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Company Registration No 05310224 (England and Wales)



CREATIVITY ENTHUSIASM ENERGY VISION

## CREATIVE ENTERTAINMENT GROUP PLC

### ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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COMPANIES HOUSE

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# CREATIVE ENTERTAINMENT GROUP PLC

## COMPANY INFORMATION

Directors	P Frohlich
	P Robson
	G M Kaye
Secretary	P Robson
Company number	5310224
Registered office	Acre House 11-15 William Road London NW1 3ER
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Registrars	SLC Registrars Limited 42-46 High Street Esher Surrey KT10 9QY

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# CREATIVE ENTERTAINMENT GROUP PLC

## CONTENTS

	Page
Chairman's Statement	3
Directors' report	4
Statement of directors' responsibilities	6
Independent auditors' report	7
Income statement	9
Balance sheet	10
Cash flow statement	11
Statement of changes in equity	12
Notes to the Financial Statements	13

# CREATIVE ENTERTAINMENT GROUP PLC

## CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 JUNE 2009

The year ended 30 June 2009 has been an extremely difficult one

The economic environment throughout the year has been extremely difficult, and has not improved post year-end

As a result, the Company has severe working capital difficulties and has been unable to raise any additional funds either by way of debt or equity. This combined with the global downturn in the corporate events market has meant that the Group has significantly curtailed all its activities, and has reduced overheads to an absolute minimum.

A decision has been made for the Group to cease actively trading, retaining only its investments in Bin Weeviles.com and in the performing rights of Jim Steinman's Bat out of Hell, as well as in the concert venue consulting business.

It is the intention of the Board that these assets be sold in order to maximise returns to the bank, the creditors and to the shareholders.

In order to be able to achieve this aim it is necessary to file statutory accounts at Companies House. If this does not occur the Company will be struck off from the Register of Companies and any assets will become the property of the UK government. Due to the Company's lack of funds and the time pressure imposed by Companies House to file the accounts, the Directors have been unable to have the auditors complete their audit.

A difficult decision has therefore been made by your Board to file the accounts in what is effectively an unaudited state without consolidating any of the subsidiary companies. It is the intention of the Board to liquidate all subsidiaries that are either non-trading or non-investment holding. As a result of this decision the auditors have no option but to include a limitation of scope audit report.

There have been a number of Board changes during the year and subsequent to the year-end and I would like to thank those Directors who have served on the Board for their efforts during a very difficult two year period, together with the Company's staff who have worked tirelessly for little or no pay.

We invited Gavin Kaye, a corporate finance specialist, to join the Board in August 2009 as a non-executive director with a view to assisting the Company in looking at two potential transformational acquisition opportunities and associated fund-raising requirements with the assistance of an investment bank. Unfortunately with the underlying economic environment being so unstable and investment into underperforming small public companies almost non-existent, the acquisitions could not be financed and instead the Board were forced to re-focus their efforts on streamlining their activities in order that no further losses or additional liabilities were incurred. I am grateful for the patience of Lloyds Bank and many of the Group's creditors during this period. Since the Company no longer has any day-to-day trading activities, I will be handing over responsibility to Gavin and to our Finance Director, Paul Robson, with effect from today, in order to maximise the realisation of those remaining assets for the benefit of the bank, creditors and shareholders, although this remains dependent on the continuing support of the Company's bankers and creditors whilst this process is undertaken.



P Frohlich  
Chairman

Date 4/6/10

# CREATIVE ENTERTAINMENT GROUP PLC

## DIRECTORS' REPORT *FOR THE YEAR ENDED 30 JUNE 2009*

The directors present their report and financial statements for the year ended 30 June 2009

### Principal activities

The principal activity of the Company is that of a holding company

### Review of business

The Company has undergone significant cashflow difficulties following the failed AIM listing in 2008, which was compounded by a drastic decline in the corporate events market due to the economic climate. The Directors have been seeking additional investment throughout 2009 and continue to do so. Overheads have been reduced to a minimum and the Directors intend for the Company to continue in operation as an investment holding company.

