

TEAMWORKS KARTING GROUP PLC
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2010

Ormerod Rutter Limited
Statutory Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

TEAMWORKS KARTING GROUP PLC

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

| | Page |
|---|-------------|
| Company Information | 1 |
| Report of the Directors | 2 to 3 |
| Report of the Independent Auditors | 4 to 5 |
| Consolidated Profit and Loss Account | 6 |
| Consolidated Balance Sheet | 7 |
| Company Balance Sheet | 8 |
| Consolidated Cash Flow Statement | 9 |
| Notes to the Consolidated Cash Flow Statement | 10 to 11 |
| Notes to the Consolidated Financial Statements | 12 to 21 |
| Consolidated Trading and Profit and Loss Account | 22 to 23 |

TEAMWORKS KARTING GROUP PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 28TH FEBRUARY 2010

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

SECRETARY: Mr M A Bryant

REGISTERED OFFICE: 202 Fazeley Street
Birmingham
West Midlands
B5 5SE

REGISTERED NUMBER: 06404317 (England and Wales)

AUDITORS: Ormerod Rutter Limited
Statutory Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

TEAMWORKS KARTING GROUP PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28TH FEBRUARY 2010

The directors present their report with the financial statements of the company and the group for the year ended 28th February 2010.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a holding company. The group's activities continued to be the arranging of karting events.

REVIEW OF BUSINESS

The year ending February 2010 has seen the Group survive the worst recession in a generation. The recession has affected many circuits, and the silver lining to this cloud are the opportunities that have been created for growth and consolidation within the karting industry.

In the first half of the year we reported a change of marketing emphasis of the Group from corporate business towards a more retail focus. This together with cost cutting, has helped to shore up footfall, revenues and cash flows. We enjoyed positive growth over the important Christmas season 2009, and as a result of this growth and the positive outlook for 2010 and beyond we were able to attract additional investment finance to fund expansion.

The outlook for 2010 remains difficult, but we are confident that the additional scale of the business, which will see its third circuit opening in Letchworth in May 2010, gives the group greater scope for capturing economies of scale in purchasing, administration and marketing.

Corporate business is starting to return, and we are well placed to provide the high quality services that corporate customers insist upon for their clients, customers and staff. In the meantime, we have revolutionised our retail business, which now forms the main stay of our business.

DIVIDENDS

No dividends will be distributed for the year ended 28th February 2010.

FUTURE DEVELOPMENTS

The launch of Teamworks Karting Letchworth will mark an important landmark for the Group, and our board will continue to evaluate opportunities for further growth, through new building and acquisitions, for 2010 and 2011 as the Group returns to profitability.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st March 2009 to the date of this report.

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

PAYMENT TO SUPPLIERS

The group does not follow a specific standard or code for the payment of creditors. It agrees payment terms with its suppliers when it enters into purchase contracts. It seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The amounts owed to group's trade creditors at the year end represented 34 days (2009: 38 days) as a proportion of the total amounts invoiced by suppliers in the year.

TEAMWORKS KARTING GROUP PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28TH FEBRUARY 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr M A Bryant - Secretary

27th April 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TEAMWORKS KARTING GROUP PLC

We have audited the financial statements of Teamworks Karting Group PLC for the year ended 28th February 2010 on pages six to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28th February 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The group incurred a net loss of £79,378 during the year ended 28th February 2010 and, at that date, the group's total liabilities exceeded its total assets by £60,352. These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TEAMWORKS KARTING GROUP PLC**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Garry Rutter FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited
Statutory Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

