

COMPANY REGISTRATION NUMBER 6404317

**TEAMWORKS KARTING GROUP PLC AND  
SUBSIDIARY UNDERTAKINGS  
FINANCIAL STATEMENTS  
29 FEBRUARY 2008**

**WENHAM MAJOR LIMITED**

Chartered Certified Accountants & Registered Auditors  
89 Cornwall Street  
Birmingham  
B3 3BY

# **TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 29 FEBRUARY 2008**

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# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 29 FEBRUARY 2008

The directors present their report and the financial statements of the group for the year ended 29 February 2008.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

Teamworks Karting Group Plc was incorporated on 19 October 2007 when it acquired the entire issued share capital of Teamworks Karting Limited in a share for share exchange.

The principal activity of the company during the period was that of a holding company. The group's activities continued to be the arranging of karting events at their own and third party circuits.

This financial year has seen Teamworks Karting transform itself on three fronts: the business has converted from Limited to PLC status, as part of a package of measures that enabled it to become the first business to be admitted to the new Investbx trading platform; the Company has raised over £500,000 (gross) in new equity capital to finance expansion; and the Company has expanded its sales team, management team and Board to provide the human resource for adding new circuits. The Company has simultaneously been negotiating to secure a new site in Reading, for development as Teamworks Karting's next circuit.

Despite all of these distractions from every day operating, Teamworks Karting Birmingham has continued to improve both sales and profitability.

The formalised nature of the Companies House accounts do not explain clearly how this sales growth is broken down: over the course of the year the Company has reduced its "Agency" business (the business of selling racing at non-Teamworks circuits, for a commission) in favour of concentrating on its own, more profitable core "Home" business. Lower Agency sales in 2007/8 contributed to a lower total revenue figure, but also significantly reduced costs of sales. By concentrating on more profitable Teamworks business, sales revenue at Teamworks Karting Birmingham increased to £612,000 (2006/7: £590,000) and profits and profitability have increased accordingly.

The other aspect of the business not explained clearly in the accounts is the transformation that has taken place in every department to make the Company ready for expansion. Whilst the total number of employees and payroll costs remain relatively unchanged, the core business of the Company is being carried out by fewer staff, leaving more resources available to manage the expansion and roll-out. The rewards for this investment will be seen over the course of the next financial year and beyond.

#### **SHARES ISSUED**

On 8 February 2008, a first tranche of shares were floated through Investbx Limited to raise funds for investment projects. Part of the funds raised amounting to £485,927 are being invested in acquiring a karting circuit in Reading, Berkshire. The venue is expected to be operational by June 2008.

#### **RESULTS AND DIVIDENDS**

The profit for the year amounted to £20,686. The directors have not recommended a dividend.

#### **FINANCIAL INSTRUMENTS**

The group's activities expose it to a number of financial risks, including price risk, credit risk, liquidity risk and cash flow risk. The group does not currently use derivative financial instruments.

##### **Cash flow risk**

The group is not exposed to significant cash flow risk due to current share capital funds raised and the ongoing operating cash inflows. The group does not have ongoing exposure to interest bearing assets or liabilities.

##### **Credit risk**

The group's principal financial assets are bank balances, and trade and other receivables.

Credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, which are made when an event is identified that, on the basis of past experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 FEBRUARY 2008

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Liquidity risk

The operations of the group are funded by cash generated from those operations. The group does not currently use any long-term debt to finance the business given the ongoing positive cash position.

### Price risk

The group is exposed to commodity price risk in the form of competitors in the sporting and leisure industry.

