

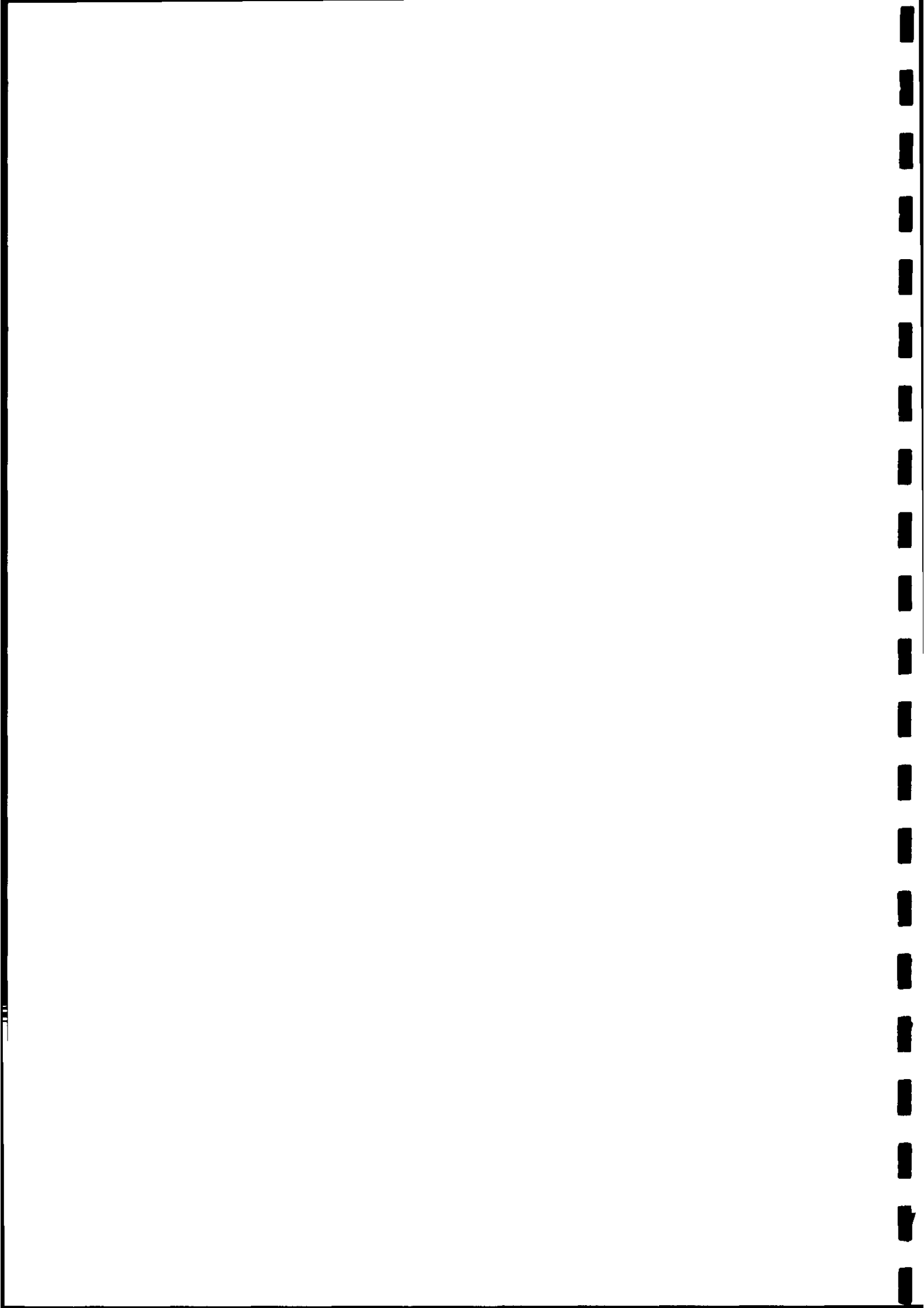
Registration number 04221663

QUANTUM SPORTS CARS LTD

Directors' report and financial statements

for the year ended 31 July 2004





QUANTUM SPORTS CARS LTD

Company information

Directors	John Sampson Rosemary Sampson
Secretary	Mrs R Sampson
Company number	04221663
Registered office	Xtreme Works Loddiswell Kingsbridge Devon TQ7 4DU
Accountants	Spence Robert Pethick Atlantic House 23 Silver Street Taunton TA1 3DH
Business address	Xtreme Works Woolston Farm Loddiswell Devon