3rd June 2010

TEAMWORKS KARTING GROUP PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

| | Notes | 2010 £ | 2009 £ |
|--|-------|------------------------|-------------------------|
| TURNOVER | 2 | 892,007 | 896,527 |
| Cost of sales | | <u>226,572</u> | <u>233,065</u> |
| GROSS PROFIT | | 665,435 | 663,462 |
| Administrative expenses | | <u>743,745</u> | <u>892,014</u> |
| | | (78,310) | (228,552) |
| Other operating income | 3 | <u>9,542</u> | <u>2,910</u> |
| OPERATING LOSS | 5 | (68,768) | (225,642) |
| Interest receivable and similar income | | <u>-</u> | <u>9,245</u> |
| | | (68,768) | (216,397) |
| Interest payable and similar charges | 6 | <u>10,416</u> | <u>15,827</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (79,184) | (232,224) |
| Tax on loss on ordinary activities | 7 | <u>194</u> | <u>(1,245)</u> |
| LOSS FOR THE FINANCIAL YEAR AFTER TAXATION | | <u><u>(79,378)</u></u> | <u><u>(230,979)</u></u> |
| Earnings per share expressed in pence per share: | | | |
| Basic | 9 | -0.64 | -1.87 |
| Diluted | | <u>-0.64</u> | <u>-1.87</u> |

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the losses for the current year or previous year.

TEAMWORKS KARTING GROUP PLC

**CONSOLIDATED BALANCE SHEET
28TH FEBRUARY 2010**

| | | 2010 | | 2009 | |
|--|----|---------|-------------|---------|-------------|
| Notes | £ | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | | 353,551 | | 427,789 |
| Investments | 12 | | - | | - |
| | | | 353,551 | | 427,789 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 3,225 | | 4,051 | |
| Debtors | 14 | 49,657 | | 56,403 | |
| Cash at bank and in hand | | 126,219 | | 46,357 | |
| | | | 179,101 | | 106,811 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | 401,337 | | 390,574 | |
| | | | (222,236) | | (283,763) |
| NET CURRENT LIABILITIES | | | | | |
| | | | 131,315 | | 144,026 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 16 | | 191,667 | | 125,000 |
| | | | (60,352) | | 19,026 |
| NET (LIABILITIES)/ASSETS | | | | | |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 123,419 | | 123,419 |
| Share premium | 21 | | 385,285 | | 385,285 |
| Merger reserve | 21 | | 645,273 | | 645,273 |
| Profit and loss account | 21 | | (1,214,329) | | (1,134,951) |
| | | | (60,352) | | 19,026 |
| SHAREHOLDERS' FUNDS | | | | | |
| | 26 | | (60,352) | | 19,026 |

The financial statements were approved by the Board of Directors on 27th April 2010 and were signed on its behalf by:

Mr M A Bryant - Director

The notes form part of these financial statements

TEAMWORKS KARTING GROUP PLC

**COMPANY BALANCE SHEET
28TH FEBRUARY 2010**

| | | 2010 | | 2009 | |
|--|-------|----------------|-----------------------|----------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | | - | | - |
| Investments | 12 | | 107,300 | | 107,300 |
| | | | <u>107,300</u> | | <u>107,300</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 518,127 | | 518,127 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | <u>116,723</u> | | <u>116,723</u> | |
| NET CURRENT ASSETS | | | <u>401,404</u> | | <u>401,404</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u><u>508,704</u></u> | | <u><u>508,704</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 123,419 | | 123,419 |
| Share premium | 21 | | <u>385,285</u> | | <u>385,285</u> |
| SHAREHOLDERS' FUNDS | | | <u><u>508,704</u></u> | | <u><u>508,704</u></u> |

The financial statements were approved by the Board of Directors on 27th April 2010 and were signed on its behalf by:

