

**REGISTRAR OF  
COMPANIES**

**Gameplay plc**

Report and Financial Statements

Period ended

31 May 2003



**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **GAMEPLAY PLC**

## **Annual report and financial statements for the period ended 31 May 2003**

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### **Directors**

Cheam Directors Limited  
Stawell Services Limited

### **Secretary and registered office**

Cheam Secretaries Limited, 8 Baker Street, London, W1U 3LL.

### **Company number**

3734233

### **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

## GAMEPLAY PLC

### Report of the directors for the period ended 31 May 2003

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The directors present their report together with the audited financial statements for the period from 1 August 2002 to 31 May 2003.

#### Change of accounting reference date

The company changed its accounting reference date from 31 July to 31 May.

#### Results and dividends

The results of the company are set out on page 5 and show a loss for the period of £757,808. The directors do not recommend the payment of a dividend.

#### Principal activities, review of business and future developments

Mark Bernstein and Ted Bechman continued to operate the business during the period as an investment holding company, realising assets and contingent liabilities, and settling the historical liabilities and contingent liabilities where appropriate. In addition they continued to attempt to extract value from its remaining assets.

On 31 January 2003, the entire issued share capital of the company was acquired by Line Trust Corporation Limited as trustee of the Caleta Settlement by means of a Scheme of Arrangement under Section 425 of the Companies Act 1985.

The London Stock Exchange cancelled trading of Gameplay shares on AIM in February 2003.

The directors continue to seek opportunities for the future.

#### Directors

The directors of the company during the period and their beneficial interests (unless otherwise stated) in the ordinary share capital of Gameplay plc and in options to purchase such shares under the Share Option Scheme were as follows:

		2003	2003	2002	2002
		Options	Ordinary shares of ½p each	Options	Ordinary shares of ½p each
Cheam Directors Limited	(appointed 19 February 2003)	-	-	-	-
Stawell Services Limited	(appointed 19 February 2003)	-	-	-	-
Mark Strachan	(resigned 19 February 2003)	-	-	-	4,375,000
Mark Bernstein	(resigned 19 February 2003)	-	-	-	16,732,696
Ted Bechman	(resigned 26 February 2003)	-	-	469,444	4,074,074

At 31 May 2003 no director had any beneficial interest in the share capital of the company or its parent company, Topland Group Holdings International Limited.

## **GAMEPLAY PLC**

### **Report of the directors for the period ended 31 May 2003 (*Continued*)**

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#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**By order of the Board**

  
Line Secretaries Limited  
Company Secretary

Date 16/12/03

## **GAMEPLAY PLC**

### **Report of the independent auditors**

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#### **To the shareholders of Gameplay plc**

We have audited the financial statements of Gameplay plc for the period ended 31 May 2003 on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**GAMEPLAY PLC**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
London

16 December 2003

**GAMEPLAY PLC****Profit and loss account for the period ended 31 May 2003**

	Note	10 months ended 31 May 2003 £	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £	12 months ended 31 July 2002 £
Administrative expenses			(761,675)		(747,000)
Other operating income			-		19,000
<b>Operating loss</b>	<b>2</b>		<b>(761,675)</b>		<b>(728,000)</b>
<b>Exceptional items</b>					
Profit on disposal of investments		-		10,000	
Profit on disposal of fixed assets		-		524,000	
			-		534,000
Interest receivable			3,867		25,000
<b>Loss on ordinary activities before and after taxation</b>	<b>5,11</b>		<b>(757,808)</b>		<b>(169,000)</b>

All amounts relate to discontinued activities.

All recognised gains and losses are included in the profit and loss account.


The notes on pages 8 to 14 form part of these financial statements.

