

**TEAMtalk.com Limited**

**Directors' report and financial  
statements**

**Registered number 3905663**

**31 December 2002**



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## **Company information**

Company number: 3905663

### **Directors**

AM Galvin  
P Dubens  
D Annat

### **Secretary**

C Kennedy

### **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 6 month period ended 31 December 2002.

### Results and dividends

The loss on the ordinary activities of the group before taxation amounted to £823,000 (*15 month period ended 30 June 2002: £14,167,000*) and has been transferred to reserves. The directors do not recommend payment of a dividend.

### Principal activity and business review

The principal activity of the company is the production and sale of sports content for internet and radio. During the period the company restructured its sports content business in order to align its cost base (headcount and infrastructure) with the level of revenue generated.

On 12 July 2002, TEAMtalk Media Group plc, the company's ultimate parent undertaking and controlling party, was acquired by ukbetting plc. From this date, ukbetting plc became the company's ultimate parent undertaking and controlling party. TEAMtalk Media Group plc delisted on 16 August 2002 and changed its name to TEAMtalk Media Group Limited on 6 September 2002.

### Directors and their interests

The directors who served during the period were as follows:

|                 |   |
|-----------------|---|
| I T Holding     | - resigned 10 July 2002                         |
| A W F Steenberg | - resigned 12 July 2002                         |
| A M Galvin      |   |
| P Dubens        | - appointed 12 July 2002                        |
| E Semel         | - appointed 12 July 2002, resigned 1 April 2003 |
| D Annat         | - appointed 12 July 2002                        |

None of the directors in office at 31 December 2002 had a direct interest in the share capital of the company. At 31 December 2002, AM Galvin, P Dubens, E Semel 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.

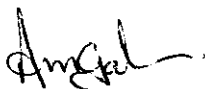
### Payment to creditors

It is company policy to agree the terms and conditions, including terms of payment, under which business transaction are carried out. Supplier are made aware of such terms of payment and the payment of suppliers is made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. At 31 December 2002, the amount of trade creditors shown in the balance sheet represents 38 days (30 June 2002: 32 days) of average purchases for the company.

### Auditors

KPMG Audit Plc has indicated willingness to continue in office and a resolution for their reappointment as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



AM Galvin  
Director

7 August 2003

## **Statement of 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 for that period. 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;
- 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 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

### **Report of the independent auditor to the members of TEAMtalk.com Limited**

We have audited the financial statements on pages 6 to 13.

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**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the 6 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

7 August 2003

## Profit and loss account

for the 6 months ended 31 December 2002

|   | Note | 6 months<br>ended 31<br>December<br>2002<br>£000 | 15 months<br>ended 30<br>June<br>2002<br>£000 |
|---|------|--|---|
| Turnover                                      | 3    | 1,091  | 5,981   |
| Cost of sales                                 |      | (1,012)  | (8,150)                                       |
| <b>Gross profit/(loss)</b>                    |      | <b>79</b>  | <b>(2,169)</b>                                |
| Administrative expenses                       |      | (902)  | (11,998)                                      |
| <b>Operating loss</b>                         | 4    | <b>(823)</b>                                     | <b>(14,167)</b>                               |
| <b>Loss on ordinary activities before tax</b> |      | <b>(823)</b>                                     | <b>(14,167)</b>                               |
| Tax on loss on ordinary activities            | 6    | 83   | 747   |
| <b>Retained loss for the financial period</b> | 14   | <b>(740)</b>                                     | <b>(13,420)</b>                               |

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 2002

|   | <i>Note</i> | <b>31 December<br/>2002<br/>£000</b> | <b>30 June<br/>2002<br/>£000</b> |
|---|-------------|--------------------------------------|----------------------------------|
| <b>Fixed assets</b>                                   |             |                                      |                                  |
| Tangible assets                                       | 9           | 180                                  | 254                              |
|   |             | <hr/>                                | <hr/>                            |
|   |             | 180                                  | 254                              |
| <b>Current assets</b>                                 |             |                                      |                                  |
| Debtors   | 10          | 3,781                                | 3,285                            |
|   |             | <hr/>                                | <hr/>                            |
|   |             | 3,781                                | 4,092                            |
| <b>Creditors: amounts falling due within one year</b> | 11          | (12,513)                             | (11,351)                         |
|   |             | <hr/>                                | <hr/>                            |
| <b>Net current liabilities</b>                        |             | (8,732)                              | (8,066)                          |
|   |             | <hr/>                                | <hr/>                            |
| <b>Net liabilities</b>                                |             | (8,552)                              | (7,812)                          |
|   |             | <hr/>                                | <hr/>                            |
| <b>Capital and reserves</b>                           |             |                                      |                                  |
| Called up equity share capital                        | 13          | 10,392                               | 10,392                           |
| Profit and loss account                               | 14          | (18,944)                             | (18,204)                         |
|   |             | <hr/>                                | <hr/>                            |
| <b>Shareholders' funds</b>                            | 15          | (8,552)                              | (7,812)                          |
|   |             | <hr/>                                | <hr/>                            |

These financial statements were approved by the board of directors on 7 August 2003 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 company's financial statements.