## DIRECTORS

The directors who served the company during the year were as follows:

Mr M A Bryant  
Mrs S J Schehtman  
Mr P F Davis  
Mr J M Handley

## SUBSTANTIAL SHAREHOLDINGS

According to the register maintained in compliance with Section 211 of the Companies Act 1985, the company has been notified of, or is aware of, the following shareholdings of 3% or more of the issued share capital of the company:-

	Number of ordinary shares of 10p each	Percentage of issued share capital
Mr M Bryant	3,500,000	28.5%
Mrs S J Schehtman	3,500,000	28.5%
Mr T Watts	581,602	4.7%
Mr P Folkes Davis	400,000	3.3%

Mr M A Bryant was appointed as a director on 19 October 2007.  
Mrs S J Schehtman was appointed as a director on 19 October 2007.  
Mr P F Davis was appointed as a director on 19 October 2007.  
Mr J M Handley was appointed as a director on 2 January 2008.

## POLICY ON THE PAYMENT OF CREDITORS

The group has not adopted any recognised code or standard on payment practise. Its policy is to agree terms and conditions prior to supply and payment is generally made on these terms providing the suppliers meet their obligations to the business satisfactorily. The average number of days credit taken from trade creditors at 29 February 2008 was 77 days. At 28 February 2007 this figure stood at 41 days.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 FEBRUARY 2008

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year. In preparing these 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 UK 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 group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### DONATIONS

During the year the company made the following contributions:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Charitable	<b><u>233</u></b>	<b><u>1,538</u></b>

### AUDITOR

Wenham Major Limited were appointed the company's first auditors, and have indicated their willingness to continue in office. A resolution to re-appoint Wenham Major Limited as auditor for the ensuing year will be proposed at the annual general meeting with section 385 of the Companies Act 1985.

Registered office:  
202 Fazeley Street  
Digbeth  
Birmingham  
B5 5SE

Signed by order of the directors

MR M A BRYANT  
Company Secretary

Approved by the directors on 18 April 2008

# **TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS**

**YEAR ENDED 29 FEBRUARY 2008**

We have audited the group and parent company financial statements ("the financial statements") of Teamworks Karting Group Plc and Subsidiary Undertakings for the year ended 29 February 2008, which have been prepared on the basis of the accounting policies set out on pages 13 to 14.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS *(continued)*

YEAR ENDED 29 FEBRUARY 2008

### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 February 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

89 Cornwall Street  
Birmingham  
B3 3BY

18 April 2008

WENHAM MAJOR LIMITED  
Chartered Certified Accountants  
& Registered Auditors

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 FEBRUARY 2008

	Note	2008 £	2007 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>663,517</b>	735,880
Cost of sales		<u>214,782</u>	<u>306,000</u>
<b>GROSS PROFIT</b>		<b>448,735</b>	429,880
Administrative expenses		427,951	411,767
Other operating income	3	(12,030)	(9,912)
<b>OPERATING PROFIT</b>	<b>4</b>	<b>32,814</b>	28,025
Interest receivable		961	459
Interest payable and similar charges	7	(11,844)	(17,662)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>21,931</u>	<u>10,822</u>
Tax on profit on ordinary activities	8	1,245	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>9</b>	<u><u>20,686</u></u>	<u><u>10,822</u></u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985  
not to publish its own Profit and Loss Account.

The notes on pages 13 to 23 form part of these financial statements.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 29 FEBRUARY 2008

	2008	2007
	£	£
Profit for the financial year		10,822
New equity share capital subscribed	122,960	–
Premium on new share capital subscribed	486,034	–
Capitalisation of shares	<u>(107,300)</u>	
	<b>522,380</b>	
Costs of raising equity share capital	<u>(113,357)</u>	–
	<b>409,023</b>	10,822
Net addition to shareholders' deficit	<b>409,023</b>	10,822
Opening shareholders' deficit	<u>(172,192)</u>	<u>(183,014)</u>
Closing shareholders' funds/(deficit)	<u><b>236,831</b></u>	<u>(172,192)</u>

The notes on pages 13 to 23 form part of these financial statements.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## GROUP BALANCE SHEET