### Results

The Company made a pre-tax loss on continuing operations of £496,601 (2008 £1,468,697)

At 30 June 2009 the Group had a net assets of £1,666,386 (2008 £1,490,904)

Due to working capital difficulties and fundraising problems the directors have run out of time to complete the audit of the accounts. In order to protect the assets of the Company if it were to be struck off, the accounts have been filed with a limitation of scope report from the auditors. The Directors are also considering liquidating all subsidiaries that are no longer trading or do not hold any investments. Therefore no consolidated accounts have been prepared.

### Key performance indicators

In the opinion of the Directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

### Dividends

The Directors do not propose payment of any dividends.

### Post Balance Sheet Events

On 24th July 2009 The Company raised £10,000 following the placing of 1,000,000 new ordinary shares of 1p each at 1p per share. The subscriber for these shares was Worldwide Natural Resources Plc (WWNR), which increased its total shareholding in the Company to 16,000,000 shares, representing 8.4% of the enlarged share capital of the Company.

On 24 July 2009 Mr Jon Pither and Mr Peter Frohlich, both Directors of the Company, each agreed to accept 5,000,000 warrants in lieu of director's fees amounting to £24,000 each, the warrants are exercisable at 1p for each new ordinary share at any time from the date of issue to 30 November 2012. Hurst Morrison Thomson LLP, advisers to the Company, agreed to accept 5,600,000 warrants in consideration for services provided, these warrants are exercisable at 1.25p for each new ordinary share at any time from the date of issue to 30 November 2012. A further 2,000,000 warrants exercisable at 1p for each new ordinary share have been issued to an employee and 2,000,000 warrants have been issued to a former director and former employee, in replacement of existing options outstanding. Of these latter warrants, 1,000,000 are exercisable at 1p for each new ordinary share and 1,000,000 are exercisable at 2p for each new ordinary share.

On 5th November 2009 The Company raised £110,392 through the issue of 11,039,200 new ordinary shares of 1p each at par. The new ordinary shares, which represent 5.5% of the Company's enlarged issued share capital, have been subscribed by Ms Karen Haddon. Under the terms of her subscription agreement, Ms Haddon will, subject to certain conditions, also be issued with 11,039,200 warrants at 1p each entitling her to subscribe for one new ordinary share of 1p each at any time between the issue of the warrants and 30 November 2012.

**CREATIVE ENTERTAINMENT GROUP PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**Post Balance Sheet Events (continued)**

The Loans from HMT and Michael Gelardi £100,000 in total were converted into equity on 4 February 2010

The Company was withdrawn from the PLUS markets on 14<sup>th</sup> May 2010

**Directors**

The Directors who served during the year were

P Frohlich

G Warren (resigned 29 January 2009)

P Brightman (resigned 17 March 2010)

P Fitzgerald (resigned 1 August 2008)

A Judd (appointed 29 January 2009, resigned 21 July 2009)

L Tenuta (appointed 1 January 2009, resigned 31 December 2009)

P Robson (appointed 22 September 2008)

N Brookes (appointed 29 February 2008, resigned 22 September 2008)

M H Groak (resigned 29 January 2009)

J P Pither (resigned 4 November 2009)

Mr Gavin Kaye was appointed to the Board on 10 August 2009

**Creditor payment policy**

The Group's current policy concerning the payment of trade creditors is to

- a) settle the terms of payment with suppliers when agreeing the terms of each transaction,
- b) ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- c) pay in accordance with the company's contractual and other legal obligations

At the period end trade creditors represented 151 (2008 57) days expenses

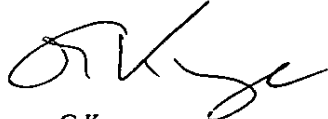
**Disclosure of information to auditors**

For the reasons set out above, the Directors have been unable to provide the auditors with all the information which is relevant to the audit

**Auditors**

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting

On behalf of the Board



G Kaye

Director

4 June 2010

# CREATIVE ENTERTAINMENT GROUP PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CREATIVE ENTERTAINMENT GROUP PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We were engaged to audit the financial statements of Creative Entertainment Group Plc for the year ended 30 June 2009 set out on pages 9 to 23. These financial statements are the responsibility of the company's management. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements.