QUANTUM SPORTS CARS LTD

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QUANTUM SPORTS CARS LTD

Directors' report for the year ended 31 July 2004

The directors present their report and the financial statements for the year ended 31 July 2004.

Principal activity and review of the business

The principal activity of the company is the design, manufacture and sale of Sports Cars in Factory Build or Kit Form

The Directors are delighted to report a recovery from the previous years loss, which, together with an injection of capital and succesful product inmprovements, has put the company in a strong position for future trading. 2003 had been a particularly diifficult year following the fall-out from a legal case involving the former owners of the business, whereby a judgment had been erroneously recorded against our company rather than the former owners due to a court slip-up in recording the company number on the judgment. It has taken a sterling effort by our own solicitors to put the matter right, for which the Directors are very grateful, but for a while it made trading conditions difficult to have even a false judgment entered against the company. The Directors are confident of obtaining financial restitution against the former owners of the business, and would like to thank all those suppliers and customers who supported them despite the adverse ratings that the company was incorrectly subject to. The Directors estimate that they have lost in excess of £40000 of profitable business during 2003 and early 2004 as a result of this error and are pursuing a claim accordingly. To have recovered the position so quickly makes the directors particularly pleased with the team here at Quantum, who have made the turn-around possible.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/07/04	01/08/03
John Sampson	1	1
Rosemary Sampson	1	1

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on and signed on its behalf by

Mrs R Sampson
Secretary



QUANTUM SPORTS CARS LTD

**Accountants' report on the unaudited financial statements to the directors of
QUANTUM SPORTS CARS LTD**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 July 2004 set out on pages 3 to 9 and you consider that the company is exempt from an audit. In accordance with your instructions we have compiled these unaudited financial statements, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information supplied to us.

**Spence Robert Pethick
Chartered Accountants
Atlantic House
23 Silver Street
Taunton**

TA1 3DH

Date:

QUANTUM SPORTS CARS LTD

Profit and loss account for the year ended 31 July 2004

		2004	2003
	Notes	£	£
Turnover	2	273,160	248,311
Cost of sales		(148,713)	(144,168)
Gross profit		124,447	104,143
Distribution costs		2,203	(1,914)
Administrative expenses		118,209	(127,320)
Operating profit/(loss)	3	4,035	(25,091)
Other interest receivable and similar income		203	-
Interest payable and similar charges		(2,508)	(8,603)
Profit/(loss) on ordinary activities before taxation		1,730	(33,694)
Tax on profit/(loss) on ordinary activities		-	-
Profit/(loss) on ordinary activities after taxation		1,730	(33,694)
Retained profit/(loss) for the year		1,730	(33,694)
Accumulated loss brought forward		(41,930)	(8,236)
Accumulated loss carried forward		(40,200)	(41,930)

The notes on pages 6 to 9 form an integral part of these financial statements.



QUANTUM SPORTS CARS LTD

Balance sheet as at 31 July 2004

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		3,001		1
Tangible assets	5		77,159		71,664
			<u>80,160</u>		<u>71,665</u>
Current assets					
Stocks		135,177		105,664	
Debtors	6	12,866		15,430	
Cash at bank and in hand		32		139	
		<u>148,075</u>		<u>121,233</u>	
Creditors: amounts falling due within one year	7	<u>(38,014)</u>		<u>(137,001)</u>	
Net current assets/(liabilities)			<u>110,061</u>		<u>(15,768)</u>
Total assets less current liabilities			190,221		55,897
Creditors: amounts falling due after more than one year	8		<u>(30,419)</u>		<u>(97,825)</u>
Net assets/(liabilities)			<u>159,802</u>		<u>(41,928)</u>
Capital and reserves					
Called up share capital	9		2		2
Loan Stock	10		200,000		-
Profit and loss account	10		<u>(40,200)</u>		<u>(41,930)</u>
Shareholders' funds			<u>159,802</u>		<u>(41,928)</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 9 form an integral part of these financial statements.