29 FEBRUARY 2008

	Note	2008 £	£	2007 £
<b>FIXED ASSETS</b>				
Tangible assets	11		<b>201,333</b>	216,533
			<u>201,333</u>	<u>216,533</u>
<b>CURRENT ASSETS</b>				
Stocks	14	5,141		7,205
Debtors	15	32,493		12,778
Cash at bank and in hand		406,833		28,289
		<u>444,467</u>		<u>48,272</u>
<b>CREDITORS: Amounts falling due within one year</b>	<b>16</b>	<b>377,719</b>		<b>337,309</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<b>66,748</b>	<b>(289,037)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>268,081</b>	<b>(72,504)</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>17</b>		<b>31,250</b>	<b>99,688</b>
			<u>236,831</u>	<u>(172,192)</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	23		122,960	–
Share premium account	24		372,570	752,466
Merger reserve	24		645,273	–
Profit and loss account	24		(903,972)	(924,658)
<b>SHAREHOLDERS' FUNDS/(DEFICIT)</b>			<u>236,831</u>	<u>(172,192)</u>

These financial statements were approved by the directors and authorised for issue on 18 April 2008 and are signed on their behalf by:

MR M A BRYANT

Director

Comparative information; **see note 1.**

The notes on pages 13 to 23 form part of these financial statements.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## BALANCE SHEET

29 FEBRUARY 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	13	<u>107,300</u>	—
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>113,357</u>	—
<b>NET CURRENT (LIABILITIES)</b>		<u>(6,057)</u>	—
<b>DEBTORS: Amounts falling more than one year</b>	15	<u>501,587</u>	—
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>495,530</u>	—
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	122,960	—
Share premium account	24	372,570	—
<b>SHAREHOLDERS' FUNDS</b>		<u>495,530</u>	—

These financial statements were approved by the directors and authorised for issue on 18 April 2008 and are signed on their behalf by:

MR M A BRYANT

Director

Comparative information; **see note 1.**

The notes on pages 13 to 23 form part of these financial statements.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## GROUP CASH FLOW

YEAR ENDED 29 FEBRUARY 2008

	Note	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	75,546	67,090
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25	(124,240)	(17,203)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(20,666)	(3,886)
CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(69,360)	46,001
FINANCING	25	322,637	(36,156)
(DECREASE)/INCREASE IN CASH	25	<u>253,277</u>	<u>9,845</u>

The notes on pages 13 to 23 form part of these financial statements.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

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

#### **Going concern**

The financial statements have been prepared on a going concern basis, following the continued financial support of the group's bankers and investors.

#### **Basis of consolidation**

The financial statements consolidate the accounts of Teamworks Karting Group Plc and its subsidiary undertakings. Teamworks Karting Limited (TKL) was acquired in a share for share exchange on 19 October 2007. The consolidated accounts have been prepared using merger accounting principles. The company has not presented its own profit and loss account as permitted by section 230(3) of the Companies Act 1985.

The results of the group for the year ended 29 February 2008 comprise that of the holding company for the period from incorporation on 19 October 2007 to 29 February 2008, together with those of the subsidiary group for the year ended 29 February 2008. The comparative figures disclosed in respect of the year ended 28 February 2007 therefore comprise of Teamworks Karting Limited subsidiary group only.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	-	over the life of the lease
Plant and machinery	-	25% straight line
Computer equipment	-	33.33%% straight line

#### **Stocks**

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

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 1. ACCOUNTING POLICIES *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	<b>663,517</b>	<b>735,880</b>

### 3. OTHER OPERATING INCOME

	2008	2007
	£	£
Other operating income	<b>12,030</b>	<b>9,912</b>

Other operating income comprises car parking rental.