### **Opinion disagreement over accounting treatment and disclaimer on view given by the financial statements**

These financial statements have been prepared for the company only; the directors have not prepared consolidated financial statements. In our opinion consolidated financial statements should have been prepared, covering the financial position of the group as a whole.

The company did not provide us with sufficient audit evidence to support an opinion on these financial statements, and this placed a severe limitation on the scope of our work.

We have not been provided with any information to confirm whether or not the financial statements should be prepared on a going concern basis.

Because of the significance of the matters discussed in the preceding paragraphs, we are unable to form an opinion as to whether the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



# CREATIVE ENTERTAINMENT GROUP PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

### Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the view given by the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

In respect solely of the limitation of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit,
- we were unable to determine whether adequate accounting records have been kept,
- we were unable to determine whether the financial statements are in agreement with the accounting records and returns, and
- we were unable to determine whether all disclosures relating to directors' remuneration specified by law were made

G A Miller (Senior Statutory Auditor)  
For and on behalf of H W Fisher & Company  
Chartered Accountants  
Statutory Auditor  
Acre House  
11-15 William Road  
London  
NW1 3ER  
United Kingdom

Date

4/6/2010.

**CREATIVE ENTERTAINMENT GROUP PLC**  
**COMPANY INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

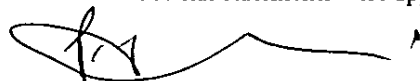
			Year ended 30 June 2009 £	Year ended 30 June 2008 £
<b>Continuing Operations</b>	<b>Notes</b>			
Administrative expenses	- Normal operations	2	(158,484)	(154,088)
	- Inter-company provision		(545,100)	(1,295,017)
	- Exceptional costs		-	(200,356)
			<u>(703,584)</u>	<u>(1,649,461)</u>
Loss from ordinary activities before income tax and finance costs			(703,584)	(1,649,461)
Net finance income	2		83	764
Other income	3		206,900	180,000
<b>Loss before income tax</b>			<u>(496,601)</u>	<u>(1,468,697)</u>
Tax on loss on ordinary activities	4		-	-
<b>Net loss from ordinary activities</b>			<u>(496,601)</u>	<u>(1,468,697)</u>

# CREATIVE ENTERTAINMENT GROUP PLC

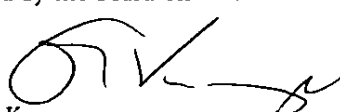
## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	As at 30 June 2009 £	As at 30 June 2008 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed asset investments	5	2,084,244	2,084,244
<b>Current assets</b>			
Other receivables	6	68,542	224,045
Cash and cash equivalents	7	(31,313)	2,515
		37,229	226,560
<b>TOTAL ASSETS</b>		<b>2,121,473</b>	<b>2,310,804</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued capital	8	1,902,546	1,246,543
Share premium		698,983	698,983
Other reserves		84,596	68,516
Merger reserve		1,240,000	1,240,000
Retained earnings		(2,259,739)	(1,763,138)
<b>TOTAL EQUITY</b>		<b>1,666,386</b>	<b>1,490,904</b>
<b>Current liabilities</b>			
Trade and other payables	9	455,087	619,900
Loans from directors	12	-	200,000
		455,087	819,900
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,121,473</b>	<b>2,310,804</b>