QUANTUM SPORTS CARS LTD

Balance sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 31 July 2004**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 July 2004 and

(c) that we acknowledge our responsibilities for:

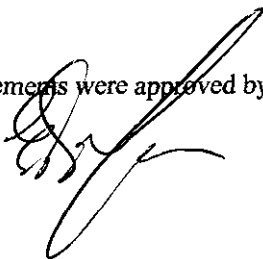
(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

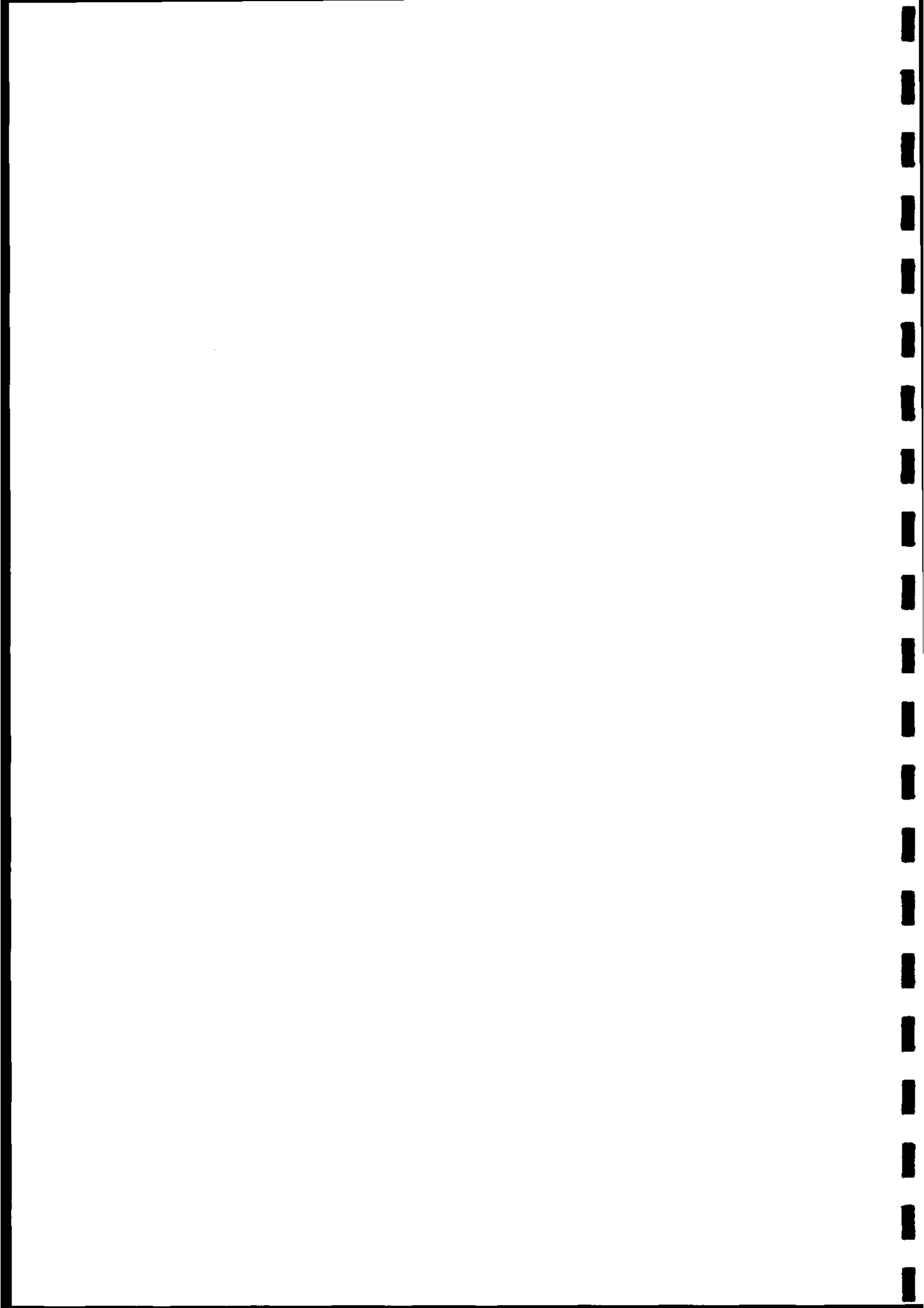
These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on and signed on its behalf by