### 4. OPERATING PROFIT

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation of owned fixed assets	<b>35,866</b>	38,608
Auditor's remuneration		
- as auditor	<b>3,500</b>	2,700
- for other services	<b>35,770</b>	4,117
Operating lease costs:		
Other	<b>88,125</b>	<b>86,175</b>

#### Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2008	2007
	£	£
Audit	<b>3,500</b>	2,700
Accountancy	<b>3,000</b>	4,117
Taxation	<b>770</b>	-
Business consultancy	<b>32,000</b>	-
	<b>39,270</b>	<b>6,817</b>

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2008	2007
	No	No
Number of operations staff	17	19
Number of sales and administration staff	11	13
Number of management staff	5	2
	<b>33</b>	<b>34</b>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	230,121	238,285
Social security costs	12,344	17,798
	<b>242,465</b>	<b>256,083</b>

### 6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	38,775	33,333
	<b>38,775</b>	<b>33,333</b>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	11,844	17,662
	<b>11,844</b>	<b>17,662</b>

### 8. TAXATION ON ORDINARY ACTIVITIES

The company has estimated losses of £384,933 (2007: £405,201) available for carry forward against future trading profits.

#### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	21,931	10,822
Profit on ordinary activities at corporation tax rate of 30%	6,579	3,247
Expenses not deductible for tax purposes	112	1,515
Depreciation in excess of capital allowances	1,265	3,078
Losses utilised	(6,711)	(7,840)
Total current tax	<b>1,245</b>	<b>-</b>

### 9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £Nil (2007 - £Nil).

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 10. EARNINGS PER SHARE

The calculation of the basic earnings per share of the net basis is based on the profit attributable to the group and on the weighted number of ordinary shares in issue during the year.

	2008	2007
Attributable profit	21,931	10,822
Average number of ordinary shares in issue	4,689,918	1,730,000
Basis EPS	0.5p	1p

For the purposes of providing a comparative in respect to the year ended 28 February 2007, the shares issued during the year ended 29 February 2008 (and in issue at that date), have been used to calculate the weighted average number of shares for basic earnings.

### 11. TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Plant & Machinery £	Computer Equipment £	Total £
<b>COST</b>				
At 1 March 2007	251,047	277,828	3,428	532,303
Additions	1,831	18,365	470	20,666
<b>At 29 February 2008</b>	<u>252,878</u>	<u>296,193</u>	<u>3,898</u>	<u>552,969</u>
<b>DEPRECIATION</b>				
At 1 March 2007	49,734	264,003	2,033	315,770
Charge for the year	16,859	17,708	1,299	35,866
<b>At 29 February 2008</b>	<u>66,593</u>	<u>281,711</u>	<u>3,332</u>	<u>351,636</u>
<b>NET BOOK VALUE</b>				
<b>At 29 February 2008</b>	<u>186,285</u>	<u>14,482</u>	<u>566</u>	<u>201,333</u>
At 28 February 2007	<u>201,313</u>	<u>13,825</u>	<u>1,395</u>	<u>216,533</u>

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 12. INVESTMENTS

#### Group

The group does not hold any investments.

### 13. INVESTMENTS

#### Company

##### Subsidiary undertaking

	England & Wales	Holding	Proportion of voting rights and shares held	Nature of business
Teamworks Karting Limited	England & Wales	Ordinary shares	100%	Karting events

##### Subsidiary undertakings

All held by the Teamworks Karting Limited:

Teamworks Karting (Birmingham) limited	England & Wales	Ordinary shares	100%	Karting events
Teamworks Karting (2) Limited	England & Wales	Ordinary shares	100%	Dormant company
Teamworks Karting (3) Limited	England & Wales	Ordinary shares	100%	Dormant company
Teamworks Karting (4) Limited	England & Wales	Ordinary shares	100%	Dormant company

#### Company

#### COST

Additions	<b>107,300</b>
At 29 February 2008	<b>107,300</b>

#### NET BOOK VALUE At 29 February 2008

At 28 February 2007	-
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### 14. STOCKS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Raw materials	<b>5,141</b>	7,205	-	-

### 15. DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	<b>17,293</b>	6,266	-	-
Amounts owed by group undertakings	-	-	<b>501,587</b>	-
Other debtors	<b>15,200</b>	6,512	-	-
	<b>32,493</b>	12,778	<b>501,587</b>	-