The financial statements were approved by the board on 4 June 2010



P Frohlich  
Director



G Kaye  
Director

# CREATIVE ENTERTAINMENT GROUP PLC

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Year ended 30 June 2009 £	Year ended 30 June 2008 £
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(155,020)	(29,348)
Cash absorbed by operations		(155,020)	(29,348)
Interest paid		(613)	(32)
Interest received		69	833
Other income		-	180,000
<b>Net cash outflow from operating activities</b>		<b>(155,564)</b>	<b>151,454</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries		-	(1,105)
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>(1,105)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		426,083	232,384
Proceeds from loans		100,000	200,000
Loan to subsidiary undertakings		(404,347)	(711,003)
<b>Net cash flows used in financing activities</b>		<b>121,736</b>	<b>(278,619)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(33,828)</b>	<b>(128,270)</b>
Cash and cash equivalents brought forward		2,515	130,785
<b>Cash and cash equivalents carried forward</b>	<b>7</b>	<b>(31,313)</b>	<b>2,515</b>
<b>Represented by:</b>			
Positive cash balances		<b>(31,313)</b>	<b>2,515</b>

# CREATIVE ENTERTAINMENT GROUP PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Share capital	Share premium	Share-based payments	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 July 2007	1,162,810	550,332	52,436	1,240,000	(294,441)	2,711,137
Shares issued in period for cash	83,333	148,251	-	-	-	231,584
Shares issued on exercise of warrants	400	400	-	-	-	800
Share options vested in period	-	-	16,080	-	-	16,080
Loss for the period	-	-	-	-	(1,468,697)	(1,468,697)
At 30 June 2008	1,246,543	698,983	68,516	1,240,000	(1,763,138)	1,490,904
Shares issued in period for cash	426,083	-	-	-	-	426,083
Shares issued in period In consideration	229,920	-	-	-	-	229,920
Share options vested in period	-	-	16,080	-	-	16,080
Loss for the period	-	-	-	-	(496,601)	(496,601)
At 30 June 2009	<u>1,902,546</u>	<u>698,983</u>	<u>84,596</u>	<u>1,240,000</u>	<u>(2,259,739)</u>	<u>1,666,386</u>

# CREATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1 Accounting policies

#### 1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention and a summary of the more important accounting policies is set out below. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Cash flows

During the period, the Company elected to disclose its cash flows from operating activities using the direct method that requires the disclosure of gross cash receipts and gross cash payments to be disclosed. Additionally, IAS 7 encourages the use of the direct method for the reporting of operating cash flows.

#### Going concern

The Directors are uncertain as to whether the Company has sufficient working capital to continue as a going concern, however the financial statements have been prepared on the going concern basis.

#### Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations have been issued by the IASB that are not yet effective. The Company has not adopted any of these standards, amendments or interpretations early.

- IFRS 1 and IAS 27 First time adoption of International Financial Reporting Standards and IAS 27 (effective 1 January 2009)
- IFRS 2 (amendment) Share-based payments - Vesting conditions (effective 1 January 2009)
- IFRS 8 Operating segments (effective 1 January 2009)
- IAS 1 (revised) Presentation of financial statements (effective 1 January 2009)
- IAS 23 (revised) Borrowing costs (effective 1 January 2009)
- IAS 36 (amendment) Impairment of assets (effective 1 January 2009)
- IAS 38 (amendment) Intangible assets (effective 1 January 2009)
- IAS 39 (amendment) Financial instruments: Recognition and measurement (effective 1 January 2009)

### 1.2 Segmental reporting

The Company has no separately reportable business or geographic segments.

# CREATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1.3 Share-based payments

The Company financial statements account for employee and non-employee share-based compensation awards based on their fair value

The cost of granting share options and other share-based remuneration is recognised through the income statement. The Group uses a Black-Scholes option valuation model and the resulting value is recognised in the consolidated income statement. The charge is based on current expectations of the shares to be issued.

### 1.4 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The key areas in which the Company makes accounting estimates and assumptions (other than those already detailed within the notes) are as follows:

- The valuation of share based payments
- The valuation of unlisted investments

### 1.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

### 1.6 Financial Assets

Financial assets include trade and other receivables and cash at bank, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary assets.

# CREATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1.7 Trade & other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

### 1.8 Cash & cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

### 1.9 Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### 1.10 Fixed asset investments

Available-for-sale financial assets are initially measured at cost, including transaction costs and at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the net profit or loss for the period.

Fixed asset investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are measured at cost.

Investments in subsidiaries are initially recorded at cost.

### 1.11 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Assets that are not available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 1.12 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transactions, gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.



**CREATIVE ENTERTAINMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1 13 Operating lease commitments**

Rental payments under operating leases are charged to the income statement on a straight line basis over the period of the lease

**2 Income and Expenses**

	2009	2008
	£	£
<b>Finance costs</b>		
Bank interest received	<u>83</u>	<u>833</u>
<b>Administrative expenses</b>		
Auditors' remuneration	25,000	26,398
Remuneration of auditors for non-audit work		
- tax advice	-	6,337
- general advice	-	62,000
Inter-company bad debts	545,100	1,295,017
Exceptional costs	-	200,356
	<u>570,100</u>	<u>1,590,108</u>

Inter-company provisions are against amounts due from Create Entertainment Events Limited of £438,034, from Creative Agency & Management Limited of £174,830, from Create Music Limited of £36,791, from Creative Entertainment International of £12,981, from Creative Music Publishing Limited of £20,388 and from Creative Visual Media Limited of £88,283. Also payable to Creative Theatrical Limited of £225,105, to Creative Events and Management Limited of £100 and Creative Management International Limited of £1,000.

**3 Employment costs**

**Number of employees**

The average monthly number of employees during the period was

	2009	2008
Directors	<u>5</u>	<u>7</u>

# CREATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

<b>3</b>	<b>Employment costs (cont )</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	1,750	44,100
	Share-based payments	<u>16,080</u>	<u>16,080</u>
		<u>16,080</u>	<u>60,180</u>
	<b>Directors' emoluments</b>		<b>£</b>
	Aggregate emoluments	1,750	34,000
	Share-based payments	<u>-</u>	<u>12,340</u>
		<u>1,750</u>	<u>46,340</u>
	<b>Other Income</b>		
	Management fees	<u>206,900</u>	<u>180,000</u>
<b>4</b>	<b>Tax loss on ordinary activities</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<b>Income statement</b>		
	Current tax on income for the period	<u>-</u>	<u>-</u>
	<b>Factors affecting the tax charge</b>		
		<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Loss on ordinary activities before taxation	<u>(496,600)</u>	<u>(1,468,697)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax of 28% (2008 30%) for the period	<u>(139,048)</u>	<u>(440,609)</u>

**CREATIVE ENTERTAINMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**5 Fixed asset investments**

<b>Company</b>	<b>Shares in subsidiary undertakings £</b>
At 30 June 2008 and 30 June 2009	<u>2,084,244</u>

**Holdings of more than 20%**

Creative Entertainment Group Plc holds more than 20 per cent of the share capital of the following companies

<b>Subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Class</b>	<b>Shares held</b>
Creative Entertainment Events Limited	England & Wales	Ordinary	100 per cent
Creative Entertainment International Limited	England & Wales	Ordinary	100 per cent
Creative Agency & Management Limited	England & Wales	Ordinary	100 per cent
Creative Management International Limited	England & Wales	Ordinary	100 per cent
International Venue Consulting Limited	England & Wales	Ordinary	50 per cent
Creative Entertainment UK Limited	England & Wales	Ordinary	100 per cent
Creative Visual Media Limited	England & Wales	Ordinary	100 per cent
Creative Music Publishing Limited	England & Wales	Ordinary	100 per cent
Creative Entertainment Events Inc	USA	Ordinary	70 per cent
Creative Theatrical Limited	England & Wales	Ordinary	100 per cent
Creative Events & Media Management Limited	England & Wales	Ordinary	100 per cent
Creative Entertainment Productions Limited	England & Wales	Ordinary	100 per cent
Create Music Limited	England & Wales	Ordinary	100 per cent
Health's Cool Limited	England & Wales	Ordinary	50 per cent
Combat Fighting Championship Limited	England & Wales	Ordinary	50 per cent

