

TEAMtalk.com Limited
Financial Statements
for the period ended 31 March 2001

Company Number: 3905663



TEAMtalk.com Limited

Company information

Company number	3905663
Directors	Mr W R Wilson (Chairman) Mr A W F Steenberg Mr I T Holding
Secretary	Mr A W F Steenberg
Registered office	Apsley House Wellington Street Leeds LS1 2EQ
Auditors	PricewaterhouseCoopers Benson House 33 Wellington Street Leeds LS1 4JP

TEAMtalk.com Limited

Financial Statements

for the period ended 31 March 2001

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TEAMtalk.com Limited

Directors' report

The directors submit their report and the audited financial statements from incorporation on 13 January 2000 to 31 March 2001.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2001 and that applicable accounting standards have been followed.

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 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.

Results and dividends

The loss on the ordinary activities of the company amounted to £4,784,000 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.

The company was incorporated on 13 January 2000. On 3 April 2000, it acquired the sports content activities of Interactive Media Services Limited as part of the de-merger of TEAMtalk from IMS Group PLC. These financial statements cover the period from incorporation to 31 March 2001.

The directors plan to continue with the management policies that have led to the satisfactory result achieved in the period.

Directors and their interests

The directors who served during the period and their beneficial interests in the share capital of the company were as follows:

Mr P D Emmett - appointed 13 January 2000, resigned 1 February 2000;

Ms D A Jackson - appointed 13 January 2000, resigned 1 February 2000;

Mr W R Wilson - appointed 1 February 2000;

Mr I T Holding - appointed 1 February 2000;

Mr A W F Steenberg - appointed 1 February 2000.

None of the directors in office at 31 March 2001 had a direct interest in the share capital of the company. All directors at 31 March 2001 were directors of the company's ultimate parent undertaking, TEAMtalk Media Group plc (formerly TEAMtalk.com Group plc). Their interests in the shares of the ultimate parent company were disclosed in the annual report of that company.

TEAMtalk.com Limited

Directors' report (continued)

Payment to creditors


It is company policy to agree the terms and conditions, including terms of payment, under which business transaction are carried out. Suppliers 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 March 2001 the amount of trade creditors shown in the balance sheet represents 32 days of average purchases for the company.

Auditors

On 3 April 2000, PricewaterhouseCoopers were appointed as the auditors to the company. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the Board

Mr A W F Steenberg
Secretary
23 May 2001

A handwritten signature in black ink, appearing to be 'A W F Steenberg', written over the printed name of the Secretary.

Auditors' report to the members of TEAMtalk.com Limited

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair and are properly prepared in accordance with the United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 at 31 March 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
LEEDS
23 May 2001

TEAMtalk.com Limited

Profit and loss account

for the period ended 31 March 2001 (Note 2)

	Notes	Period ended 31 March 2001 £'000
Turnover	3	6,241
Cost of sales		(7,037)
Gross profit		(796)
Administrative expenses		(4,118)
Operating loss and loss on ordinary activities before taxation		(4,914)
Tax on profit on ordinary activities	6	130
Retained loss for the financial period	14	(4,784)

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 loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

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

TEAMtalk.com Limited

Balance sheet as at 31 March 2001

	Notes	£'000
Fixed assets		
Intangible assets	7	3,904
Tangible assets	8	2,684
Investments	9	-
		6,588
Current assets		
Debtors	10	981
		981
Creditors:		
Amounts falling due within one year	11	(1,961)
Net current liabilities		(980)
Net assets		5,608
Capital and reserves		
Called up equity share capital	13	10,392
Profit and loss account	14	(4,784)
Shareholder's funds		5,608

The financial statements on pages 4 to 13 were approved by the board on 23 May 2001 and were signed on its behalf by:

Mr W R Wilson

Mr A W F Steenberg

Directors
23 May 2001

Notes to the financial statements

for the period ended 31 March 2001

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

In accordance with Section 228 of the Companies Act 1985, consolidated financial statements have not been presented, as the company is a wholly owned subsidiary of TEAMtalk Media Group plc, a company incorporated in England, and the parent undertaking publishes consolidated financial statements.

Cash flow statement

The company has taken advantage of the exemption from preparing a cashflow statement under Financial Reporting Standard No.1, because it is a wholly owned subsidiary undertaking and the parent undertaking publishes consolidated financial statements, which include a consolidated cash flow statement.

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired and is amortised through the profit and loss account on a straight line basis over its useful economic life up to a presumed maximum of 20 years. The directors review the period of amortisation of goodwill in respect of each acquisition and the level of goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

In calculating the goodwill, the total consideration, both actual and deferred, is taken into account. Where deferred consideration is payable, the liability is discounted to its net present value. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This value of contingent consideration is reassessed quarterly. The difference between the net present value and the total amount payable at a future date gives rise to a finance charge which is charged to the profit and loss account and credited to the liability over the period in which the consideration is deferred. The discount rate used approximates to the market-based discount rate.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied to customers.

TEAMtalk.com Limited

Notes to the financial statements

for the period ended 31 March 2001

1 Principal accounting policies (Continued)

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 additional services are recorded in cost of sales. Content syndication contracts are recognised rateably over the period of the contract. Barter transactions for content are recorded based on the fair value of consideration received, which generally consists of advertising displayed on other companies' web sites. Barter revenue, and the corresponding expense, is recognised in the period the advertising is displayed. 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 fixed assets is their purchase cost, together with any incidental expenses of acquisition. Software and development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the Company 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:

Motor vehicles	25%
Office equipment	20% to 33%
Fixtures and fittings	10%
Leasehold improvements	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

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Fixed asset investments

Fixed asset investments are included at cost. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

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 or loss on ordinary activities.

