

Registered Number: 3977488

UBMI Galaxy Limited
(formerly Megastar.co.uk Limited)

Financial statements
For the year ended 31 December 2001



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UBMI Galaxy Limited **(formerly Megastar.co.uk Limited)**

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Directors' report **For the year ended 31 December 2001**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

Principal activities and review of business

The principal activity of the company until 27 April 2001 was the hosting of an internet site. On this date, the intellectual property and servers of Megastar.co.uk were sold to Modelspirit Limited, a subsidiary of Sports.com Limited for £50,000. Megastar.co.uk Limited was retained within the United Business Media plc Group and renamed UBMI Galaxy Limited. The company is therefore anticipated to become dormant for 2002.

The results for the year are set out in the profit and loss account on page 4 and are in line with expectations.

Results and dividends

The loss for the year after taxation amounts to £574,745 (2000: £6,041,247). The directors do not recommend payment of a dividend (2000: £Nil).

Directors and their interests

The following directors held office during the year:

JM Campbell	(Resigned 17.10.2001)
Crosswall Nominees Limited	
AJ Nugee	(Resigned 30.06.2001)
UNM Investments Limited	

None of the directors had any interest in the shares of the company during the year. The interests of the directors in the shares of United Business Media plc (United), the ultimate parent company, are shown in note 5(b) to the financial statements.

Company Secretary:

Crosswall Nominees Limited

Laying of reports and accounts

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the company in general meeting.

Under the provisions of Section 253(2) of the Companies Act 1985, a member has the right to require the reports and accounts to be laid before the company in general meeting. The member must deposit notice of intention to exercise such right at the registered office of the company within twenty eight days of the date of this report.

Directors' report (continued)
For the year ended 31 December 2001

Change of name

On the 30 April 2001, the name of the company changed from Megastar.co.uk Limited to UBMI Galaxy Limited.

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually.

Statement of Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Secretary

07 OCT 2002

Auditors' report to the members of UBMI Galaxy Limited for the year ended 31 December 2001

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report.

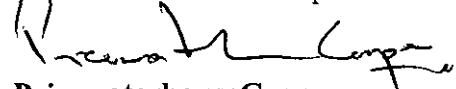
Basis of audit opinion

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 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
St. Albans

07 OCTOBER 2002

Profit and loss account
For the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover	1	76,207	209,353
Net operating costs	2	<u>(795,575)</u>	<u>(3,383,102)</u>
Operating loss		(719,368)	(3,173,749)
Exceptional items	3	(71,188)	(3,818,615)
Interest payable and similar charges	4	<u>-</u>	<u>(1,440)</u>
Loss on ordinary activities before taxation		(790,556)	(6,993,804)
Tax on loss on ordinary activities	6	<u>215,811</u>	<u>952,557</u>
Loss for the period	11	<u><u>(574,745)</u></u>	<u><u>(6,041,247)</u></u>

The operating loss for the period relates to the incorporated business, which was discontinued during the year.

The company has no recognised gains and losses other than those reflected in the above profit and loss statement.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period above, and the historical cost equivalents.

The notes on pages 6 to 12 form part of these financial statements.

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Balance sheet
As at 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Intangible fixed assets	7	-	50,000
Current assets			
Debtors: amounts falling due within one year	8	1,168,368	1,207,086
Creditors: amounts falling due within one year	9	<u>(6,095,360)</u>	<u>(5,609,333)</u>
Net current liabilities		<u>(4,926,992)</u>	<u>(4,402,247)</u>
Net liabilities		<u>(4,926,992)</u>	<u>(4,352,247)</u>
Capital and reserves			
Called-up share capital	10	3	3
Share premium account	11	1,688,997	1,688,997
Profit and loss account	11	<u>(6,615,992)</u>	<u>(6,041,247)</u>
Total shareholders' funds	12	<u>(4,926,992)</u>	<u>(4,352,247)</u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 7 October 2002 and were signed on its behalf by:



Authorized Signatory for
UNM INVESTMENTS LIMITED
 Director

Director

UBMI Galaxy Limited
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Notes to the financial statements
For the year ended 31 December 2001

Principal accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the year, is set out below.

(b) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The company is a wholly-owned subsidiary of United and is included in the consolidated financial statements of United, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised) paragraph 5 (a).

(c) Turnover

Turnover comprises invoiced sales less returns exclusive of Value Added Tax.

(d) Pension scheme arrangements

The company is a member of a defined contribution scheme within the United group. The costs of the company's defined contribution scheme are charged to the profit and loss account in the period in which they are incurred.

The company provides no other post retirement benefits to its employees.

(e) Intangible fixed assets

In accordance with FRS10 (Goodwill and Intangible Assets) goodwill arising on acquisition is capitalised. The goodwill has been amortised over a period of 20 years.

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Notes to the financial statements
For the year ended 31 December 2001

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1 Turnover

Segmental analysis

(a) By class of business

In the opinion of the directors, the business operated in the single segment in the hosting of an internet website.

