

ACTIVE SPORTS MARKETING LIMITED

Annual Report and Financial Statements

Year ended 31 August 2006



ACTIVE SPORTS MARKETING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2006

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ACTIVE SPORTS MARKETING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C. Rawlings	
N. Rodford	
M. Page	
J. Perry	Resigned 28 October 2005
C. Woodman	Appointed 20 February 2006
R. Bermitz	Appointed 4 August 2006

SECRETARY

M Page

REGISTERED OFFICE

9 –13 Wilmslow Road
Wilmslow
Cheshire
SK9 1BQ

BANKERS

National Westminster Bank PLC
1 Spinningfields Square
Manchester
M3 3AP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Manchester

ACTIVE SPORTS MARKETING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2006. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

ACTIVITIES

The principal activities of the company comprise the provision of marketing services in the sports sector (principally football), to players, corporate brands and clubs in the UK and continental Europe, and the provision of event management.

FUTURE PROSPECTS

The outlook for the company remains positive.

DIVIDENDS AND TRANSFERS TO RESERVES

The results of the company are set out on page 6.

No dividends have been proposed in respect of the year (2005 - £nil). The profit for the financial year of £260,354 (2005 - £205,866) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year (none of whom have any interest in the shares of the company) are as shown below:

C. Rawlings	
N. Rodford	
M. Page	
J. Perry	Resigned 28 October 2005
C. Woodman	Appointed 20 February 2006
R. Bermitz	Appointed 4 August 2006

The interests and share options of N. Rodford and M. Page in the shares of Formation Group PLC, the ultimate parent company, are disclosed in the financial statements of that company.

The interests of the other directors in the shares of Formation Group PLC are as follows:

	31 August 2006	31 August 2005
C. Rawlings	-	-
C. Woodman	-	-
R. Bermitz	-	-

ACTIVE SPORTS MARKETING LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS (continued)

Details of the options held in Formation Group plc by C. Rawlings, C. Woodman and R. Bermitz are as follows:

	At 1 September 2005 or date of appointment Number	Options (cancelled)/ granted Number	At 31 August 2006 Number	Exercise price
C. Rawlings	400,000	-	400,000	7.13p
C. Woodman	-	-	-	-
R. Bermitz	-	-	-	-

The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

SUBSEQUENT EVENTS

On 24 October 2006 Formation Group plc passed a resolution to approve the disposal of Active Sports Marketing Limited to Sportfive GmbH & Co. KG. It is expected that completion of the disposal will take place during the week commencing 30 October 2006.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information (as defined by the Companies Act 1985) of which the company's auditors are unaware; and,
- Each of the directors has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



M. Page
Secretary

30 October 2006

ACTIVE SPORTS MARKETING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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; 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVE SPORTS MARKETING LIMITED

We have audited the financial statements of Active Sports Marketing Limited for the year ended 31 August 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 18. 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 auditors' 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 the other information contained in the annual report for the above year as described in the contents section 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

30 October 2006

ACTIVE SPORTS MARKETING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 August 2006

	Note	2006 £	2005 £
TURNOVER	2	1,271,880	1,354,640
Cost of sales		<u>(400,379)</u>	<u>(424,706)</u>
GROSS PROFIT		871,501	929,934
Administrative expenses		<u>(545,661)</u>	<u>(690,282)</u>
OPERATING PROFIT		325,840	239,652
Finance income (net)	4	<u>24,858</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	350,698	239,652
Tax on profit on ordinary activities	6	<u>(90,344)</u>	<u>(33,786)</u>
RETAINED PROFIT FOR THE FINANCAL YEAR	13	<u>260,354</u>	<u>205,866</u>

There are no recognised gains or losses in either year other than the profit for that financial year. Accordingly, a statement of total recognised gains and losses has not been prepared.

The accompanying notes are an integral part of this profit and loss account.