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Notes to the financial statements

for the period ended 31 March 2001 (continued)

Pension costs

TEAMtalk Media Group 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 incorporation on 13 January 2000 to 31 March 2001.

3 Segmental analysis

The company 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:

	£'000
United Kingdom	6,196
Europe (excluding United Kingdom)	45
	<u>6,241</u>

Revenue earned from barter transactions in which the company received advertising or other services in exchange for the provision of content was £418,000.

4 Operating profit

	£'000
The operating profit is stated after charging /(crediting):	
Operating lease rentals	146
Audit fee	20
Depreciation of tangible fixed assets	366
Amortisation of goodwill	976
Foreign exchange losses	<u>7</u>

TEAMtalk.com Limited

Notes to the financial statements

for the period ended 31 March 2001 (continued)

5 Directors and employees

Staff costs during the period were as follows:	£'000
Wages and salaries	2,272
Social security costs	205
Other pension costs	60
	2,537

The Company made payments totalling £60,000 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:

	Number
Content	74
Sales, general & administration	38
Management	4
	116

None of the directors received emoluments in respect of their services to the company.

6 Tax on loss on ordinary activities

The tax credit for the period comprises

	£'000
Corporation tax at 30%	
Current	(130)

The credit represents tax losses that have been transferred to fellow group companies.

TEAMtalk.com Limited

Notes to the financial statements for the period ended 31 March 2001 (continued)

7 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 13 January 2000	-
On demerger	4,880
At 31 March 2001	4,880
Amortisation	
At 13 January 2000	-
Charge for the period	976
At 31 March 2001	976
Net book value at 31 March 2001	3,904

To effect the demerger of TEAMtalk from IMS Group PLC, the Company acquired the trade of the TEAMtalk division for £4,880,000 on 27 March 2000. The book value and provisional fair value of the net assets of the TEAMtalk division were £nil. The goodwill arising on the acquisition is being amortised on a straight line basis over its useful economic life of 5 years.

The turnover and loss of the TEAMtalk division for the year ended 31 October 1999 was set out in Section A of Part VI of TEAMtalk.com Group plc's prospectus dated 15 March 2000, a summary of which is set out below:

	£'000
Turnover	5,954
Operating loss	(686)

No financial information has been prepared for the business between 1 November 1999 and the date of acquisition.

8 Tangible fixed assets

	Leasehold improvements £'000	Office equipment £'000	Fixture & fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 13 January 2000	-	-	-	-	-
Additions	1,040	1,468	516	26	3,050
At 31 March 2001	1,040	1,468	516	26	3,050
Depreciation					
At 13 January 2000	-	-	-	-	-
Charge in the period	75	238	48	5	366
At 31 March 2001	75	238	48	5	366
Net book value at 31 March 2001	965	1,230	468	21	2,684

TEAMtalk.com Limited

Notes to the financial statements

for the period ended 31 March 2001 (continued)

9 Fixed asset investments

	Interest in subsidiary undertakings £'000
Balance brought forward	-
Additions	4,154
Disposals	(4,154)
Balance at 31 March 2001	-

The investments related to the acquisition of Information Management Consultants Ltd for £4,067,000 and Teamtalk Media Ltd (formerly Basicpoint Ltd) for £87,000 which were transferred to fellow subsidiaries prior to 31 March 2001.

10 Debtors

	£'000
Trade debtors	462
Amounts owed by fellow subsidiaries	299
Other debtors	8
Prepayments and accrued income	212
	981

11 Creditors: amounts falling due within one year

	£'000
Bank overdraft	113
Trade creditors	653
Amount owed to parent company	70
Amounts owed to fellow subsidiaries	218
Other creditors, including taxation and social security	154
Accrued expenses & deferred income	753
	1,961

The bank overdraft is repayable on demand.

Notes to the financial statements

for the period ended 31 March 2001 (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:

	Provided £'000	Unprovided £'000
Tax effect on timing differences because of:		
Differences between capital allowances and depreciation	123	-
Losses	(123)	(1,043)
	-	(1,043)

13 Share capital

	£'000
Authorised	
25,000,000 ordinary shares of £1 each	25,000
Allotted, called up and fully paid	
At 13 January 2000, 1 ordinary share of £1	-
Issue of 10,392,082 £1 ordinary shares	10,392
At 31 March 2001	10,392

During the period, the movements in share capital were: (i) on 18 February 2000, 24,999 ordinary shares were issued at £1 each to IMS Group PLC; (ii) on 3 April 2000, 8,967,083 ordinary shares were issued at £1 each to finance the acquisition of TEAMtalk from IMS Group PLC; (iii) on 31 March 2001, 1,400,000 ordinary shares were issued at £1 each in consideration for the cancellation of a loan from the parent company of £1,400,000.

14 Profit and loss account

	£'000
On incorporation	-
Loss for the period	(4,784)
At 31 March 2001	(4,784)

15 Reconciliation of movement in shareholder's funds

	£'000
Loss for the period	(4,784)
Share capital issued in the period	10,392
Net addition to shareholder's funds	5,608
Opening shareholder's funds	-
Closing shareholder's funds	5,608

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Notes to the financial statements

for the period ended 31 March 2001 (continued)

16 Operating lease commitments

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

	Land and buildings £'000	Other £'000
Expiring:		
Within two to five years	-	15
After five years	242	-
	242	15

17 Other commitments

At 31 March 2001, the Group was subject to a cross guarantee in respect of borrowings of TEAMtalk Media Group plc or any of its subsidiaries. At 31 March 2001, there were no outstanding commitments.

18 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.

19 Ultimate parent undertaking

The 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. Copies of TEAMtalk Media Group plc report and accounts can be obtained from the Secretary, TEAMtalk Media Group plc, Apsley House, Wellington Street, Leeds, LS1 2EQ.