# GAMEPLAY PLC

## Balance sheet at 31 May 2003

	Note	31 May 2003 £	31 July 2002 £
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Investments	7	-	52,850
Debtors	8	-	36,042
Cash at bank and in hand		-	401,232
		-	490,124
<b>Creditors: amounts falling due within one year</b>	9	<b>370,589</b>	102,905
<b>Net (liabilities)/assets</b>		<b>(370,589)</b>	387,219
<b>Capital and reserves</b>			
Called up share capital	10	445,817	445,817
Share premium account	11	195,753,986	195,753,986
Profit and loss account	11	(196,570,392)	(195,812,584)
<b>Equity shareholders' funds</b>	12	<b>(370,589)</b>	387,219

The financial statements were approved by the Board on 16 December 2003

  
Michael  
Cheam Directors Limited  
Director

The notes on pages 8 to 14 form part of these financial statements.



# **GAMEPLAY PLC**

## **Company cash flow statement for the period ended 31 May 2003**

	Note	10 months ended 31 May 2003 £	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £	12 months ended 31 July 2002 £
<b>Net cash inflow from operating activities</b>	17		(457,949)		(856,918)
<b>Returns on investments and servicing of finance</b>					
Interest received			3,867		25,000
<b>Cash outflow before management of liquid resources and financing</b>			(454,082)		(831,918)
<b>Management of liquid resources</b>					
Sale of current asset investments		52,850		-	
Purchase of current asset investments		-		(52,850)	
			52,850		(52,850)
<b>Decrease in cash in the year</b>	18,19		(401,232)		(884,768)

The notes on pages 8 to 14 form part of these financial statements.

# GAMEPLAY PLC

## Notes forming part of the financial statements for the period ended 31 May 2003

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment in value. Investments held as current assets are stated at the lower of cost and net realisable value.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### 2 Operating loss

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
This is arrived at after charging:		
Auditors' remuneration - audit services	-	13,000
- non-audit services	30,000	-
	<hr/>	<hr/>

Auditors' remuneration for audit services for the period ended 31 May 2003 has been borne by the parent company.

# GAMEPLAY PLC

## Notes forming part of the financial statements for the period ended 31 May 2003 (Continued)

### 3 Employees

Staff costs for all employees, (including executive Directors), consist of:

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
Wages and salaries	437,188	388,000
Social security costs	49,073	46,000
	<u>486,261</u>	<u>434,000</u>

The average number of employees, (including executive Directors), during the period was 3 (2002 - 3).

### 4 Directors' remuneration

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
Directors' emoluments	163,075	412,144
Compensation for loss of office	274,113	150,000
	<u>437,188</u>	<u>562,144</u>

Emoluments of the highest paid director amounted to £281,667 (2002 - £275,081).

### 5 Taxation on loss on ordinary activities

No taxation charge arises on the result for the period (2002 - £Nil).

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
<i>Tax reconciliation:</i>		
Loss on ordinary activities before tax	(757,808)	(169,000)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	(227,342)	(50,700)
Effects of:		
Expenses not deductible for tax purposes	70,529	-
Tax losses carried forward	156,813	50,700
	<u>-</u>	<u>-</u>
Current tax charge for period	-	-

# **GAMEPLAY PLC**

**Notes forming part of the financial statements for the period ended 31 May 2003 (Continued)**

## **6 Fixed asset investments**

	<b>Group undertakings £</b>
<i>Cost</i>	
At 1 August 2002 and at 31 May 2003	9,000
<i>Provision</i>	
At 1 August 2002 and at 31 May 2003	(9,000)
<i>Net book value</i>	
At 31 May 2003	-
At 31 May 2002	-

The following were the principal group undertakings at the end of the period.

<b>Name</b>	<b>Country of incorporation or registration</b>	<b>Proportion of voting rights held</b>	<b>Nature of business</b>
Internet Digital Media Limited	UK	100%	Dormant
Gameplay Retail Limited	UK	100%	Dormant
Shout TV Limited	UK	20%	Dormant
Gameplay B.V.	Netherlands	100%	Dormant *
Gameplay Media Limited	UK	100%	Dormant *
Gameplay TV Limited	UK	100%	Dormant *
Gameplay.com Limited	UK	100%	Dormant *
douno Limited	UK	100%	Dormant *
Gameplay Ireland Limited	Eire	100%	Dormant *

\* In liquidation

# GAMEPLAY PLC

Notes forming part of the financial statements for the period ended 31 May 2003 (*Continued*)

## 7 Current asset investments

	31 May 2003 £	31 July 2002 £
Treasury stock	-	52,850

## 8 Debtors

	31 May 2003 £	31 July 2002 £
Trade debtors	-	5,875
Other debtors	-	26,679
Prepayments and accrued income	-	3,488
	-	36,042

All amounts shown under debtors fall due for payment within one year.

