

TEAMtalk.com Limited

**Directors' report and financial
statements**

Registered number 3905663

31 December 2005



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Company information

Company number: 3905663

Directors

AM Galvin
P Dubens
D Annat

Secretary

C Kennedy	-	Resigned 13 January 2005
A Galvin	-	Appointed 13 January 2005

Registered office

Apsley House
Wellington Street
Leeds
LS1 2EQ

Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2005.

Results and dividends

The profit on the ordinary activities of the company before taxation amounted to £586,000 (2004: loss £173,000).
The directors do not recommend payment of a dividend (2004: nil).

Principal activity and business review

The principal activity of the company is the production and sale of sports content for internet, text and radio.

Directors and their interests

The directors who served during the period were as follows:

AM Galvin

P Dubens


D Annat

None of the directors in office at 31 December 2005 had a direct interest in the share capital of the company. At 31 December 2005, AM Galvin, P Dubens and D Annat were directors of the company's ultimate parent undertaking, ukbetting plc. Their interests in the shares of the ultimate parent company were disclosed in the annual report of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

AM Galvin 
Director

16 October 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of TEAMtalk.com Limited

We have audited the financial statements of TEAMtalk.com Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 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 described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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 judgments 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.

Independent auditors' report to the members of TEAMtalk.com Limited*(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

16 October 2006

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover	2	3,842	2,905
Cost of sales		(577)	(447)
Gross profit		3,265	2,458
Administrative expenses		(2,679)	(2,631)
Profit on ordinary activities before tax	3	586	(173)
Tax on profit on ordinary activities	5	-	6
Profit for the financial year	12	586	(167)

The company had no recognised gains and losses other than the losses above and therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the period stated above and their historical cost equivalents.

All of the trading during the period related to continuing operations as defined by Financial Reporting Standard No. 3.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Fixed assets			
Tangible assets	7	360	203
Current assets			
Debtors	8	15,066	10,911
Cash		23	23
		<hr/>	<hr/>
		15,089	10,934
Creditors: amounts falling due within one year	9	(24,362)	(20,636)
		<hr/>	<hr/>
Net current liabilities		(9,273)	(9,702)
		<hr/>	<hr/>
Net liabilities		(8,913)	(9,499)
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	11	10,392	10,392
Profit and loss account	12	(19,305)	(19,891)
		<hr/>	<hr/>
Equity shareholders' deficit	13	(8,913)	(9,499)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 16 October 2006 and were signed on its behalf by:

AM Galvin 
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date'. The adoption of FRS 21 had no effect on the company's loss or net liabilities;
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'. The adoption of the presentational requirements of FRS 25 had no effect on the company's loss and net liabilities; and
- FRS 28 'Corresponding amounts'. The adoption of FRS 28 had no material effect on the company's loss or net liabilities as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of preparation

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

The ability of the company to continue trading in the foreseeable future is largely dependent on the continued support of the ultimate parent company ukbetting plc. The parent company has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future. Accordingly, the directors consider that the financial statements should be prepared on an ongoing basis.

The exemption provided by FRS 1 has been adopted and therefore no cash flow statement has been provided.

Turnover

Turnover, which excludes value added tax and sales between group businesses, represents the invoiced value of services supplied to customers.

Revenue recognition

Connectivity revenue is recognised when the Company has determined that users have accessed the Company's services via a telecommunications network or service provider. Connectivity revenue is recorded as the gross amount received by the network or service provider and any deductions retained by the provider for the additional services are recorded in cost of sales. Content syndication contracts are recognised rateably over the period of the contract. Professional services, such as web design and software implementation, and advertising revenues are recognised when the services are charged.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Software and development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the group and are depreciated over their estimated useful economic lives.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	10%
Fixtures and fittings	10%
Office equipment	20% to 33%

Notes (continued)

1 Accounting policies (continued)

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with companies that are part of the ultimate holding company's group, on the grounds that the company is a wholly owned subsidiary and the ultimate parent holding company includes the company in its own published consolidated financial statements.

Deferred taxation

Deferred tax is recognised, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies which are included in the balance sheet are translated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

Pension costs

ukbetting plc, the ultimate parent undertaking, operates a defined contribution pension scheme in which the employees of TEAMtalk.com Limited participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. TEAMtalk.com Limited provides no other post retirement benefits to its employees.