Mr M A Bryant - Director

TEAMWORKS KARTING GROUP PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

| | Notes | 2010 | £ | 2009 | £ |
|--|-------|------|------------------|------|------------------|
| Net cash inflow/(outflow) from operating activities | 1 | | 38,593 | | (97,959) |
| Returns on investments and servicing of finance | 2 | | (10,416) | | (6,582) |
| Taxation | | | - | | (1,245) |
| Capital expenditure | 2 | | (10,124) | | (318,454) |
| | | | <u>18,053</u> | | <u>(424,240)</u> |
| Financing | 2 | | 61,809 | | 63,764 |
| Increase/(Decrease) in cash in the period | | | <u>79,862</u> | | <u>(360,476)</u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net debt | 3 | | | | |
| Increase/(Decrease) in cash in the period | | | 79,862 | | (360,476) |
| Cash inflow from increase in debt | | | <u>(75,417)</u> | | <u>(50,590)</u> |
| Change in net debt resulting from cash flows | | | <u>4,445</u> | | <u>(411,066)</u> |
| Movement in net debt in the period | | | 4,445 | | (411,066) |
| Net (debt)/funds at 1st March | | | <u>(109,893)</u> | | <u>301,173</u> |
| Net debt at 28th February | | | <u>(105,448)</u> | | <u>(109,893)</u> |

The notes form part of these financial statements

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 2010 | 2009 |
|--|---------------|-----------------|
| | £ | £ |
| Operating loss | (68,768) | (225,642) |
| Depreciation charges | 85,362 | 91,998 |
| Profit on disposal of fixed assets | (1,000) | - |
| Decrease in stocks | 826 | 1,090 |
| Decrease/(Increase) in debtors | 6,746 | (22,665) |
| Increase in creditors | 15,427 | 57,260 |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) from operating activities | 38,593 | (97,959) |
| | <hr/> <hr/> | <hr/> <hr/> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2010 | 2009 |
|---|-----------------|------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | - | 9,245 |
| Interest paid | (10,416) | (15,827) |
| | <hr/> | <hr/> |
| Net cash outflow for returns on investments and servicing of finance | (10,416) | (6,582) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (11,124) | (318,454) |
| Sale of tangible fixed assets | 1,000 | - |
| | <hr/> | <hr/> |
| Net cash outflow for capital expenditure | (10,124) | (318,454) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Financing | | |
| New loans in year | 125,000 | 125,000 |
| Loan repayments in year | (49,583) | (74,410) |
| Issue of equity shares | - | 13,174 |
| Amount withdrawn by directors | (13,608) | - |
| | <hr/> | <hr/> |
| Net cash inflow from financing | 61,809 | 63,764 |
| | <hr/> <hr/> | <hr/> <hr/> |

The notes form part of these financial statements

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.3.09 £ | Cash flow £ | At 28.2.10 £ |
|--------------------------------------|------------------|-----------------|--------------------|
| Net cash: | | | |
| Cash at bank and in hand | 46,357 | 79,862 | 126,219 |
| | <u>46,357</u> | <u>79,862</u> | <u>126,219</u> |
| Debt: | | | |
| Debts falling due within one year | (31,250) | (8,750) | (40,000) |
| Debts falling due after one year | (125,000) | (66,667) | (191,667) |
| | <u>(156,250)</u> | <u>(75,417)</u> | <u>(231,667)</u> |
| Total | <u>(109,893)</u> | <u>4,445</u> | <u>(105,448)</u> |

The notes form part of these financial statements

TEAMWORKS KARTING GROUP PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY 2010

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to February 2010. The consolidated accounts have been prepared using merger accounting principles.

Going concern

The financial statements have been prepared on a going concern basis. The directors acknowledge the continued financial support of the parent company.

The directors have also instituted significant measures to reduce operating expenses and fixed costs. As a result, the directors have concluded that they have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the annual report and accounts

Turnover

Turnover represents net invoiced sales of services, net of value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|--------------------------|------------------------|
| Improvements to property | - over period of lease |
| Plant and machinery | - 25% on cost |
| Computer equipment | - 33% on cost |

Stocks

Stock is valued at the lower of costs and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Operating leases

Rental payments under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

| | 2010 £ | 2009 £ |
|----------------|----------------|----------------|
| United Kingdom | 892,007 | 896,527 |
| | <u>892,007</u> | <u>896,527</u> |