ACTIVE SPORTS MARKETING LIMITED

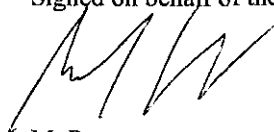
BALANCE SHEET

31 August 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets - trademarks	7	1,459	1,634
Tangible assets	8	14,181	23,456
		<u>15,640</u>	<u>25,090</u>
CURRENT ASSETS			
Debtors	9	1,742,740	2,434,891
Cash at bank and in hand		142,336	87,608
		<u>1,885,076</u>	<u>2,522,499</u>
CREDITORS: Amounts falling due within one year	10	<u>(1,433,855)</u>	<u>(2,341,722)</u>
NET CURRENT ASSETS		<u>451,221</u>	<u>180,777</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>466,861</u>	<u>205,867</u>
Provisions for liabilities	11	(640)	-
NET ASSETS		<u>466,221</u>	<u>205,867</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	466,220	205,866
EQUITY SHAREHOLDERS' FUNDS	14	<u>466,221</u>	<u>205,867</u>

These financial statements were approved by the Board of Directors on 30 October 2006.

Signed on behalf of the Board of Directors



M. Page
Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2006

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

Basis of accounting

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

Intangible fixed assets

Trademarks are stated at cost and depreciated in equal annual instalments over a period of ten years which is their useful economic life. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are shown at historical cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, of each asset on a straight line basis over its expected useful life, as follows:

Short leasehold improvements	Term of lease
Fixtures and fittings	5 years
Motor vehicles	4 years

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover for sports marketing services represents the commission earned.

Turnover and profit for corporate hospitality and events is recognised when the event takes place.

Turnover is net of VAT and other sales related taxes.

Invoices raised by the company but not yet recognised as turnover, in line with the profit recognition policy above, are credited to accruals and deferred income. Similarly, invoices received by the company but not yet recognised as costs, in line with the profit recognition policy above, are debited to prepayments and accrued income.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Leases and hire purchase obligations

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Cash flow

No cash flow statement has been produced as the financial statements for Formation Group plc, the ultimate parent company, are publicly available and include a consolidated cash flow statement in accordance with FRS 1.

2. TURNOVER

Turnover arose entirely from the company's principal activities in the United Kingdom. The geographical analysis of turnover by destination is as follows:

	2006 £	2005 £
UK	792,356	895,710
Europe	199,533	343,180
Rest of world	279,991	115,750
	<u>1,271,880</u>	<u>1,354,640</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of persons employed (including directors) by the company during the year was as follows:

	2006 Number	2005 Number
Sports Marketing and Events	9	9

Their aggregate remuneration comprised:

	2006 £	2005 £
Wages and salaries	371,883	324,836
Social security costs	34,062	34,208
	<u>405,945</u>	<u>359,044</u>

Directors' remuneration

The remuneration of the directors was as follows:

	2006 £	2005 £
Emoluments	130,328	115,500
Social security costs	16,682	15,854
	<u>147,010</u>	<u>131,354</u>

4. FINANCE INCOME (NET)

	2006 £	2005 £
Interest receivable from group companies	25,418	-
Less: Bank interest payable	(560)	-
Interest receivable and similar income	<u>24,858</u>	<u>-</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2006 £	2005 £
Depreciation of tangible fixed assets		
- owned assets	10,539	5,851
Amortisation of trademarks and other rights	175	117
Operating lease rentals		
- property	27,408	27,408
Auditors' remuneration -- audit	4,981	10,732
- non audit services	6,165	4,500
Staff costs (see note 3)	<u>405,945</u>	<u>359,044</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2006 £	2005 £
Current tax		
UK corporation tax	108,895	33,786
Adjustment in respect of prior years - UK corporation tax	(19,191)	-
Total current tax	<u>89,704</u>	<u>33,786</u>
Deferred tax		
Origination and reversal of timing differences	(1,957)	-
Adjustment in respect of prior years	2,597	-
Total deferred tax	<u>640</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>90,344</u>	<u>33,786</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	2006 £	2005 £
Profit on ordinary activities before tax	<u>350,698</u>	<u>239,652</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2005 – 30%)	105,209	71,896
Effects of:		
Expenses not deductible for tax purposes	1,729	2,390
Depreciation in excess of capital allowances	1,957	-
Losses available through group relief	-	(40,500)
Adjustments in respect of prior years	(19,191)	-
Total current tax	<u>89,704</u>	<u>33,786</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