2 Segmental analysis

The group operates in one area of activity, the production and sale of sports content. It also operates within two geographical markets, the United Kingdom and Europe (excluding the United Kingdom). Turnover is analysed below by destination:

	2005 £000	2004 £000
United Kingdom	3,702	2,453
Europe (excluding United Kingdom)	140	450
	<u>3,842</u>	<u>2,905</u>

3 Profit on ordinary activities before taxation

	2005 £000	2004 £000
Profit on ordinary activities before taxation is stated after charging:		
Operating lease rentals	25	14
Auditor's remuneration	3	10
Depreciation of tangible fixed assets	78	88
Foreign exchange (gains)/losses	(39)	25
Exceptional charges:		
Restructuring costs	1	7
	<u>1</u>	<u>7</u>

Notes (continued)

4 Directors and employees

	2005 £000	2004 £000
Staff costs during the period were as follows:		
Wages and salaries	1,011	1,088
Social security costs	104	110
Other pension costs	39	41
	<u>1,154</u>	<u>1,239</u>

The Company made payments totalling £39,000 (2004: £41,000) to defined contribution pension schemes, the assets of which were held in independently administered funds. The pension cost charge represented the total contributions payable to the funds.

The average monthly number of employees, including directors, during the period was made up as follows:

	2005 No	2004 No
Operations	45	47
Administration	3	3
	<u>48</u>	<u>50</u>

5 Taxation

	2005 £000	2004 £000
UK corporation tax at 30% (2004: 30%)		
Current	-	-
Adjustment to prior year	-	(6)
	<u>-</u>	<u>(6)</u>

Notes (continued)

5 Taxation (continued)

Reconciliation of current tax credit:

	2005 £000	2004 £000
Profit on ordinary activities before tax	586	(173)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	176	(52)
Effects of:		
Expenses non-deductible for tax purposes	-	26
Depreciation in excess of capital allowances	23	-
Utilisation of tax losses	(199)	26
Adjustments in respect of previous years	-	(6)
Current tax credit for year	-	(6)

6 Intangible fixed assets

	Goodwill £000
Cost	
At 31 December 2004 and 2005	4,880
Amortisation	
At 31 December 2004 and 2005	4,880
Net book value	
At 31 December 2005	-
At 31 December 2004	-

Notes (continued)

7 Tangible fixed assets

	Leasehold improvements £000	Office equipment £000	Fixture & fittings £000	Total £000
Cost				
At 1 January 2005	1,287	2,182	556	4,025
Additions	-	235	-	235
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,287	2,417	556	4,260
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2005	1,287	1,984	551	3,822
Charge for the year	-	77	1	78
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,287	2,061	552	3,900
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2005	<hr/> - <hr/>	<hr/> 356 <hr/>	<hr/> 4 <hr/>	<hr/> 360 <hr/>
Net book value at 31 December 2004	<hr/> <hr/> -	<hr/> <hr/> 198	<hr/> <hr/> 5	<hr/> <hr/> 203

8 Debtors

	2005 £000	2004 £000
Trade debtors	186	326
Amount owed by parent company	1,070	-
Amounts owed by fellow subsidiary undertakings	13,561	10,399
Other debtors	1	2
Prepayments and accrued income	248	184
	<hr/>	<hr/>
	15,066	10,911
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Bank overdraft	297	95
Trade creditors	365	318
Amount owed to parent company	-	19,062
Amounts owed to fellow subsidiary undertakings	23,271	767
Other creditors, including taxation and social security	205	206
Accruals and deferred income	224	188
	<hr/>	<hr/>
	24,362	20,636
	<hr/>	<hr/>

Notes (continued)

10 Deferred taxation

Deferred taxation provided in the financial statements and the amount unprovided of the total potential asset for the company, are as follows:

	2005		2004	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Tax effect on timing differences because of:				
Differences between capital allowances and depreciation	-	(782)	-	(768)
Losses	-	(2,556)	-	(2,782)
	<u>-</u>	<u>(3,338)</u>	<u>-</u>	<u>(3,550)</u>

11 Share capital

	2005 £000	2004 £000
<i>Authorised</i>		
25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<i>Allotted, called up and fully paid</i>		
10,392,083 ordinary shares of £1 each	<u>10,392</u>	<u>10,392</u>

12 Profit and loss account

	£000
At 1 January 2005	(19,891)
Profit for the financial year	586
At 31 December 2005	<u>(19,305)</u>

13 Reconciliation of movement in shareholders' funds

	2005 £000	2004 £000
Profit for the financial year	586	(167)
Net increase/(reduction) to shareholder's funds	<u>586</u>	<u>(167)</u>
Opening shareholder's funds	(9,499)	(9,332)
Closing shareholder's funds	<u>(8,913)</u>	<u>(9,499)</u>

Notes (continued)

14 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	2005		2004	
	Land & Buildings £000	Other £000	Land & buildings £000	Other £000
Expiring:				
Within one year	-	-	-	-
Within one to two years	-	-	-	1
Within two to five years	-	5	-	14
After five year	203	-	203	-
	<hr/>	<hr/>	<hr/>	<hr/>
	203	5	203	15
	<hr/>	<hr/>	<hr/>	<hr/>

15 Ultimate parent undertaking

The company's ultimate parent undertaking is ukbetting plc, a company registered in England and Wales.

The accounts of ukbetting plc are available from the company's registered office at Apsley House, 78 Wellington Street, Leeds, LS1 2EQ