3. OTHER OPERATING INCOME

| | 2010 £ | 2009 £ |
|-----------------------------------|--------------|--------------|
| Car parking rents | 7,900 | 2,910 |
| Corporation tax interest received | 4 | - |
| Other income | 1,638 | - |
| | <u>9,542</u> | <u>2,910</u> |

4. STAFF COSTS

| | 2010 £ | 2009 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 324,732 | 423,674 |
| Social security costs | 20,891 | 31,917 |
| | <u>345,623</u> | <u>455,591</u> |

The average monthly number of employees during the year was as follows:

| | 2010 | 2009 |
|--------------------------|-----------|-----------|
| Management | 5 | 29 |
| Sales and administration | 12 | 12 |
| Operations | 27 | 5 |
| | <u>44</u> | <u>46</u> |

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

| | 2010 £ | 2009 £ |
|------------------------------------|---------------|---------------|
| Depreciation - owned assets | 85,362 | 91,998 |
| Profit on disposal of fixed assets | (1,000) | - |
| Auditors' remuneration | 7,863 | 3,500 |
| | <u>92,225</u> | <u>95,500</u> |
| Directors' remuneration | <u>13,679</u> | <u>77,708</u> |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2010 | 2009 |
|-------------------------|---------------|---------------|
| | £ | £ |
| Bank interest | 6,893 | 15,827 |
| Directors loan interest | 3,523 | - |
| | <u>10,416</u> | <u>15,827</u> |

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

| | 2010 | 2009 |
|------------------------------------|------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 194 | (1,245) |
| | <u>194</u> | <u>(1,245)</u> |
| Tax on loss on ordinary activities | 194 | (1,245) |
| | <u>194</u> | <u>(1,245)</u> |

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2010 | 2009 |
|--|-----------------|------------------|
| | £ | £ |
| Loss on ordinary activities before tax | (79,184) | (232,224) |
| | <u>(79,184)</u> | <u>(232,224)</u> |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%) | (22,172) | (65,023) |
| Effects of: | | |
| Expenses not deductible for tax | 98 | 1,096 |
| Accelerated capital allowances | 9,464 | (2,182) |
| Losses utilised | (2,841) | (3,403) |
| Losses carried forward | - | 69,512 |
| Previous year's tax recoverable | 15,645 | (1,245) |
| | <u>15,645</u> | <u>(1,245)</u> |
| Current tax charge/(credit) | 194 | (1,245) |
| | <u>194</u> | <u>(1,245)</u> |

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2009 - £0).

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

| | Earnings £ | 2010 Weighted average number of shares | Per-share amount pence |
|--|---------------|---|------------------------------|
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders | (79,378) | 12,335,994 | -0.64 |
| Effect of dilutive securities | - | - | - |
| | (79,378) | 12,335,994 | -0.64 |
| Diluted EPS | | | |
| Adjusted earnings | (79,378) | 12,335,994 | -0.64 |

| | Earnings £ | 2009 Weighted average number of shares | Per-share amount pence |
|--|---------------|---|------------------------------|
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders | (230,979) | 12,335,994 | -1.87 |
| Effect of dilutive securities | - | - | - |
| | (230,979) | 12,335,994 | -1.87 |
| Diluted EPS | | | |
| Adjusted earnings | (230,979) | 12,335,994 | -1.87 |

10. UNPROVIDED DEFERRED TAX

Corporation tax losses amounting to £608,197 (2009: £614,378) have been carried forward at 28th February 2010.

Deferred tax asset amounting to £170,295 (2009: £172,026) has not been recognised as sufficient taxable profits are not expected to crystallise within the next 12 months.