John Sampson
Director



The notes on pages 6 to 9 form an integral part of these financial statements.



QUANTUM SPORTS CARS LTD

Notes to the financial statements for the year ended 31 July 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

1.4. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over years
Plant and machinery	-	5% straight line
Fixtures, fittings and equipment	-	10% straight line
Motor vehicles	-	20% straight line
	-	

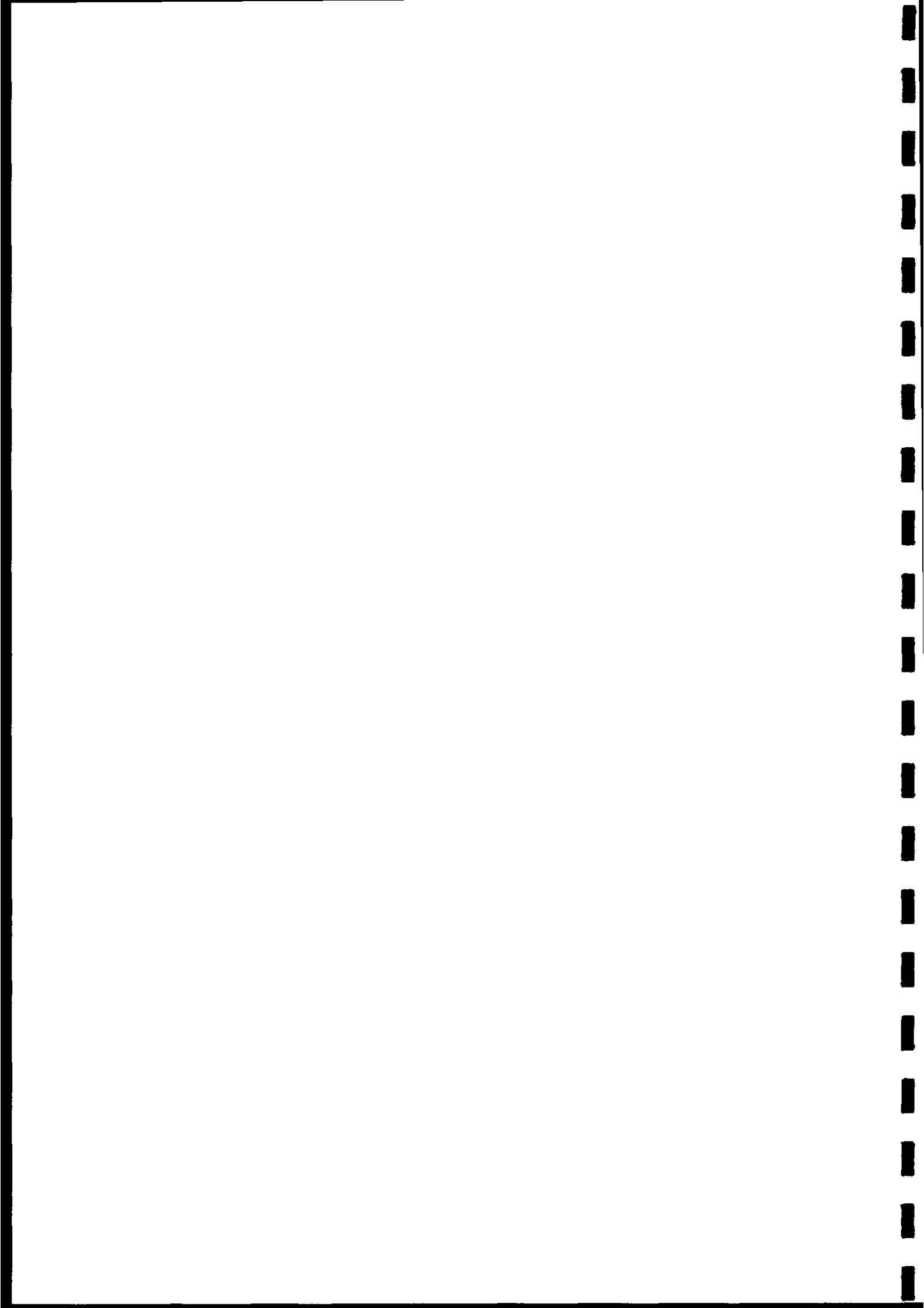
1.6.