#### 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.

#### 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% |
| Motor vehicles         | 10%        |

#### 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.

#### Deferred taxation

Full provision is made for deferred taxation on all material timing differences.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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 Trading period

These financial statements cover the period from 1 July 2002 to 31 December 2002. The comparative figures cover the period from 1 April 2001 to 30 June 2002.

### 3 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:

|                                   | 6 months ended<br>31 Dec 2002<br>£000 | 15 months ended<br>30 June 2002<br>£000 |
|-----------------------------------|---------------------------------------|---|
| United Kingdom                    | 1,038                                 | 5,900                                   |
| Europe (excluding United Kingdom) | 53                                    | 81                                      |
|                                   | <u>1,091</u>                          | <u>5,981</u>                            |

### 4 Operating loss

|  | 6 months ended<br>31 Dec 2002<br>£000 | 15 months ended<br>30 June 2002<br>£000 |
|--|---------------------------------------|---|
| The operating loss is stated after charging/(crediting): |                                       |   |
| Operating lease rentals                                  | 11                                    | 361                                     |
| Auditor's remuneration:                                  |                                       |   |
| Previous auditors  |                                       |   |
| - audit services   | -                                     | 20                                      |
| - non-audit services                                     | -                                     | 30                                      |
| Current auditors   |                                       |   |
| - audit services   | 8                                     | 10                                      |
| Depreciation of tangible fixed assets                    | 63                                    | 654                                     |
| Amortisation of goodwill                                 | -                                     | 976                                     |
| Foreign exchange gains                                   | (1)                                   | (11)                                    |
| Exceptional charges:                                     |                                       |   |
| Impairment of intangible fixed assets                    | -                                     | 2,928                                   |
| Impairment of tangible fixed assets                      | -                                     | 2,529                                   |
| Restructuring costs                                      | 253                                   | 617                                     |

## Notes (continued)

### 5 Directors and employees

|  | 6 months ended<br>31 December<br>2002<br>£000 | 15 months ended<br>30 June<br>2002<br>£000 |
|--|---|--|
| Staff costs during the period were as follows: |   |  |
| Wages and salaries                             | 189   | 4,080                                      |
| Social security costs                          | 18  | 362  |
| Other pension costs                            | 33  | 146  |
|  | <u>240</u>                                    | <u>4,588</u>                               |

The Company made payments totalling £32,590 (30 June 2002: £146,000) 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:

|                                   | 6 months ended<br>31 December<br>2002<br>No | 15 months ended<br>30 June<br>2002<br>No |
|-----------------------------------|---|--|
| Content                           | 58  | 118                                      |
| Sales, general and administration | 12  | 46                                       |
| Management                        | -   | 4  |
|                                   | <u>70</u>                                   | <u>168</u>                               |

AM Galvin was the only director to be remunerated by TEAMtalk.com Limited.

### 6 Tax on loss on ordinary activities

|   | 6 months ended<br>31 December<br>2002<br>£000 | 15 months ended<br>30 June<br>2002<br>£000 |
|---|---|--|
| UK corporation tax at 30% (30 June 2002: 30%) |   |  |
| Current                                       | (83)  | (278)                                      |
| Adjustment to prior year                      | -   | (469)                                      |
|   | <u>(83)</u>                                   | <u>(747)</u>                               |

The corporation tax credit represents amounts receivable for group relief surrendered.

## Notes (continued)

### 7 Taxation

Reconciliation of current tax credit:

|  | 6 months ended<br>31 Dec 2002<br>£000 | 15 months ended<br>30 June 2002<br>£000 |
|--|---------------------------------------|---|
| Loss on ordinary activities before tax   | (823)                                 | (14,167)                                |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%) | (247)                                 | (4,251)                                 |
| Effects of:  |                                       |   |
| Expenses non-deductible for tax purposes   | 106                                   | 1,570                                   |
| Other timing differences   | 21                                    | -                                       |
| Deferred tax not provided  | 37                                    | 2,403                                   |
| Current tax credit for period  | (83)                                  | (278)                                   |

### 8 Intangible fixed assets

#### Cost

At 30 June 2002 and 31 December 2002

Goodwill  
£000

4,880

#### Amortisation

At 30 June 2002 and 31 December 2002

4,880

#### Net book value

At 31 December 2002

-

At 30 June 2002

-

## Notes (continued)

### 9 Tangible fixed assets

|   | Leasehold<br>improvements<br>£000 | Office<br>equipment<br>£000 | Fixture &<br>fittings<br>£000 | Total<br>£000 |
|---|-----------------------------------|-----------------------------|-------------------------------|---------------|
| <b>Cost</b>                               |                                   |                             |                               |               |
| At 1 July 2002                            | 1,287                             | 1,953                       | 551                           | 3,791         |
| Additions                                 | -                                 | -                           | -                             | -             |
| Disposals                                 | -                                 | (11)                        | -                             | (11)          |
| <i>At 31 December 2002</i>                | <u>1,287</u>                      | <u>1,942</u>                | <u>551</u>                    | <u>3,780</u>  |
| <b>Depreciation</b>                       |                                   |                             |                               |               |
| At 1 July 2002                            | 1,287                             | 1,749                       | 501                           | 3,537         |
| Charge for the period                     | -                                 | 51                          | 12                            | 63            |
| Disposals                                 | -                                 | -                           | -                             | -             |
| <i>At 31 December 2002</i>                | <u>1,287</u>                      | <u>1,800</u>                | <u>513</u>                    | <u>3,600</u>  |
| <b>Net book value at 31 December 2002</b> | <u>-</u>                          | <u>142</u>                  | <u>38</u>                     | <u>180</u>    |
| Net book value at 30 June 2002            | <u>-</u>                          | <u>204</u>                  | <u>50</u>                     | <u>254</u>    |