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

11. TANGIBLE FIXED ASSETS

Group

| | Improvements to property £ | Plant and machinery £ | Computer equipment £ | Totals £ |
|------------------------|-------------------------------------|-----------------------------|----------------------------|----------------|
| COST | | | | |
| At 1st March 2009 | 363,103 | 496,262 | 12,058 | 871,423 |
| Additions | - | 9,836 | 1,288 | 11,124 |
| Disposals | - | (930) | - | (930) |
| | <u>363,103</u> | <u>505,168</u> | <u>13,346</u> | <u>881,617</u> |
| At 28th February 2010 | | | | |
| DEPRECIATION | | | | |
| At 1st March 2009 | 90,805 | 346,211 | 6,618 | 443,634 |
| Charge for year | 24,207 | 57,849 | 3,306 | 85,362 |
| Eliminated on disposal | - | (930) | - | (930) |
| | <u>115,012</u> | <u>403,130</u> | <u>9,924</u> | <u>528,066</u> |
| At 28th February 2010 | | | | |
| NET BOOK VALUE | | | | |
| At 28th February 2010 | <u>248,091</u> | <u>102,038</u> | <u>3,422</u> | <u>353,551</u> |
| At 28th February 2009 | <u>272,298</u> | <u>150,051</u> | <u>5,440</u> | <u>427,789</u> |

12. FIXED ASSET INVESTMENTS

Company

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1st March 2009 and 28th February 2010 | <u>107,300</u> |
| NET BOOK VALUE | |
| At 28th February 2010 | <u>107,300</u> |
| At 28th February 2009 | <u>107,300</u> |

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Teamworks Karting Limited

Nature of business: Karting events

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

12. FIXED ASSET INVESTMENTS - continued

The company also holds a 100% interest in the following companies due to its shareholding in Teamworks Karting Limited:

| Subsidiary | Country of Incorporation | Principal activity | Class of share | % |
|--|-----------------------------|-----------------------|-------------------|-----|
| Teamworks Karting (Birmingham) Limited | England and Wales | Karting events | Ordinary | 100 |
| Teamworks Karting (Reading) Limited | England and Wales | Karting events | Ordinary | 100 |
| Teamworks Karting (Letchworth) Limited | England and Wales | Dormant | Ordinary | 100 |
| Teamworks Karting (4) Limited | England and Wales | Dormant | Ordinary | 100 |

Subsequent to the year end, the directors have appointed liquidators for Teamworks Karting (Birmingham) Limited.

13. STOCKS

| | Group | |
|--------|--------------|--------------|
| | 2010 | 2009 |
| | £ | £ |
| Stocks | 3,225 | 4,051 |
| | <u>3,225</u> | <u>4,051</u> |

14. DEBTORS

| | Group | | Company | |
|---|---------------|---------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 10,537 | 13,836 | - | - |
| Other debtors | 39,120 | 42,567 | - | - |
| | <u>49,657</u> | <u>56,403</u> | <u>-</u> | <u>-</u> |
| Amounts falling due after more than one year: | | | | |
| Amounts owed by group undertakings | - | - | 518,127 | 518,127 |
| | <u>-</u> | <u>-</u> | <u>518,127</u> | <u>518,127</u> |
| Aggregate amounts | <u>49,657</u> | <u>56,403</u> | <u>518,127</u> | <u>518,127</u> |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 17) | 40,000 | 31,250 | - | - |
| Trade creditors | 90,381 | 94,148 | - | - |
| Amounts owed to group undertakings | - | - | 116,723 | 116,723 |
| Tax | 194 | - | - | - |
| Social security and other taxes | 5,724 | 4,038 | - | - |
| VAT | 27,395 | - | - | - |
| Other creditors | 1,520 | - | - | - |
| Directors' current accounts | 60,061 | 73,669 | - | - |
| Accruals and deferred income | 34,095 | 50,623 | - | - |
| Accrued expenses | 141,967 | 136,846 | - | - |
| | <u>401,337</u> | <u>390,574</u> | <u>116,723</u> | <u>116,723</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | |
|---------------------------|----------------|----------------|
| | 2010 | 2009 |
| | £ | £ |
| Bank loans (see note 17) | 66,667 | 125,000 |
| Other loans (see note 17) | 125,000 | - |
| | <u>191,667</u> | <u>125,000</u> |