1.7. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.8. Stock

Stock is valued at the lower of cost and net realisable value.



QUANTUM SPORTS CARS LTD

Notes to the financial statements for the year ended 31 July 2004

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1.9. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

Prior to the adoption of FRS 19, the company provided for deferred taxation only to the extent that timing differences were expected to materialise in the foreseeable future. The adoption of the new policy has been made by way of a prior year adjustment as though the revised policy had always been applied.

2. Turnover

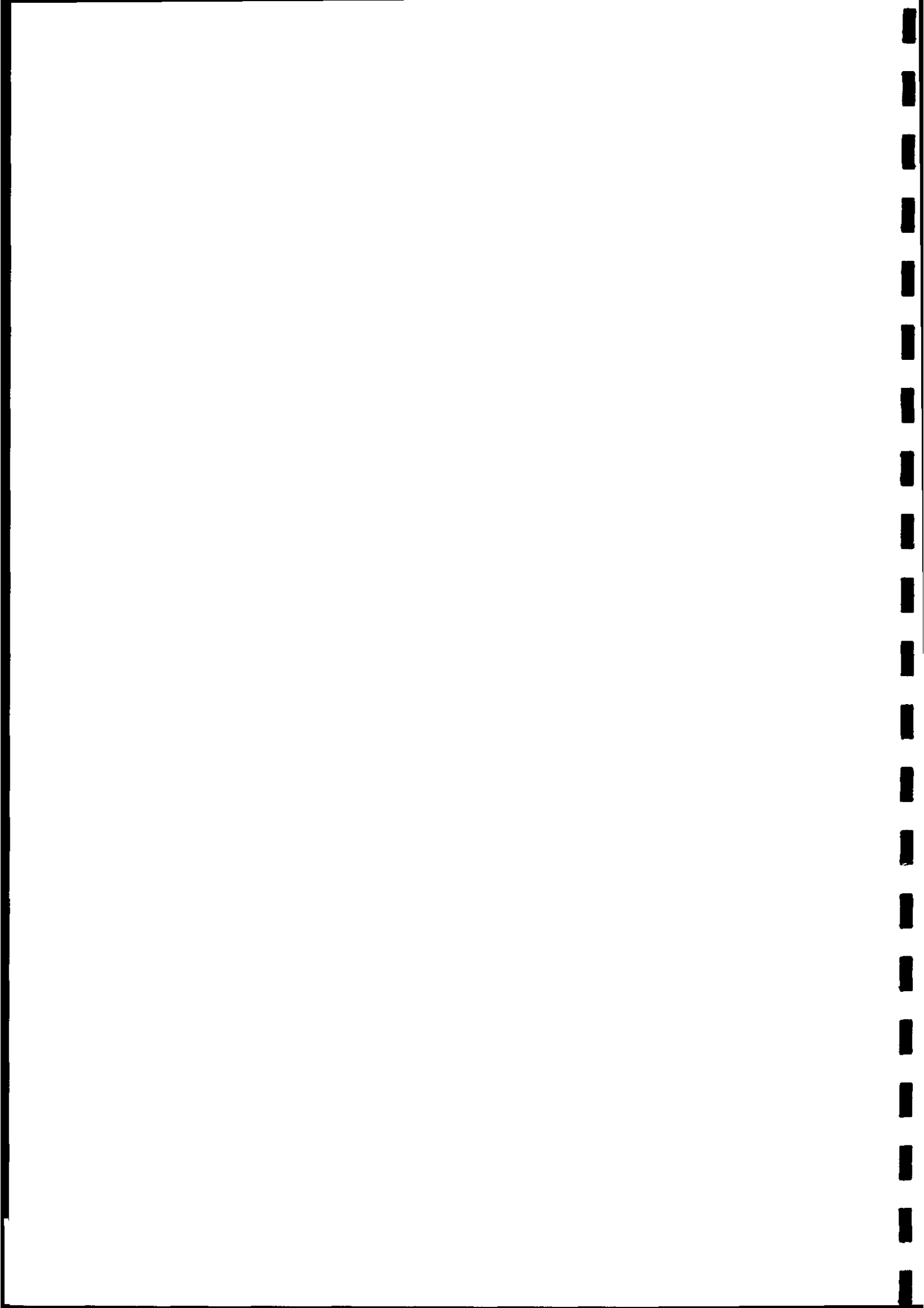
The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit/(loss)