## 9 Creditors: amounts falling due within one year

	31 May 2003 £	31 July 2002 £
Trade creditors	-	5,389
Amounts owed to group undertakings	370,589	-
Taxation and social security	-	16,266
Accruals and deferred income	-	81,250
	370,589	102,905

## GAMEPLAY PLC

Notes forming part of the financial statements for the period ended 31 May 2003 (*Continued*)

### 10 Share capital

	31 May 2003 £	31 July 2002 £
<i>Authorised</i>		
160,000,000 ordinary shares at 1/2p each	800,000	800,000
<i>Allotted, called up and fully paid</i>		
89,163,478 ordinary shares of 1/2p each	445,817	445,817

#### Share options

At 31 July 2002 the following share options had been granted under the unapproved share option scheme:

Grant date	Number of shares	Exercise price
June 1999	469,444	£0.01

No options were exercised during the period.

At 31 May 2003 all the share options granted under the unapproved share option scheme had lapsed and therefore none were outstanding.

### 11 Reserves

	Share premium account £	Profit and loss account £
At 1 August 2002	195,753,986	(195,812,584)
Loss for the period	-	(757,808)
At 31 May 2003	195,753,986	(196,570,392)

## GAMEPLAY PLC

Notes forming part of the financial statements for the period ended 31 May 2003 (*Continued*)

### 12 Reconciliation of movements in shareholders' funds

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
Loss for the period	(757,808)	(169,000)
Increase in issued share capital	-	12,000
Share premium on shares issued	-	10,166,000
Shares to be issued	-	(10,178,000)
Net deduction to shareholders' funds	(757,808)	(169,000)
Opening shareholders' funds	387,219	556,219
Closing shareholders' funds	(370,589)	387,219

### 13 Related party disclosures

At 31 May 2003 the company owed £370,589 to Topland Group Holdings International Limited (see note 9).

### 14 Parent company

At 31 May 2003 the immediate and ultimate parent company and controlling party was Topland Group Holdings International Limited which is registered in the British Virgin Islands.

### 15 Group financial statements

The financial statements contain information about Gameplay plc as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by S.248 of the Companies Act 1985 not to produce consolidated financial statements as the group it heads qualifies as a medium size group.

### 16 Contingent liabilities

The directors are not aware of any material contingent liabilities at 31 May 2003 and at 31 July 2002.

# **GAMEPLAY PLC**

Notes forming part of the financial statements for the period ended 31 May 2003 (*Continued*)

## **17 Reconciliation of operating loss to net cash outflow from operating activities**

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
Operating loss	(761,675)	(728,000)
Decrease in debtors	36,042	558,000
Increase/(decrease) in creditors	267,684	(750,918)
Net cash outflow from operating activities	(457,949)	(920,918)
Cash flows relating to fundamental costs of a reorganisation	-	64,000
Net cash outflow from operating activities	(457,949)	(856,918)

## **18 Reconciliation of net cash flow to movement in net funds**

	10 months ended 31 May 2003 £	12 months ended 31 July 2002 £
Decrease in cash in the period	(401,232)	(884,768)
Movement in net funds in the period	(401,232)	(884,768)
Net funds at beginning of the period	401,232	1,286,000
Net funds at the end of the period	-	401,232

## **19 Analysis of net funds**

	At 1 August 2002 £	Cash flow £	At 31 May 2003 £
Cash in hand and at bank	401,232	(401,232)	-