17. LOANS

An analysis of the maturity of loans is given below:

| | Group | |
|---|----------------|----------------|
| | 2010 | 2009 |
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>40,000</u> | <u>31,250</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>40,000</u> | <u>125,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | 26,667 | - |
| Other loans - 2-5 years | 125,000 | - |
| | <u>151,667</u> | <u>-</u> |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Group

| | Land and buildings | |
|--------------------------------------|-----------------------|---------|
| | 2010 | 2009 |
| | £ | £ |
| Expiring: In more than five years | 230,000 | 250,000 |
| | 230,000 | 250,000 |

19. SECURED DEBTS

The following secured debts are included within creditors:

| | Group | |
|------------|---------|---------|
| | 2010 | 2009 |
| | £ | £ |
| Bank loans | 106,667 | 156,250 |
| | 106,667 | 156,250 |

The above liabilities are secured by a standard debenture held by the bank over the group's assets.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2010 | 2009 |
|------------|----------|-------------------|---------|---------|
| | | | £ | £ |
| 12,341,946 | Ordinary | 0.01 | 123,419 | 123,419 |
| | | | 123,419 | 123,419 |

21. RESERVES

Group

| | Profit and loss account £ | Share premium £ | Merger reserve £ | Totals £ |
|----------------------|------------------------------------|-----------------------|------------------------|-------------|
| At 1st March 2009 | (1,134,951) | 385,285 | 645,273 | (104,393) |
| Deficit for the year | (79,378) | | | (79,378) |
| | (1,214,329) | 385,285 | 645,273 | (183,771) |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

21. RESERVES - continued

Company

| | Profit and loss account £ | Share premium £ | Totals £ |
|-----------------------|------------------------------------|-----------------------|-------------|
| At 1st March 2009 | - | 385,285 | 385,285 |
| Profit for the year | - | | - |
| | <hr/> | <hr/> | <hr/> |
| At 28th February 2010 | - | 385,285 | 385,285 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

22. TRANSACTIONS WITH DIRECTORS

£60,061 (2009 - £73,669) was owing to the directors, Mr M A Bryant and Mrs S J Schehtman, at the year end.

Mr M A Bryant and Mrs S J Schehtman have provided personal guarantees in respect of the bank borrowings.

23. RELATED PARTY DISCLOSURES

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

The group has taken advantage of the exemption within Financial Reporting Standard No 8, Related Party Transactions, to not disclose transactions with subsidiary companies.

24. POST BALANCE SHEET EVENTS

Subsequent to the year end, the directors have appointed liquidators for Teamworks Karting (Birmingham) Limited, a subsidiary company.

25. ULTIMATE CONTROLLING PARTY

The company is controlled by Mr M A Bryant and Mrs S J Schehtman, directors and major shareholders, whose beneficial and non beneficial interests amount to 56.8% of the issued ordinary share capital.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

| | 2010 £ | 2009 £ |
|---|-----------------|------------------|
| Loss for the financial year | (79,378) | (230,979) |
| New equity share capital subscribed | - | 459 |
| Premium on new share capital subscribed | - | 16,081 |
| Cost of raising equity share capital | - | (3,366) |
| | <hr/> | <hr/> |
| Net reduction of shareholders' funds | (79,378) | (217,805) |
| Opening shareholders' funds | 19,026 | 236,831 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | (60,352) | 19,026 |
| | <hr/> <hr/> | <hr/> <hr/> |

TEAMWORKS KARTING GROUP PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

| | 2010 | 2009 |
|--|---------|---------|
| | £ | £ |
| Profit for the financial year | - | - |
| Issue of shares | - | 459 |
| Premium on issue of shares | - | 16,081 |
| Costs of shares issued | - | (3,366) |
| | - | 13,174 |
| Net addition to shareholders' funds | - | 13,174 |
| Opening shareholders' funds | 508,704 | 495,530 |
| | 508,704 | 508,704 |
| Closing shareholders' funds | 508,704 | 508,704 |

27. NPOWER PROVISION

At the balance sheet date Teamworks Karting (Birmingham) Limited, a wholly owned subsidiary, was in dispute with the electricity provider Npower. This dispute is currently being handled by the company's legal representatives.