	2004	2003
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off tangible assets	5,635	5,567

4. Intangible fixed assets

	Develop- ment costs £	Goodwill £	Total £
Cost			
At 1 August 2003	-	1	1
Additions	3,000	-	3,000
At 31 July 2004	3,000	1	3,001
Net book values			
At 31 July 2004	3,000	1	3,001
At 31 July 2003	-	1	1



QUANTUM SPORTS CARS LTD

Notes to the financial statements for the year ended 31 July 2004

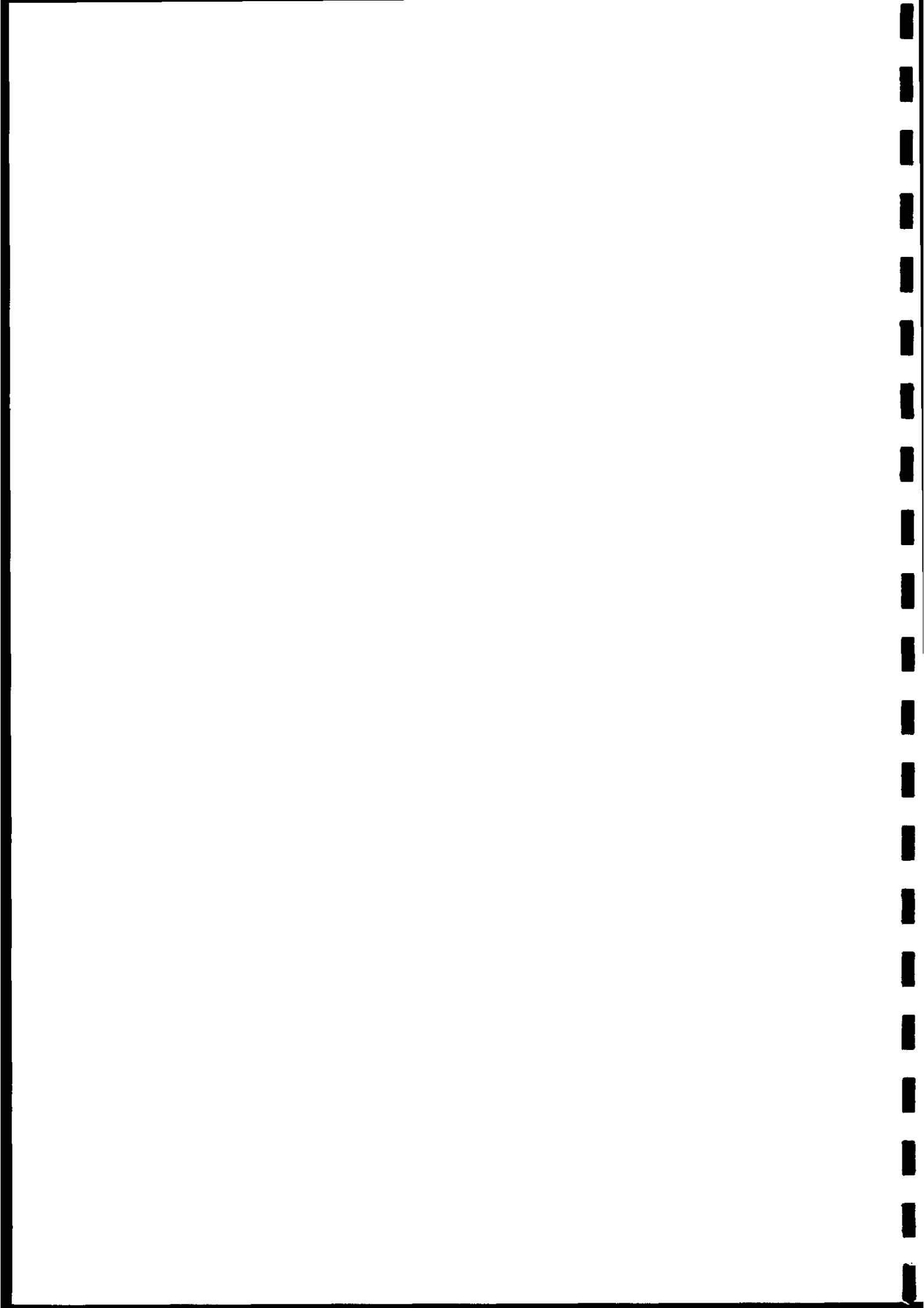
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5.	Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Display Cars £	Total £
	Cost/revaluation						
	At 1 August 2003	1	56,544	12,702	7,037	6,015	82,299
	Additions	-	8,839	2,291	-	-	11,130
	At 31 July 2004	1	65,383	14,993	7,037	6,015	93,429
	Depreciation						
	At 1 August 2003	-	5,565	2,193	2,877	-	10,635
	Charge for the year	-	3,048	1,384	1,203	-	5,635
	At 31 July 2004	-	8,613	3,577	4,080	-	16,270
	Net book values						
	At 31 July 2004	1	56,770	11,416	2,957	6,015	77,159
	At 31 July 2003	1	50,979	10,509	4,160	6,015	71,664

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2004		2003	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	-	-	1,800	900
Equipment	-	-	1,721	1,116
Motor vehicles	-	-	4,818	2,864
	-	-	8,339	4,880

6.	Debtors	2004 £	2003 £