The amount owed by group undertakings of £501,587 is due after more than one year.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	74,410	62,500	-	-
Trade creditors	75,333	45,833	-	-
Amounts owed to group undertakings	-	-	113,357	-
Directors' loan accounts	71,477	74,677	-	-
Corporation tax	1,245	-	-	-
Other creditors	119,713	136,915	-	-
Accruals and deferred income	35,541	17,384	-	-
	<u>377,719</u>	<u>337,309</u>	<u>113,357</u>	<u>-</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	<u>74,410</u>	<u>62,500</u>	<u>-</u>	<u>-</u>

### 17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	31,250	93,750	-	-
Accruals and deferred income	-	5,938	-	-
	<u>31,250</u>	<u>99,688</u>	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	<u>31,250</u>	<u>93,750</u>	<u>-</u>	<u>-</u>

### 18. DEFERRED TAXATION

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	-	39,200	-	40,500
Tax losses available	-	(113,600)	-	(121,600)
	<u>-</u>	<u>(74,400)</u>	<u>-</u>	<u>(81,100)</u>

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 18. DEFERRED TAXATION *(continued)*

The elements of the company's deferred taxation, which result in a nil balance at the end of the year, together with details of other amounts not provided for, are as follows:

Company	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	-	-	-	40,500
Tax losses available	-	-	-	(121,600)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,100)</u>

#### Group

At the balance sheet date the group had deferred tax assets of £74,392 (2007: £81,082). The asset has not been recognised as sufficient taxable profits are not expected to crystallise within the next 12 months.

### 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### *Credit risk*

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

### 20. COMMITMENTS UNDER OPERATING LEASES

At 29 February 2008 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2008 £	2007 £
Operating leases which expire:		
After more than 5 years	<u>100,000</u>	<u>100,000</u>

### 21. CONTINGENCIES

#### Group

At the balance sheet date Teamworks Karting (Birmingham) Limited was in dispute with the electricity provider Npower, the position remaining unchanged from 28 February 2007. This dispute is currently being handled by the company's legal representatives. The supplier believes that the amount at the due date of the next available statement after the balance sheet date is £43,940. The directors have provided £21,440 within trade creditors and £22,500 in accruals.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 22. RELATED PARTY TRANSACTIONS

#### Group

All transactions between the parent company and subsidiary companies and between subsidiary companies have been eliminated on preparation of the consolidated accounts.

The group has taken advantage of the exemption within Financial Reporting Standard No 8 not to disclose transactions with related parties.

#### Director's loan account

At the year end, the company owed the director the following amount on his loan account:

	2008	2007
	£	£
Mr M A Bryant	<u>71,477</u>	<u>74,677</u>

Michael Bryant and Simone Schehtman have provided personal security in respect of the bank overdraft.

### 23. SHARE CAPITAL

#### Authorised share capital:

	2008	2007
	£	£
20,000,000 Ordinary shares of £0.01 each	<u>200,000</u>	<u>-</u>

#### Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £0.01 each	<u>12,296,000</u>	<u>122,960</u>	<u>-</u>	<u>-</u>

#### Share issues

On 19 October 2007 Teamworks Karting Group Plc acquired the entire issued share capital of Teamworks Karting Limited in a share for share exchange. 1,073,000 ordinary shares of £0.0001 each in Teamworks Karting Limited were exchanged for 10,729,998 ordinary shares of £0.01 each in Teamworks Karting Group Plc, being 10 for 1 share exchange.

On 19 October 2007, the two subscriber shares were credited as fully paid and 10,073,000 ordinary shares were issued as fully paid in exchange for the entire issued share capital of Teamworks Karting Limited. The nominal value of shares issued amounted to £107,300.

On 11 February 2008, the first tranche of shares were placed at 36 pence each and admitted to trading on Investbx Limited. 1,566,001 shares of £0.01 each were issued for a nominal value of £15,660. The resulting premium of 31 pence per share, totaling £485,927 was credited to the share premium account on that date.