TEAMWORKS KARTING GROUP PLC

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2010

| | 2010 | | 2009 | |
|--|-------------------|----------|-------------------|-----------|
| | £ | £ | £ | £ |
| Sales | | 892,007 | | 896,527 |
| Cost of sales | | | | |
| Trophies and prizes | 6,833 | | 8,150 | |
| Refreshments for the circuit | 39,959 | | 50,318 | |
| Direct costs | 6,529 | | 9,214 | |
| Commissions payable | 55 | | 200 | |
| Kart consumables | 32,480 | | 17,024 | |
| Wages | 136,593 | | 142,173 | |
| Social security | 4,123 | | 5,986 | |
| | <u> </u> | 226,572 | <u> </u> | 233,065 |
| GROSS PROFIT | | 665,435 | | 663,462 |
| Other income | | | | |
| Car parking rents | 7,900 | | 2,910 | |
| Corporation tax interest received | 4 | | - | |
| Other income | 1,638 | | - | |
| Bank interest receivable | - | | 8,050 | |
| Other interest receivable | - | | 1,195 | |
| | <u> </u> | 9,542 | <u> </u> | 12,155 |
| | | 674,977 | | 675,617 |
| Expenditure | | | | |
| Directors' salaries | 13,679 | | 77,708 | |
| Directors' social security | 1,259 | | 9,001 | |
| Wages and salaries | 174,460 | | 203,793 | |
| Social security | 15,509 | | 16,930 | |
| Rent and rates | 308,904 | | 258,243 | |
| Insurances | 17,931 | | 12,824 | |
| Light and heat | 21,438 | | 21,699 | |
| Telephone and postage | 14,355 | | 11,160 | |
| Printing and stationery | 5,284 | | 19,019 | |
| Advertising | 33,835 | | 41,815 | |
| Motor and travel expenses | 6,188 | | 7,581 | |
| Equipment hire | - | | 745 | |
| Computer software and maintenance costs | 1,546 | | 1,026 | |
| Repairs and renewals | 6,780 | | 14,202 | |
| Security system and servicing | 1,937 | | 1,719 | |
| Household and cleaning | 2,640 | | 4,953 | |
| Subscriptions | - | | 1,801 | |
| Sundry expenses | 4,491 | | 886 | |
| Accountancy | 1,506 | | 15,366 | |
| Consultancy fees | - | | 48,026 | |
| Legal and professional fees | 6,504 | | 14,584 | |
| Auditors' remuneration | 7,863 | | 3,500 | |
| Entertainment | 609 | | 573 | |
| Depreciation of tangible fixed assets | 85,362 | | 91,998 | |
| Profit/loss on sale of tangible fixed assets | (1,000) | | - | |
| | <u> </u> | 731,080 | <u> </u> | 879,152 |
| Carried forward | | (56,103) | | (203,535) |

This page does not form part of the statutory financial statements

TEAMWORKS KARTING GROUP PLC

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28TH FEBRUARY 2010**

| | 2010 | | 2009 | |
|-------------------------|-------------------|-----------------|-------------------|------------------|
| | £ | £ | £ | £ |
| Brought forward | | (56,103) | | (203,535) |
| Finance costs | | | | |
| Bank charges | 3,078 | | 4,134 | |
| Credit card | 9,587 | | 8,728 | |
| Bank interest | 6,893 | | 15,827 | |
| Directors loan interest | 3,523 | | - | |
| | <u> </u> | 23,081 | <u> </u> | 28,689 |
| NET LOSS | | <u>(79,184)</u> | | <u>(232,224)</u> |

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