable and similar income	<b>5</b>	9,092	17,309
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		(438,856)	(65,460)
Tax on profit/(loss) on ordinary activities	<b>6</b>	-	-
		<hr/>	<hr/>
<b>Retained loss transferred from reserves</b>	<b>13</b>	(438,856)	(65,460)
		<hr/>	<hr/>

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

	Year ended 31.12.2002 £	Year ended 31.12.2001 £
Note to historical profits and losses		
Reported loss on ordinary activities before taxation	(438,856)	(65,460)
Realisation of property revaluation gains of previous year	-	97,459
	<hr/>	<hr/>
Historical cost(loss)/ profit on ordinary activities before taxation	(438,856)	31,999
Tax on (loss)/profit on ordinary activities	-	-
	<hr/>	<hr/>
Historical cost (loss)/ profit for the year retained after tax	(438,856)	31,999
	<hr/>	<hr/>

## JUMBO PROMOTIONS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2002

	Note	2002	2001
		£	£
<b>Fixed Assets</b>			
Tangible assets	7	62,569	35,633
Intangible assets	8	24,640	-
		<u>87,209</u>	<u>35,633</u>
<b>Current Assets</b>			
Stocks	9	329,370	60,073
Debtors	10	643,584	283,783
Cash at bank and in hand		139,220	220,664
		<u>1,112,174</u>	<u>564,520</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(1,037,563)	(116,227)
<b>Net Current Assets</b>		<u>74,611</u>	<u>448,293</u>
<b>Total Assets Less Current Liabilities</b>		<u>161,820</u>	<u>483,926</u>
Provisions for liabilities and charges	12	(116,750)	-
<b>Total Assets Less Current Liabilities</b>		<u>45,070</u>	<u>483,926</u>
<b>Capital and Reserves</b>			
Called up share capital	13,14	100	100
Profit and loss account	14	44,970	483,826
<b>Equity Shareholders' Funds</b>	14	<u>45,070</u>	<u>483,926</u>

Approved by the board on 27<sup>th</sup> June 2003  
and signed on its behalf



.....  
D Cond  
Director

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**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 PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
(Continued)...

**2. Turnover**

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

	Year Ended 31.12.2002	Year Ended 31.12.2001
	£	£
United Kingdom	1,829,993	856,758
Europe	798,164	24,737
Rest of the World	674,969	16,174
	<u>3,303,126</u>	<u>897,669</u>

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

	Year Ended 31.12.2002	Year Ended 31.12.2001
	£	£
Auditors' remuneration and expenses	5,500	3,100
Depreciation of owned assets	54,814	11,272
Amortisation of intangible assets	1,540	-
Operating leases – land and buildings	127,153	24,247
Operating leases - other	26,793	2,848
Profit on foreign exchange	(1,792)	-
	<u>                    </u>	<u>                    </u>

**4. Directors' and Employees**

**Directors' Emoluments**

Emoluments	74,094	-
Company contributions to money purchase pension schemes	7,700	-
	<u>81,794</u>	<u>                    </u>

Number of directors in money purchase pension schemes	2	-
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**Staff Costs**

	Year Ended 31.12.2002 Number	Year Ended 31.12.2001 Number
The average number of persons employed by the company, including directors, during the year was as follows:		
Management and administration	7	2
Production	59	5
Sales	10	6
	<u>76</u>	<u>13</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,249,694	228,389
Social security	104,334	19,988
Other pension costs	32,479	2,445
	<u>1,386,507</u>	<u>250,822</u>

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
(Continued)...

5. Interest Receivable and Similar Income	Year Ended 31.12.2002 £	Year Ended 31.12.2001 £
Bank interest receivable	9,092	17,309

6. Tax on profit/(loss) on ordinary activities	Year Ended 31.12.2002 £	Year Ended 31.12.2001 £
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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 12)

- -

Tax charge on ordinary activities

- -

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 31.12.2002 £	Year Ended 31.12.2001 £
Profit/(loss) on ordinary activities before tax	(438,856)	(65,460)
Tax on profit/(loss) at 30% (2001 30%)	(131,657)	(19,638)
Effects of:		
Expenses not deductible (primarily amortisation, legal and professional fees and inter-company balances written off.	5,614	(20,909)
Capital allowances for the period less than depreciation	16,444	26,257
Tax losses carried forward	109,599	-
Utilisation of tax losses	-	14,290
Current tax charge for the period	-	-

c) Factors that may affect future tax charges

The company has tax losses amounting to approximately £164,000 available for use against future trading profits.

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
(Continued)...

