

4284373

**REGISTRAR OF  
COMPANIES**

**Rivals Digital Media Limited**

Report and Financial Statements

Period ended

31 August 2002



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**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **RIVALS DIGITAL MEDIA LIMITED**

**Annual report and financial statements for the period ended 31 August 2002**

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Directors

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## **Directors**

Nigel Butterfield  
Marcus Leaver  
Martin Turner  
Nicolas Philpot  
Richard Pembroke  
Adam Winterflood

## **Secretary and registered office**

Clive Potterell, 141-163 Freston Road, London, W10 6TH.

## **Company number**

4284373

## **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

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## **RIVALS DIGITAL MEDIA LIMITED**

### **Report of the directors for the period ended 31 August 2002**

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The directors present their annual report and the audited financial statements for the period ended 31 August 2002.

#### **Principal activity**

The company was incorporated on 16 September 2001 and started to trade on 1 January 2002. The principle activity is the production, publishing and distribution of sports content across digital platforms, specifically the Internet and Mobile Phone. Rivals Digital Media publishes its own online brands but also produces and distributes sports information to other businesses such as Internet Service Providers and mobile phone retailers and networks.

#### **Results and dividends and future prospects**

The directors are satisfied with the results for the period ended 31 August 2002, which are in line with expectations. The loss for the period of £1,688,488 has been transferred from reserves.

The directors do not recommend the payment of a dividend.

#### **Directors and directors' interests**

The directors who held office during the year are detailed below together with their interests in the ordinary shares of the company at 31 August 2002.

		Share options
Nigel Butterfield	(appointed 20 December 2001)	-
Marcus Leaver	(appointed 20 December 2001)	-
Martin Turner	(appointed 20 December 2001)	-
Nik Philpot	(appointed 20 December 2001)	-
Richard Pembroke	(appointed 4 December 2001)	6,000
Adam Winterflood	(appointed 4 December 2001)	3,000
Iain Linkleter	(appointed 4 December 2001, resigned 20 December 2001)	3,000

None of the other directors who held office at the end of the financial year had any disclosable beneficial interest in the share of the company.

## **RIVALS DIGITAL MEDIA LIMITED**

### **Report of the directors for the period ended 31 August 2002 (Continued)**

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#### **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 of the company for that year. 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; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other

#### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-election of BDO Stoy Hayward Audit Plc as the auditors of the company is to be proposed at the forthcoming Annual General Meeting.

**On behalf of the Board**

Adam Winterflood

**Director**

Date 17 July 2003

# **RIVALS DIGITAL MEDIA LIMITED**

## **Report of the independent auditors**

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### **To the shareholders of Rivals Digital Media Limited**

We have audited the financial statements of Rivals Digital Media Limited for the period ended 31 August 2002 on pages 5 to 18 which have been prepared under the accounting policies set out on pages 10 and 11.

#### *Respective responsibilities of directors and auditors*

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

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 group 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 and other members of the group 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom 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.

**RIVALS DIGITAL MEDIA LIMITED**

**Report of the independent auditors (*Continued*)**

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*Opinion*

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

*BDO Stoy Hayward*

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors  
London*

17 July 2003

**RIVALS DIGITAL MEDIA LIMITED****Consolidated profit and loss account for the period ended 31 August 2002**

	Note	Period ended 31 August 2002 £
<b>Turnover</b>	1	2,329,415
Cost of sales		(539,209)
<b>Gross profit</b>		1,790,206
Administrative expenses		(3,491,145)
<b>Operating loss</b>		(1,700,939)
Interest receivable	3	12,451
<b>Loss on ordinary activities before taxation</b>	4	(1,688,488)
Tax on loss on ordinary activities	5	-
<b>Loss on ordinary activities after taxation and retained loss for the period</b>		(1,688,488)

All amounts relate to continuing activities.

Apart from the loss shown above there have been no other recognised gains or losses and therefore a statement of recognised gains and losses has not been included.

There is no difference between the loss as disclosed in the profit and loss account and the loss on an historical cost basis.

The notes on pages 10 to 18 form part of these financial statements.

**RIVALS DIGITAL MEDIA LIMITED****Consolidated reconciliation of movements in shareholders' funds for the period ended 31 August 2002**

	<b>Ordinary share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Group</b>				
Ordinary shares capital issued during the period	920	2,811,728	-	2,812,648
Retained profit for the year	-	-	(1,688,489)	(1,688,489)
	<u>920</u>	<u>2,811,728</u>	<u>(1,688,489)</u>	<u>(1,124,159)</u>
At 31 August 2002	<u>920</u>	<u>2,811,728</u>	<u>(1,688,489)</u>	<u>(1,124,159)</u>
<b>Company</b>				
Ordinary share capital issued during the period	920	2,811,728	-	2,812,648
Retained profit for the year	-	-	(1,728,070)	(1,728,070)
	<u>920</u>	<u>2,811,728</u>	<u>(1,728,070)</u>	<u>(1,084,578)</u>
At 31 August 2002	<u>920</u>	<u>2,811,728</u>	<u>(1,728,070)</u>	<u>(1,084,578)</u>

The directors consider that the profit and loss account is the only distributable reserve.