The principal activity of these undertakings for the last relevant financial period was as follows

Creative Entertainment Events Limited	Event facilitation and agency
Creative Entertainment International Limited	Event facilitation
Creative Agency & Management Limited	Agency & Management
Creative Management International Limited	Dormant
International Venue Consulting Limited	Dormant
Creative Entertainment UK Limited	Dormant
Creative Visual Media Limited	Visual media consultancy
Creative Music Publishing Limited	Music publishing
Creative Entertainment Events Inc	Event management

**CREATIVE ENTERTAINMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**5 Fixed asset investments (cont )**

Creative Theatrical Limited	Investment in theatrical production
Creative Events & Media Management Limited	Dormant
Creative Entertainment Productions Limited	Dormant
Create Music Limited	Booking agency
Health's Cool Limited	Teen's Nutrition web-site
Combat Fighting Championship PLC	Mixed Martial Arts Events
Bin Weevils Limited	Interactive children's networking site

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows

	Capital & Reserves £	Profit/(loss) for Period £
Creative Entertainment Events Limited	(434,273)	(609,617)
Creative Agency & Management Limited	(19,689)	325,079
Creative Entertainment International Limited	(1,006)	(181,223)
Creative Entertainment UK Limited	100	-
Creative Visual Media Limited	203,665	728,582
Creative Music Publishing Limited	72,312	225,266
Creative Entertainment Events Inc	10,234	68,492
Creative Theatrical Limited	276,125	(90,907)
Creative Events & Media Management Limited	100	-
Creative Entertainment Productions Limited	1	-
Creative Management International Limited	1,000	-
International Venue Consulting Limited	10	-
Create Music Limited	<u>(288,552)</u>	<u>(181,604)</u>

**6 Current receivables**

	2009 £	2008 £
Amounts owed from related companies	65,342	172,048
Prepayments and accrued income	2,550	5,246
Other receivables	<u>650</u>	<u>46,751</u>
	<u>68,542</u>	<u>224,045</u>

**CRÉATIVE ENTERTAINMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**7 Cash and cash equivalents**

	2009	2008
	£	£
Cash at bank and in hand	<u>(31,313)</u>	<u>2,515</u>

For the purpose of the cash flow statement, cash and cash equivalents comprise the following

	2009	2008
	£	£
Cash at bank and in hand	<u>(31,313)</u>	<u>2,515</u>

The Company's wholly owned subsidiary, Creative Entertainment Events Limited, had an overdrawn bank balance of £264,083 as at 30 June 2009. The Company has entered into a cross-guarantee regarding this overdraft, which is secured over the assets of the Company.

**8 Issued capital**

	2009	2008
	£	£
<b>Authorised:</b>		
700,000,000 Ordinary Shares of 1p each	<u>7,000,000</u>	<u>7,000,000</u>
<b>Issued and fully paid:</b>		
190,254,600 (2008: 124,654,300) Ordinary Shares of 1p each	<u>1,902,546</u>	<u>1,246,543</u>

On 21<sup>st</sup> November 2008 the Company issued 3,166,900 new ordinary shares at a price of 1p per share.

On 28<sup>th</sup> November 2008 the Company issued 1,000,000 new ordinary shares at a price of 1p per share to settle an outstanding claim.

On 28<sup>th</sup> November 2008 the Company issued 15,108,334 new ordinary shares at a price of 1p per share.

On 28<sup>th</sup> January 2009 the Company issued 36,125,000 new ordinary shares at a price of 1p per share.

This includes 17,500,000 of loans which the Directors have agreed to capitalise and 625,000 in settlement of fees. The balance of 18,000,000 relates to new shares.