7. Tangible Assets	Leasehold Improvements £	Plant and Machinery £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 January 2002	-	75,659	23,927	99,586
Additions	-	6,330	-	6,330
Inter-company Transfer	34,098	304,434	-	338,532
Disposals	-	-	(9,986)	(9,986)
At 31 December 2002	<u>34,098</u>	<u>386,423</u>	<u>13,941</u>	<u>434,462</u>
<b>Depreciation</b>				
At 1 January 2002	-	48,345	15,608	63,953
Charge for the year	13,930	35,566	5,318	54,814
Inter-company Transfer	15,849	244,262	-	260,111
Disposals	-	-	(6,985)	(6,985)
At 31 December 2002	<u>29,779</u>	<u>328,173</u>	<u>13,941</u>	<u>371,893</u>
<b>Net book value</b>				
At 31 December 2002	<u>4,319</u>	<u>58,250</u>	<u>-</u>	<u>62,569</u>
At 31 December 2001	<u>-</u>	<u>27,314</u>	<u>8,319</u>	<u>35,633</u>

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
(Continued)...

**8. Intangible Assets**

<b>Cost</b>	<b>Goodwill £</b>
At 1 January 2002	-
Inter-company Transfer	30,800
At 31 December 2002	<u>30,800</u>
<b>Amortisation</b>	
At 1 January 2002	-
Charge for the year	1,540
Inter-company Transfer	4,620
At 31 December 2002	<u>6,160</u>
<b>Net book value</b>	
At 31 December 2002	<u>24,640</u>
At 31 December 2001	<u>-</u>

**9. Stocks and Work in Progress**

	<b>2002 £</b>	<b>2001 £</b>
Raw materials and consumables	128,619	25,352
Work in progress	37,738	3,747
Finished goods and goods for resale	163,013	30,974
	<u>329,370</u>	<u>60,073</u>

**10. Debtors**

	<b>2002 £</b>	<b>2001 £</b>
Trade debtors	266,593	19,471
Amounts owed by group undertakings	308,833	220,664
Other debtors	18,163	-
Prepayments and accrued income	49,995	43,648
	<u>643,584</u>	<u>283,783</u>

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
(Continued)...

11. Creditors - Amounts Falling Due Within One Year	2002 £	2001 £
Payments received on account	33,544	42,357
Trade creditors	300,899	48,771
Amounts owed to group undertakings	593,959	-
Other tax and social security	32,598	10,065
Accruals and deferred income	76,563	15,034
	<u>1,037,563</u>	<u>116,227</u>

**12. Provisions for liabilities and charges**

- a) At 31<sup>st</sup> December 2002 the company had ongoing commitments in respect of operating leases on vacant properties. In accordance with FRS12 a provision has been recognised as follows:

	2002 £	2001 £
Amount provided at 1 <sup>st</sup> January 2002	-	-
Provided during the year	116,750	-
Amount provided at 31 <sup>st</sup> December 2002	<u>116,750</u>	<u>-</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:

	2002 Provided £	Potential £	2001 Provided £	Potential £
Accelerated capital allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**13. Share Capital**

	2002 £	2001 £
Authorised: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**JUMBO PROMOTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**  
**(Continued)...**

14.	Equity Shareholders' Funds	Revaluation Reserve	Profit and Loss Account	Share Capital	Total
		£	£	£	£
	At 1 January 2001	97,459	451,827	100	549,386
	Loss for the year	-	(65,460)	-	(65,460)
	Transfer of realised profits	(97,459)	97,459	-	-
	At 31 December 2001	-	483,826	100	483,926
	Loss for the year	-	(438,856)	-	(438,856)
	At 31 December 2002	-	44,970	100	45,070

**15. Operating Leases**

At 31 December 2002 the company had annual commitments under operating leases as set out below:

	2002 Land & Buildings	2001 Land & Buildings	2002 Other	2001 Other
Operating leases which expire in:				
One year	8,188	-	7,285	149
Two – five years	15,000	-	7,885	9,709
After Five Years	66,500	33,000	-	-

**16. Contingent Liabilities**

As at the year-end, a £12,000 (2001 - £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 31<sup>st</sup> December 2002 stood at £175,000 (2001: £Nil). These bank loans and overdrafts are secured by way of a debenture charge over the company's assets.

**17. Ultimate Parent Undertaking and related parties**

The ultimate parent company is Jumbo International Plc, a company registered in England & Wales. Copies of the group financial statements can be obtained from 7 Harriott Drive, Heathcote Industrial Estate, Warwick, CV34 6TJ.

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