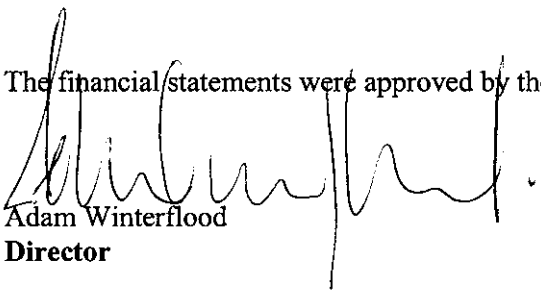
The notes on pages 10 to 18 form part of these financial statements.



**RIVALS DIGITAL MEDIA LIMITED****Consolidated balance sheet at 31 August 2002**

	Note	£	£
<b>Fixed assets</b>			
Intangible fixed assets	6		(16,099)
Tangible fixed assets	7		755,975
			<hr/>
			739,876
<b>Current assets</b>			
Stock	9	62,131	
Debtors	10	853,552	
Cash at bank and in hand		250,776	
		<hr/>	
		1,166,459	
<b>Creditors: amounts falling due within one year</b>	11	782,176	
		<hr/>	
<b>Net current assets</b>			384,283
			<hr/>
<b>Net assets</b>			1,124,159
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	14		920
Share premium account			2,811,728
Profit and loss account			(1,688,489)
			<hr/>
<b>Equity shareholders' funds</b>			1,124,159
			<hr/>

The financial statements were approved by the Board on 17 July 2003

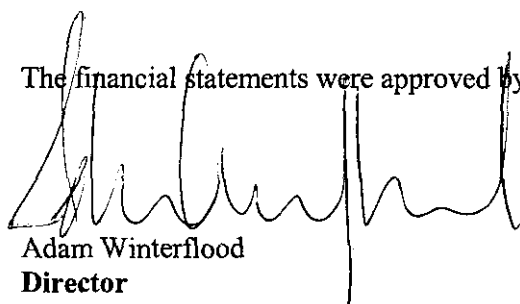
  
Adam Winterflood  
Director

The notes on pages 10 to 18 form part of these financial statements.

**RIVALS DIGITAL MEDIA LIMITED****Company balance sheet at 31 August 2002**

	Note	£	£
<b>Fixed assets</b>			
Tangible fixed assets	7		740,703
<b>Current assets</b>			
Stock	9	39,020	
Debtors	10	783,592	
Cash at bank and in hand		230,160	
		<u>1,052,772</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>708,897</u>	
<b>Net current assets</b>			<u>343,875</u>
<b>Net assets</b>			<u><u>1,084,578</u></u>
<b>Capital and reserves</b>			
Called up share capital	14		920
Share premium account			2,811,728
Profit and loss account			<u>(1,728,070)</u>
<b>Equity shareholders' funds</b>			<u><u>1,084,578</u></u>

The financial statements were approved by the Board on 17 July 2003



Adam Winterflood  
Director

The notes on pages 10 to 18 form part of these financial statements.

**RIVALS DIGITAL MEDIA LIMITED****Consolidated cash flow statement for the period ended 31 August 2002**

	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Net cash outflow from operating activities</b>	12		<b>(1,112,543)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		12,451	
<b>Net cash inflow from returns on investment and servicing of finance</b>			<b>12,451</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(12,098)	
Sale of tangible fixed assets		2,350	
<b>Net cash outflow from capital expenditure and financial investment</b>			<b>(9,748)</b>
<b>Acquisitions and disposals</b>			
Cash acquired with subsidiaries		20,616	
<b>Net cash inflow from acquisitions and disposals</b>			<b>20,616</b>
<b>Cash outflow financing</b>			<b>(1,089,224)</b>
<b>Financing</b>			
Issue of share capital		1,340,000	
<b>Cash inflow from financing</b>			<b>1,340,000</b>
<b>Increase in cash in the year</b>	13		<b>250,776</b>

The notes on pages 10 to 18 form part of these financial statements.

# RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002

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## 1 Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. No company profit and loss account is presented for Rivals Digital Media Group Limited, as provided by Section 230 of the Companies Act 1985. The company's loss for the financial year determined in accordance with the Act was £1,728,897.