	Trade debtors	6,166	13,504
	Other debtors	478	376
	Prepayments and accrued income	6,222	1,550
		12,866	15,430



QUANTUM SPORTS CARS LTD

Notes to the financial statements for the year ended 31 July 2004

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7.	Creditors: amounts falling due within one year	2004 £	2003 £	
	Bank overdraft	15,837	90,001	
	Payments received on account	1,915	1,915	
	Trade creditors	18,679	24,466	
	Other taxes and social security costs	-	8,012	
	Directors' accounts	2,783	8,657	
	Accruals and deferred income	(1,200)	3,950	
		<u>38,014</u>	<u>137,001</u>	
8.	Creditors: amounts falling due after more than one year	2004 £	2003 £	
	Bank loan	-	90,302	
	User definable loan desc.	25,000	-	
	Net obligations under finance leases and hire purchase contracts	5,419	7,523	
		<u>30,419</u>	<u>97,825</u>	
9.	Share capital	2004 £	2003 £	
	Authorised			
	100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>	
	Allotted, called up and fully paid			
	2 Ordinary shares of 1 each	<u>2</u>	<u>2</u>	
10.	Reserves and Loan Stock	Loan Stock £	Profit and loss account £	Total £
	At 1 August 2003	200,000	(41,930)	158,070
	Retained profit/(loss) for the year		1,730	1,730
	At 31 July 2004	<u>200,000</u>	<u>(40,200)</u>	<u>159,800</u>