(b) By geographical area

The analysis by geographical area of the company's turnover, profit on ordinary activities before taxation and net assets is set out below.

Turnover

Turnover was derived entirely in the United Kingdom.

Loss on ordinary activities before taxation

Loss on ordinary activities before taxation was derived entirely in the United Kingdom.

Net assets

All assets are employed in the United Kingdom.

2 Net operating costs

	2001	2000
	£	£
Other external charges	570,733	3,118,389
Employment costs	224,842	264,713
	<u>795,575</u>	<u>3,383,102</u>

The auditors' remuneration has been borne by another group company.

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Notes to the financial statements
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3 Exceptional items

	2001 £	2000 £
Provision for impairment	-	3,818,615
Closure costs	71,188	-
	<u>71,188</u>	<u>3,818,615</u>

4 Interest payable and similar charges

	2001 £	2000 £
Bank interest payable	-	1,440

5 Employees and directors

(a) Employee information

The average monthly number of persons (including Executive Directors) employed by the company during the year was:

By activity:

	2001 Number	2000 Number
Business Services	3	8

Staff costs consist of:

	2001 £	2000 £
Wages and salaries	193,773	241,437
Social security costs	27,376	19,240
Other pension costs	3,693	4,036
	<u>224,842</u>	<u>264,713</u>

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(b) Directors' emoluments and interests

None of the directors were paid any emoluments in respect of services to the company.

None of the directors had any interests in the share capital of United.

(c) Pensions

The company participates in a contracted defined contribution scheme operated by United, which is the MAI plc Money Purchase Pension Scheme. The pension costs relating to this scheme for the year was £3,693 (2000: £4,036).

6 Tax on profit on ordinary activities

	2001 £	2000 £
Corporation tax credit at 30% (2000: 30.25%)	<u>215,811</u>	<u>952,557</u>

7 Intangible fixed assets

Purchased goodwill	Total
	£
Cost:	
At 1 January 2001	3,868,615
Disposals	(3,868,615)
At 31 December 2001	<u>-</u>
Accumulated amortisation:	
At 1 January 2001	(3,818,615)
Amortisation during the year	-
Disposals	3,818,615
At 31 December 2001	<u>-</u>
Net book amount:	
At 31 December 2001	<u>-</u>
At 31 December 2000	<u>50,000</u>

Notes to the financial statements
For the year ended 31 December 2001 (continued)

7 Intangible fixed assets (Continued)

The company purchased the Megastar website business from Express National Newspapers Limited on 26 June 2000, as part of the internal reorganisation of United. The goodwill represented the value paid in excess of the assets fairly valued at that date. In 2000, the directors wrote down the value of investment in the Megastar website business, as they considered the value to have been impaired. On 27 April 2001, the intellectual property and servers of Megastar.co.uk Limited was sold to Modelspirit Limited, a subsidiary of Sports.com Limited for £50,000.

8 Debtors: amounts falling due within one year

	2001	2000
	£	£
Trade debtors	-	161,086
VAT receivable	-	75,091
Other debtors	-	18,352
Corporation tax	1,168,368	952,557
	<u>1,168,368</u>	<u>1,207,086</u>

9 Creditors: amounts falling due within one year

	2001	2000
	£	£
Trade creditors and accruals	111,515	1,145,786
Other creditors	-	23,434
Amounts owed to group undertakings	5,983,845	4,440,113
	<u>6,095,360</u>	<u>5,609,333</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

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10 Called up share capital

	2001 £	2000 £
Authorised share capital		
1,000 ordinary £1 shares	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
3 ordinary £1 shares	<u>3</u>	<u>3</u>

11 Reserves

	Share Premium £	Profit and Loss £
At 1 January 2001	1,688,997	(6,041,247)
Premium on share issue	-	-
Retained loss for the period	-	(574,745)
At 31 December 2001	<u>1,688,997</u>	<u>(6,615,992)</u>

12 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(574,745)	(6,041,247)
Premium on share issue	-	1,688,997
Issue of ordinary shares of £1 each	-	3
Net reduction in shareholders' funds	(574,745)	(4,352,247)
Opening equity shareholders' funds	(4,352,247)	-
Closing equity shareholders' funds	<u>(4,926,992)</u>	<u>(4,352,247)</u>

13 Related party transactions

In accordance with FRS 8: Related Party Disclosure, the company is exempt from disclosing transactions with entities that are part of the group or entities of the group qualifying as related parties, as it is a wholly owned subsidiary of United, a company which publishes consolidated financial statements.

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Notes to the financial statements
For the year ended 31 December 2001 (continued)

14 Ultimate parent company

The ultimate parent company is United, and the immediate parent company is United Business Media Group Limited. United is registered in England and copies of their accounts may be obtained from the secretary at Ludgate House, 245 Blackfriars Road, London SE1 9UY.