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 24. RESERVES

Group	Merger reserve £	Share premium account £	Profit and loss account £
Balance brought forward	–	752,466	(924,658)
Profit for the year	–	–	20,686
Transfer on consolidation	752,466	(752,466)	–
New equity share capital subscribed	–	485,927	–
Costs of raising equity share capital	–	(113,357)	–
Capitalisation of shares exchanged	(107,193)	–	–
Balance carried forward	<u>645,273</u>	<u>372,570</u>	<u>(903,972)</u>

On incorporation of Teamworks Karting Group Plc, an amount equal to the nominal value of the shares issued of £107,300 was transferred from the merger reserve to the share capital account along with an adjustment of £107 relating to the cancellation of the share capital acquired from Teamworks Karting Limited on the share for share exchange.

On 11 February 2008, an amount of £485,927 representing the proceeds that were above the nominal value from issuance of the Group's equity share capital was credited to the share premium account.

The costs of raising the equity share capital amounting to £113,357 have been charged to the share premium account.

Company	Share premium account £	Profit and loss account £	Total share- holders' funds £
Other movements			
New equity share capital subscribed	<u>372,570</u>	–	<u>372,570</u>
Balance carried forward	<u>372,570</u>	–	<u>372,570</u>

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2008

### 25. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit	32,814	28,025
Depreciation	35,866	38,608
Decrease/(increase) in stocks	2,064	1,779
Increase in debtors	(19,715)	(3,003)
Increase in creditors	24,517	1,681
Net cash inflow from operating activities	<u>75,546</u>	<u>67,090</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008	2007
	£	£
Interest received	961	459
Interest paid	(11,844)	(17,662)
Expenses on issue of shares classed as financial liabilities	(113,357)	-
Net cash outflow from returns on investments and servicing of finance	<u>(124,240)</u>	<u>(17,203)</u>

#### CAPITAL EXPENDITURE

	2008	2007
	£	£
Payments to acquire tangible fixed assets	(20,666)	(3,886)
Net cash outflow from capital expenditure	<u>(20,666)</u>	<u>(3,886)</u>

#### FINANCING

	2008	2007
	£	£
Net proceeds on issue of equity share capital	388,337	-
Repayment of bank loans	(62,500)	(62,500)
Shareholder loans received	-	25,000
Capital employed by/(released to) directors	(3,200)	1,344
Net cash inflow from financing	<u>322,637</u>	<u>36,156</u>

# TEAMWORKS KARTING GROUP PLC AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 FEBRUARY 2008

	2008 £	2007 £
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
	<b>2008 £</b>	<b>2007 £</b>
Increase in cash in the period	<b>253,277</b>	9,845
Net cash outflow from/(inflow) from bank loans	<b>62,500</b>	62,500
Expenses on issue of shares classed as financial liabilities	<b>113,357</b>	–
Net outflow from/(inflow) from long-term accruals	–	(25,000)
Cash (inflow) from directors' long term loans	<b>3,200</b>	(1,344)
Change in net funds	<b>432,334</b>	46,001
Net debt at 1 March 2007	<b>(227,638)</b>	(273,639)
Net funds at 29 February 2008	<b>204,696</b>	(227,638))

### ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Mar 2007 £	Cash flows £	At 29 Feb 2008 £
Net cash:			
Cash in hand and at bank	28,289	378,544	406,833
Overdrafts	–	(11,910)	(11,910)
	<u>28,289</u>	<u>366,634</u>	<u>394,923</u>
Debt:			
Debt due within 1 year	(162,177)	3,200	(158,977)
Debt due after 1 year	(93,750)	62,500	(31,250)
	<u>(255,927)</u>	<u>65,700</u>	<u>(190,227)</u>
Net funds	<u>(227,638)</u>	<u>432,334</u>	<u>204,696</u>