### *Basis of consolidation*

The group financial statements consolidate the financial statements of 365 Digital Publishing (Pty) Limited, a wholly owned subsidiary undertaking. The consolidated financial statements are based on financial statements that are coterminous with those of the parent company. The results of subsidiaries acquired or sold are consolidated for the period from the date on which control passed. Acquisitions are accounted for under the acquisition method.

### *Revenue recognition*

Revenues from advertising and sponsorship campaigns are recognised in the profit and loss account over the expected life of the campaign.

### *Intangible assets - goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess or deficit of the fair value of the consideration given over or under the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for the any impairment.

### *Taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Adoption of FRS 19 has not led to any prior year adjustments.

### *Turnover*

Turnover represents sales to external customers within the United Kingdom at invoiced amounts less value added tax.

### *Tangible fixed assets*

Depreciation is provided on a straight line basis in order to write off the cost of tangible fixed assets over their estimated useful lives. The rates of depreciation are as follows:

Short leasehold property	-	Over period of lease
Computer equipment and software	-	33⅓% per annum
Fixtures and fittings	-	20% per annum

## RIVALS DIGITAL MEDIA LIMITED

### Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

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#### 1 Accounting policies (*Continued*)

##### *Pension costs*

No contributions were made to a pension scheme.

##### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

##### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

##### *Operating leases*

Leases are classified as operating leases in line with SSAP 21 'Accounting for leases and hire purchase contracts'. Annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

#### 2 Directors' and employees' information

	Period ended 31 August 2002 £
Directors' aggregate emoluments	110,000

The aggregate emoluments of the highest paid director were £56,667. No contributions were made to a pension scheme. Messrs N Butterfield and M Leaver received remuneration from Chrysalis Group PLC, Messrs N Philpot and M Turner received remuneration from Eckoh Technologies (UK) Limited, both Chrysalis Group PLC and Eckoh Technologies (UK) Limited own 40% of the share capital of the company, the remuneration is disclosed in the Financial statements of each company.

## **RIVALS DIGITAL MEDIA LIMITED**

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

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### **2 Directors' and employees' information (*Continued*)**

	<b>Period ended 31 August 2002 Number</b>
Average number of employees in the period:	
Directors	<b>6</b>
Direct labour, technical and related services	<b>21</b>
Administration	<b>3</b>
Sales and distribution	<b>8</b>
	<hr/>
	<b>38</b>
	<hr/>
Staff costs incurred during the period in respect of these employees:	<b>£</b>
Wages and salaries	<b>1,236,634</b>
Social security costs	<b>126,522</b>
	<hr/>
	<b>1,363,156</b>
	<hr/>

### **3 Interest receivable**

	<b>Period ended 31 August 2002 £</b>
Bank interest	<b>12,451</b>
	<hr/>

# RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (Continued)

## 4 Loss on ordinary activities before taxation

	Period ended 31 August 2002 £
Loss on ordinary activities before taxation is stated after charging/(crediting):	
Auditors' remuneration	5,000
Depreciation - tangible fixed assets	464,847
- intangible fixed assets	(40,375)
Operating leases - property	48,000
	<hr/>

## 5 Taxation on profit from ordinary activities

	Period ended 31 August 2002 £
<i>Current tax</i>	
UK corporation tax at 30%	-
Adjustment in respect of prior period	-
	<hr/>
Total current tax	-
	<hr/>

The tax assessed for the period is difference from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 31 August 2002 £
Loss on ordinary activities before tax	(1,688,488)
	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(506,546)
Effects of:	
Expenses not deductible for tax purposes	11,606
Capital allowances for period in excess of depreciation	(144,754)
Losses created in period	639,694
	<hr/>
Current tax credit for period	-
	<hr/>

## RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

### 5 Taxation on profit from ordinary activities (*Continued*)

No provision for corporation tax is required in respect of the period ended 31 August 2002. Estimated tax losses available for set-off against future trading profits amount to £2,132,315. This estimate is subject to the agreement of the current and prior years' corporation tax computations with the Inland Revenue.

During the period, the company adopted Financial Reporting Standard 19 – Deferred Tax. It is expected that the tax losses available to the company to carry forward will not be utilised in the near future. Accordingly, a deferred tax asset has not been recognised.