On 10<sup>th</sup> February 2009 the Company issued 9,200,000 new ordinary shares at a price of 1p per share.

On 4<sup>th</sup> March 2009 the Company issued 1,000,000 new ordinary shares at a price of 1p per share.

**CREATIVE ENTERTAINMENT GROUP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**8 Share options and warrants (continued)**

Details of the share options and warrants outstanding during the period are as follows

	2009 Number	2008 Number
Outstanding at beginning of period	23,113,333	25,153,333
Options granted in period	113,417,135	-
Options lapsed in period	-	(2,000,000)
Warrants exercised in period	-	(40,000)
Outstanding at end of period	<u>136,530,468</u>	<u>23,113,333</u>

**9 Current liabilities**

	2009 £	2008 £
Trade payables	291,563	255,961
Taxes and social security costs	(20,136)	-
Other creditors	111,500	42,000
Accruals and deferred income	72,160	157,000
Amounts owed to group undertakings	-	164,939
	<u>455,087</u>	<u>619,900</u>

# CRÉATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 10 Capital commitments

There were no capital commitments at 30 June 2009

### 11 Financial instruments

The Company's financial instruments comprise borrowings and cash resources that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has not entered into derivatives transactions and does not trade in financial instruments as a matter of policy. The main future risks arising from the Company's financial instruments are interest rate risk and currency risk.

Operations to date have been financed through equity issues and it is the Board policy to keep borrowings to a minimum.

#### Interest rate risk

The Company has no long-term borrowings.

#### Currency risk

The Company operates predominantly within the United Kingdom and substantially all transactions are denominated in sterling, therefore, the Company does not suffer from a significant concentration of currency risk.

#### Credit risk

The Company does not have a significant concentration of credit risk.

#### Liquidity risk

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

#### Fair value of financial assets and liabilities

The directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities.

# CREATIVE ENTERTAINMENT GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 12 Related party transactions

As at 30 June 2009 the following balances were outstanding with Group companies

- 1 Creative Entertainment Group Plc was owed £nil by Creative Visual Media Limited (2008 £94,434 owed to Creative Visual Media) in respect of expenses incurred on its behalf,
- 2 Creative Entertainment Group Plc was owed £nil by Creative Music Publishing Limited (2008 £12,384),
- 3 Creative Entertainment Group Plc owed Creative Entertainment International Limited £nil (2008 £13,734) in respect of expenses incurred on its behalf,
- 4 Creative Entertainment Events Limited owed Creative Entertainment Group Plc £nil (2008 £nil) in respect of expenses incurred on its behalf,
- 5 Creative Entertainment Group Plc owed £nil to Creative Theatrical Limited (2008 £150,100)
- 6 Creative Entertainment Group Plc was owed £65,341 (2008 £65,341) by Creative Entertainment Events Inc
- 7 Creative Entertainment Group Plc was owed £nil by Creative Agency & Management limited (2008 nil)

The intercompany balances written off in the year were as follows

- Amount of £438,034 Creative Entertainment Group Plc owed by Create Entertainment Events Limited
- Amount of £174,830 Creative Entertainment Group Plc owed by Creative Agency & Management Limited
- Amount of £ 36,791 Creative Entertainment Group Plc owed by Create Music Limited
- Amount of £ 12,981 Creative Entertainment Group Plc owed by Creative Entertainment International Limited
- Amount of £ 20,388 Creative Entertainment Group Plc owed by Creative Music Publishing Limited
- Amount of £ 88,283 Creative Entertainment Group Plc owed by Creative Visual Media Limited
- Amount of £225,105 owed by Creative Entertainment Group Plc to Creative Theatrical Limited
- Amount of £100 owed by Creative Entertainment Group Plc to Creative Events and Management Limited
- Amount of £1,000 owed by Creative Entertainment Group Plc to Creative Management International Limited

### 13 Post balance sheet events

Please refer to Directors Report