7. INTANGIBLE FIXED ASSETS – TRADE MARKS

	Trademarks £
Cost	
At 1 September 2005	1,751
Additions	-
At 31 August 2006	1,751
Depreciation	
At 1 September 2005	117
Charge for the year	175
At 31 August 2006	292
Net book value	
At 31 August 2006	1,459
At 31 August 2005	1,634

8. TANGIBLE FIXED ASSETS

	Property improve- ments £	Fixtures, fittings, tools and equipment £	Office Equipment £	Total £
Cost				
At 1 September 2005	4,673	17,210	11,768	33,651
Additions	-	1,450	3,890	5,340
Transfer to other Group company	-	-	(6,938)	(6,938)
At 31 August 2006	4,673	18,660	8,720	32,053
Depreciation				
At 1 September 2005	908	4,873	4,414	10,195
Charge for the year	1,557	5,864	3,118	10,539
Transfer to other Group company	-	-	(2,862)	(2,862)
At 31 August 2006	2,465	10,737	4,670	17,872
Net book value				
At 31 August 2006	2,208	7,923	4,050	14,181
At 31 August 2005	3,765	12,337	7,354	23,456

ACTIVE SPORTS MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

9. DEBTORS

Amounts falling due within one year:

	2006 £	2005 £
Trade debtors	655,839	525,358
Amounts owed by group undertakings	833,940	1,415,442
Other debtors	-	4,209
Prepayments and accrued income	252,961	489,882
	<u>1,742,740</u>	<u>2,434,891</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	183,154	616,794
UK corporation tax	108,916	33,786
Amounts owed to group undertakings	86,910	197,362
Other taxation and social security	12,130	120,739
Accruals and deferred income	1,042,745	1,373,041
	<u>1,433,855</u>	<u>2,341,722</u>

11. PROVISIONS FOR LIABILITIES

	Deferred Taxation £
Balance at 1 September 2005	-
Charged to profit and loss account	640
	<u>640</u>
Balance at 31 August 2006	<u>640</u>

The deferred tax liability provided is analysed as follows:

	2006 £	2005 £
Accelerated capital allowances	<u>640</u>	<u>-</u>

12. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

13. RESERVES

The movement on reserves during the year was as follows:

	Profit and loss account £
At 1 September 2005	205,866
Profit for the year	260,354
At 31 August 2006	<u>466,220</u>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	260,354	205,866
Opening equity shareholders' funds	<u>205,867</u>	<u>1</u>
Closing equity shareholders' funds	<u>466,221</u>	<u>205,867</u>

15. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Formation Group plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Formation Group plc.

16. ULTIMATE CONTROLLING PARTY

At the 31st August 2006 the directors regarded Formation Group plc, a company registered in England and Wales, as the ultimate parent company and the ultimate controlling party.

Formation Group plc was the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 9-13 Manchester Road, Wilmslow, Cheshire, SK9 1BQ.

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

The company had no capital commitments as at 31 August 2006 (2005 - £nil).

b) Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Between one and two years	27,408	-	-	-
Between two and five years	<u>-</u>	<u>27,408</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2006

18. SUBSEQUENT EVENTS

On 24 October 2006 Formation Group plc passed a resolution to approve the disposal of Active Sports Marketing Limited to Sportfive GmbH & Co. KG. It is expected that completion of the disposal will take place during the week commencing 30 October 2006.