### 6 Intangible fixed assets

	Goodwill on consolidation £
<i>Cost</i>	
At 16 September 2001	-
Additions	(56,474)
	<hr/>
At 31 August 2002	(56,474)
	<hr/>
<i>Amortisation</i>	
At 16 September 2001	-
Charge for the year	40,375
	<hr/>
At 31 August 2002	40,375
	<hr/>
<i>Net book value</i>	
At 31 August 2002	(16,099)
	<hr/>
At 16 September 2001	-
	<hr/>



# RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

## 7 Tangible fixed assets

Group	Computers and software £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 16 September 2001	-	-	-
Additions	939,394	258,190	1,197,584
Acquisitions of subsidiaries	23,238	-	23,238
	<hr/>	<hr/>	<hr/>
At 31 August 2002	962,632	258,190	1,220,822
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 16 September 2001	-	-	-
Charge for the period	401,259	63,588	464,847
	<hr/>	<hr/>	<hr/>
At 31 August 2002	401,259	63,588	464,847
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2002	561,373	194,602	755,975
	<hr/>	<hr/>	<hr/>
At 16 September 2001	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Company</b>			
<i>Cost</i>			
At 16 September 2001	-	-	-
Additions	939,394	258,190	1,197,584
	<hr/>	<hr/>	<hr/>
At 31 August 2002	939,394	258,190	1,197,584
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 16 September 2001	-	-	-
Charge for the period	393,293	63,588	456,881
	<hr/>	<hr/>	<hr/>
At 31 August 2002	393,293	63,588	456,881
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 August 2002	546,101	194,602	740,703
	<hr/>	<hr/>	<hr/>
At 16 September 2001	-	-	-
	<hr/>	<hr/>	<hr/>

## RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

### 8 Subsidiary undertaking

The company holds 100 % of the issued share capital of 365 Digital Publishing (Pty) Limited, a company incorporated in South Africa. Ownership of this company became effective on 16 September 2001. The principal activity of this subsidiary undertaking is that of providing IT, editorial and accounting services to the London office of Rivals Digital Media Limited.

### 9 Stock

	Group £	Company £
Finished goods	62,131	39,020

### 10 Debtors

	Group £	Company £
Trade debtors	394,781	324,819
Prepayments and accrued income	458,771	458,773
	853,552	783,592

All amounts fall due within one year.

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

	Group £	Company £
Trade creditors	427,138	363,614
Other taxation and social security	59,719	59,719
Accruals and deferred income	210,661	200,906
VAT payable	84,658	84,658
	782,176	708,897

# RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

<b>12 Reconciliation of operating loss to net cash inflow from operating activities</b>	<b>£</b>
Operating loss	(1,700,939)
Depreciation and amortisation charges	424,472
Profit on sale of fixed assets	(2,350)
Increase in stocks	(62,131)
Increase in debtors	(668,453)
Increase in creditors	794,797
Net provisions established	102,061
	<hr/>
Net cash outflow from operating activities	(1,112,543)
	<hr/>
 <b>13 Reconciliation of net cash flow to movement in net debt</b>	 <b>£</b>
Increase in cash in the year	250,776
	<hr/>
Change in net debt resulting from cash flows	250,776
	<hr/>
 <b>14 Called up share capital</b>	 <b>£</b>
<i>Authorised</i>	
20,000 ordinary 'A' shares of 1p each	200
80,000 ordinary 'B' shares of 1p each	800
	<hr/>
	1,000
	<hr/>
 <i>Allotted, called up and fully paid</i>	
12,000 ordinary 'A' shares of 1p each	120
80,000 ordinary 'B' shares of 1p each	800
	<hr/>
	920
	<hr/>

All shares were allotted during the period for a consideration of £2,812,648.

## RIVALS DIGITAL MEDIA LIMITED

Notes forming part of the financial statements for the period ended 31 August 2002 (*Continued*)

### 15 Reserves

	Share premium £	Profit and loss account £
Reserves brought forward	-	(1,688,488)
Retained loss for the period	2,811,728	-
	<hr/>	<hr/>
Reserves carried forward	<u>2,811,728</u>	<u>(1,688,488)</u>

### 16 Commitments under operating leases

The group has annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £
In two to five years	<u>72,000</u>

### 17 Immediate parent company

At the period end Chrysalis Group PLC owned 40% of the share capital. Chrysalis Group PLC is a company registered in England and Wales. Copies of the financial statements of Chrysalis Group PLC are available from its registered office at The Chrysalis Building, Bramley Road, London, W10 6SP.

At the same period Eckoh Technologies (UK) Limited owned 40% of the share capital. Eckoh Technologies (UK) Limited is a company registered in England and Wales. Copies of the financial statements of Eckoh Technologies (UK) Limited are available from its registered office at Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

### 18 Related party transactions

There were no transactions with directors.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'related party disclosures' not to disclose transactions with its subsidiary on the grounds that at least 90% of the voting rights are held by the company.