### 10 Debtors

|  | 31 December<br>2002<br>£000 | 30 June<br>2002<br>£000 |
|--|-----------------------------|-------------------------|
| Trade debtors                                  | 141                         | 221                     |
| Amounts owed by fellow subsidiary undertakings | 3,264                       | 2,524                   |
| Other debtors                                  | 157                         | 197                     |
| Prepayments and accrued income                 | 219                         | 343                     |
|  | <u>3,781</u>                | <u>3,285</u>            |

### 11 Creditors: amounts falling due within one year

|   | 31 December<br>2002<br>£000 | 30 June<br>2002<br>£000 |
|---|-----------------------------|-------------------------|
| Bank overdraft  | 5                           | 474                     |
| Trade creditors   | 238                         | 481                     |
| Amount owed to parent company                           | 11,532                      | 8,727                   |
| Amounts owed to fellow subsidiary undertakings          | 369                         | 481                     |
| Other creditors, including taxation and social security | 63                          | 314                     |
| Accruals and deferred income                            | 306                         | 874                     |
|   | <u>12,513</u>               | <u>11,351</u>           |

## Notes (continued)

### 12 Deferred taxation

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

|   | 31 December 2002 |                    | 30 June 2002     |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | Provided<br>£000 | Unprovided<br>£000 | Provided<br>£000 | Unprovided<br>£000 |
| Tax effect on timing differences because of:            |                  |                    |                  |                    |
| Differences between capital allowances and depreciation | -                | (703)              | -                | (682)              |
| Losses  | -                | (2,309)            | -                | (2,272)            |
|   | <u>-</u>         | <u>(3,012)</u>     | <u>-</u>         | <u>(2,954)</u>     |

### 13 Share capital

|   | 31 December<br>2002<br>£000 | 30 June<br>2002<br>£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>           |

### 14 Profit and loss account

|                     | £000            |
|---------------------|-----------------|
| At 1 July 2002      | (18,204)        |
| Loss for the period | (740)           |
|                     | <u>(18,944)</u> |
| At 31 December 2002 |                 |

### 15 Reconciliation of movement in shareholders' funds

|                                      | 6 months ended<br>31 December<br>2002<br>£000 | 15 months ended<br>30 June<br>2002<br>£000 |
|--------------------------------------|---|--|
| Loss for the period                  | (740)   | (13,420)                                   |
| Net reduction to shareholder's funds | (740)   | (13,420)                                   |
| Opening shareholder's funds          | (7,812)                                       | 5,608                                      |
| Closing shareholder's funds          | <u>(8,552)</u>                                | <u>(7,812)</u>                             |

## Notes (continued)

### 16 Operating lease commitments

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

|                          | At 31 December 2002      |               | At 30 June 2002          |               |
|--------------------------|--------------------------|---------------|--------------------------|---------------|
|                          | Land & Buildings<br>£000 | Other<br>£000 | Land & buildings<br>£000 | Other<br>£000 |
| Expiring:                |                          |               |                          |               |
| Within one year          | -                        | -             | -                        | 4             |
| Within one to two years  | -                        | -             | -                        | 6             |
| Within two to five years | -                        | 17            | 212                      | 1             |
| After five year          | 187                      | -             | -                        | -             |
|                          | <hr/>                    | <hr/>         | <hr/>                    | <hr/>         |
|                          | -                        | 17            | 212                      | 11            |
|                          | <hr/>                    | <hr/>         | <hr/>                    | <hr/>         |

### 16 Related party transactions

Financial Reporting Standard No 8 gives an exemption that transactions which eliminate upon consolidation do not require disclosure. The company has taken advantage of the exemption. The company produced radio programmes for Radio Tara Limited, a company which is 80% owned by a fellow subsidiary undertaking. During the period to 31 December 2002 the value of these transactions totalled £96,000 (30 June 2002: £729,000).

### 17 Ultimate parent undertaking

At 30 June 2002, company's ultimate and immediate parent undertaking and controlling party was TEAMtalk Media Group plc (formerly TEAMtalk.com Group plc), which was registered in England.

On 12 July 2002, TEAMtalk Media Group plc was acquired by ukbetting plc, a company registered in England. From this date, ukbetting plc became the company's ultimate parent undertaking and controlling party.

Copies of the ukbetting plc report and accounts can be obtained from 14 Waterloo Place, London, SW1Y 4AR.